

**AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

February 9, 2015

PLEDGE OF ALLEGIANCE

CALL TO ORDER 5:00 P.M., Board Room, District Office
15600 Sand Canyon Avenue, Irvine, California

ROLL CALL Directors Matheis, Swan, Reinhart, Withers and President LaMar

NOTICE

If you wish to address the Board on any item, including Consent Calendar items, please file your name with the Secretary. Forms are provided on the lobby table. Remarks are limited to five minutes per speaker on each subject. Consent Calendar items will be acted upon by one motion, without discussion, unless a request is made for specific items to be removed from the Calendar for separate action.

COMMUNICATIONS TO THE BOARD

1. A. Written:
- B. Oral: Mrs. Joan Irvine Smith relative to the Dyer Road Wellfield.
2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED

 Recommendation: Determine that the need to discuss and/or take immediate action on item(s) introduced come to the attention of the District subsequent to the agenda being posted.

<u>CONSENT CALENDAR</u>	<u>Resolution No. 2015-3</u>	<u>Items 3-13</u>
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| <ol style="list-style-type: none">3. <u>MINUTES OF BOARD MEETINGS</u>

 Recommendation: That the minutes of the January 12, 2015 Regular Board Meeting and the January 26, 2015 Special Board Meeting be approved as presented.4. <u>RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS</u>

 Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, Peer Swan, and John Withers as described.5. <u>IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES</u>

 Recommendation: That the Board receive and file the report. | |
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CONSET CALENDAR – Continued	Resolution No. 2015-3	Items 3-13
6. <u>2015 INDEX TENDER NOTES REMARKETING</u>	Recommendation: That the Board approve the 2015 Index Tender Notes Remarketing Statements and; adopt the following resolution approving remarketing statements relating to unscheduled mandatory tenders (Refunding Series 2011-A-1 and Refunding Series 2011-A-2).	Reso No. 2015-
7. <u>DECEMBER 2014 TREASURY REPORTS</u>	Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for December 2014, and Disclosure Report of Reimbursements to board members and staff; approve the December 2014 Summary of Payroll Ach Payments in the total amount of \$1,490,778 and approve the December 2014 Accounts Payable Disbursement Summary of Warrants 354105 through 354854, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$28,226,339.	
8. <u>2015 STATE LEGISLATIVE UPDATE</u>	Recommendation: That the Board adopt a position in <i>support</i> of the State Water Resources Control Board (SWRCB) increasing the per project cap on recycled water grants above the current \$5,000,000 limit for Proposition 1 Funding; adopt a position in <i>support</i> of the SWRCB allocating a larger percentage of proposition 1 recycled water funds to grants instead of loans; and continue to engage in discussions with the WaterReuse Association of California, decision makers at the SWRCB and key stakeholders on identifying a solution to storm-induced overflow restrictions on recycled water impoundments.	
9. <u>2014 SEWER REHABILITATION FINAL ACCEPTANCE</u>	Recommendation: That the Board accept construction of the 2014 Sewer Rehabilitation, project 21166 (5098); authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.	
10. <u>WELL 115 REPLACEMENT WELL DRILLING AND EQUIPPING FINAL ACCEPTANCE</u>	Recommendation: That the Board authorize the General Manager to accept construction of Well 115 replacement well drilling and equipping, project 11627 (3717); authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.	

CONSET CALENDAR – Continued	Resolution No. 2015-3	Items 3-13
<p>11. <u>SYPHON RESERVOIR SLIDE GATE REPLACEMENT BUDGET ADDITION</u></p>	<p>Recommendation: That the Board authorize the addition of project 30530 (6055) in the amount of \$99,000 to the Fiscal Year 2014-15 Capital Budget for the Syphon Reservoir Slide Gate Replacement project.</p>	
<p>12. <u>AMENDMENT NO. 1 TO PETERS CANYON CHANNEL WATER CAPTURE AND REUSE PIPELINE PROJECT AGREEMENT</u></p>	<p>Recommendation: That the Board authorize the General Manager to execute Amendment No. 1 to the Peters Canyon Channel Water Capture and Reuse Pipeline Agreement with the cities of Irvine and Tustin, the County of Orange and the California Department of Transportation, subject to non-substantial changes.</p>	
<p>13. <u>BUREAU OF RECLAMATION WATERSMART GRANT APPLICATION</u></p>	<p>Recommendation: That the Board authorize staff to apply for a Bureau of Reclamation WaterSMART Grant with a maximum award of \$300,000 in total funding to improve water and energy use efficiency, commit to authorizing matching funds of at least 50% of the project cost; authorize the General Manager to execute a related agreement to receive grant funding; and adopt a resolution authorizing submission of a grant application for the water and energy residential resource savings program to the Department of the Interior, Bureau of Reclamation, Policy and Administration.</p>	Reso No. 2015-

ACTION CALENDAR

<p>14. <u>ORDINANCE AMENDING REGULATIONS FOR WASTEWATER DISCHARGES TO IRWD SEWERAGE FACILITIES TRIBUTARY TO SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FIRST READING AND INTRODUCTION</u></p>	<p>Recommendation: That the Ordinance be read by title only, waive further reading of Ordinance, that the title of the proposed Ordinance repealing Ordinance No. 2011-1 and adopting amended regulations for the discharge of wastewater to sewerage facilities of the Irvine Ranch Water District that are tributary to the South Orange County Wastewater Authority be read, and direct the Secretary to place the Ordinance on the agenda for the March 9, 2015 meeting of the Board of Directors for a second reading, hearing, and adoption.</p>
<p>15. <u>ON-CALL CONSTRUCTION INSPECTION SERVICES</u></p>	<p>Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with CivilSource in the amount of \$815,360 for on-call construction inspection services for two inspectors for a two-year period.</p>

ACTION CALENDAR - Continued

16. **FOURTH AMENDMENT TO AGREEMENT FOR PARTICIPATION AND FUNDING IN SPECIFIED MWDOC REBATE PROGRAMS**

Recommendation: That the Board authorize the General Manager to execute a Fourth Amendment to the Agreement for Participation and Funding by Irvine Ranch Water District in specified Municipal Water District of Orange County rebate programs to add \$650,000 in funding for Fiscal Year 2014-15, subject to non-substantive changes.

17. **MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONTRACT CHANGE ORDER**

Recommendation: That the Board approve Contract Change Order No. 22 in the amount of \$964,324.51 for modifications to the electrical conduit overflow, material escalation costs related to the heat dryer, addition of glass-lining to density meters, addition of an enclosure to Switchgear-16, and various other project-related items with Filanc/Balfour-Beatty for the MWRP Biosolids and Energy Recovery Facilities, project 20847 (1617).

18. **DROUGHT RELIEF PROJECT COST SHARING AGREEMENT AND STRAND OPERATING AGREEMENT AMENDMENT NO. 1**

Recommendation: That the Board authorize the General Manager to execute the Drought Relief Project Cost Sharing Agreement subject to non-substantive changes; approve the addition of project 11812 (6023) to the FY 2014-15 Capital Budget in the amount of \$4,229,500 for IRWD's share of costs for project administration, environmental compliance, securing rights of way and easements, design, well drilling and well construction for the Rosedale Drought Relief Project; and authorize the General Manager to execute Amendment No. 1 to the agreement between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for a water banking and exchange program subject to non-substantive changes.

OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

OTHER BUSINESS - Continued

19. A. General Manager's Report

B. Directors Comments

C. CLOSED SESSION:

- 1) CONFERENCE WITH LEGAL COUNSEL RELATIVE TO INITIATION OF LITIGATION - Government Code Section 54956.9(d)(4) - one potential case.
- 2) CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION – Government Code Section 54956.9(d)(2) – significant exposure to litigation (one potential case – BKK Working Group notification to IRWD of potential liability, claim and/or litigation on file with the District).
- 3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR RELATIVE TO Government Code Section 54956.8 Property: OCSD Service Area 7 Sewer Infrastructure
Agency Negotiator: Paul Cook, General Manager
Purpose of Negotiations: Proposed Acquisition of Property - Price and terms

D. Open Session

E. Adjourn.

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Irvine Ranch Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance to the Board of Directors Room of the District Office.

The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

February 9, 2015
Prepared and
Submitted by: L. Bonkowski *LB*
Approved by: P. Cook *P. Cook*

CONSENT CALENDAR

MINUTES OF BOARD MEETINGS

SUMMARY:

Provided are the minutes of the January 12, 2015 Regular Board Meeting and the January 26, 2015 Special Board Meeting minutes for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE JANUARY 12, 2015 REGULAR BOARD MEETING AND THE JANUARY 26, 2015 SPECIAL BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – Minutes of January 12, 2015 Regular Board Meeting
Exhibit "B" – Minutes of January 26, 2015 Special Board Meeting

EXHIBIT "A"

MINUTES OF REGULAR MEETING – JANUARY 12, 2015

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by President LaMar on January 12, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Withers, Matheis, LaMar and Swan.

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance Clary, Executive Director of Operations Sheilds, Executive Director of Water Policy Weghorst, Director of Treasury and Risk Management Jacobson, Director of Water Resources Sanchez, Legal Counsel Arneson (via teleconference), Secretary Bonkowski, Mr. Ray Bennett, Mr. Christopher Smithson, Ms. Christine Compton, Mr. Jim Reed, Mr. John Jaeger and other members of the public and staff.

WRITTEN COMMUNICATION:

Mrs. Joan Irvine Smith's assistant asked that the status of the Dyer Road Wellfield be included in the minutes as follows: Currently wells 2, C-8, C-9, 10, 11, 12, 15, 16, 17 and 18 will operate in accordance with the District's annual pumping plan and that wells 1, 3, 4, 5, 6, 7, 13 and 14 will be off.

ORAL COMMUNICATION – Mr. John Jaeger commented on last November's Board election and past approvals of annual rate increases.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED – None.

WORKSHOP

IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

Using a PowerPoint presentation, Executive Director of Finance Clary provided a summary document of the IRWD Strategic Measures for the Board's review and comment. Ms. Clary said that these measures are intended to reflect the critical performance measures that gauge the District's key business objectives which include financial, customer and other key measures important to the ongoing operation of the District. She reviewed each measure and the Board provided its recommended changes.

CONSENT CALENDAR

In response to Director Swan's inquiry, a discussion was held on item No. 7 relative to IRWD's recycled water legislation. General Manager Cook noted that staff will be working with the Orange County Water District relative to its concerns. There being no further comments, on MOTION by Reinhart, seconded and unanimously carried, **THE BOARD APPROVED ITEMS 4 THROUGH 7 ON THE CONSENT CALENDAR.**

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the December 15, 2014 Regular Board meeting be approved as presented.

5. RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board ratify/approve meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, Peer Swan and John Withers.

6. RATIFICATION OF MEMORANDUM RELATIVE TO THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, AND APPROVAL OF AGENCY AND OUTSIDE ORGANIZATION BOARD REPRESENTATION AT MEETINGS/EVENTS FOR 2015

Recommendation: That the Board ratify the Memorandum dated January 12, 2015 entitled Officers of the Board, Committees and Other Assignments; approve attendance for meetings and events for the Board's representation for calendar year 2015, as delineated, and adopt the following two resolutions by title:

RESOLUTION NO. 2015-1

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2014-3 AND REVISING THE
ASSIGNMENT OF DIRECTORS TO COMMITTEES
OF THE BOARD

RESOLUTION NO. 2015-2

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT RESCINDING 2004-50
AND APPOINTING MEMBER AND ALTERNATE MEMBERS TO THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
(SOCWA) JPA

7. 2015 STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

ACTION CALENDAR

THIRD AMENDMENT TO AGREEMENT FOR PARTICIPATION AND FUNDING IN SPECIFIED MWDOC REBATE PROGRAMS

General Manager Cook reported that tactical incentives are one of the key elements of IRWD's Water Use Efficiency Program. These incentives are cost-effective financial incentives provided by IRWD to supplement existing regional rebate programs administered by the Metropolitan Water District of Southern California and/or MWDOC. The incentives are based on IRWD's calculated avoided costs resulting from the installation of the various conservation devices. On MOTION by Matheis, seconded by Reinhart and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE THIRD AMENDMENT TO THE AGREEMENT FOR PARTICIPATION AND FUNDING BY IRWD IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS SUBJECT TO NON-SUBSTANTIVE CHANGES FOR SPECIFIED REBATE PROGRAMS IN THE AMOUNT OF \$645,000.**

SALT MANAGEMENT PLAN UPDATE AND VARIANCE REQUEST

Using a PowerPoint presentation, Mr. Ray Bennett provided an update on the District's Salt Management Plan. He said that concentrations of total dissolved solids (TDS) in product water from the Michelson Water Recycling Plant (MWRP) appear to be increasing over time, and from March 2011 to February 2012 concentrations exceeded discharge limits as set by the Regional Water Quality Control Board (RWQCB). He said that changes in the quality of recycled water in the future are expected throughout the District as a result of changes to imported water quality as well as IRWD projects that have recently been completed or are expected to be completed. These projects include the Michelson Phase 2 Expansion, the Wells 21 and 22 Treatment Plant, the Baker Water Treatment Plant, and the Syphon Reservoir Interim Improvements.

Mr. Bennett said that staff has determined that additional analysis from the District's consultant, HDR is required. To perform this work, staff has negotiated Variance No. 2 in the amount of \$105,000 with project goals to include: 1) an understanding of why the 720 mg/l limit was exceeded; 2) a determination as whether or not future exceedences should be expected; 3) evaluation methods to control salt concentrations; and 4) identification of potential TDS discharge policies for Board's consideration.

Using charts, Mr. Bennett showed calibration results, salt contributions to water treatment, MWRP treatment, cause of permit exceedence, and future water quality. Following discussion, staff was asked to convey additional alternatives to the Water Resources Policy and Communications Committee. Vice President Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on January 8, 2015. On MOTION by Matheis, seconded by Reinhart and unanimously carried, **THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$75,900, FROM \$396,400 TO \$472,300 FOR PROJECT 30380 (3779) AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 WITH HDR IN THE AMOUNT OF \$105,000.**

OTHER BUSINESS

General Manager Cook placed before each Director correspondence from the Orange County Water District seeking applicants to serve on the Ocean Desalination Citizen's Advisory Committee.

Mr. Cook noted that last week an incident occurred in Lake Forest where a generator was compromised and 500 gallons of diesel fuel was stolen out of the District's tanks.

Mr. Cook said that the District received a letter from Foothill Community Association relative to cost recovery if IRWD were to become a water service provider. Staff is currently providing information to the association.

DIRECTORS' COMMENTS

Director Swan reported on attendance at a Newport Chamber of Commerce meeting and a WACO meeting.

Director Reinhart reported on his attendance at a MWDOC Board workshop with MWD Directors. He said that relative to the recent theft reported by General Manager Cook, he suggested that IRWD's network security also be revisited. He further said that Mr. Jim McDonald at RBF Consulting passed away and suggested that tonight's Board meeting be adjourned in his memory.

Director Matheis said that she attended a Concordia University event.

Consultant Reed reported on the meetings he attended on behalf of IRWD including ISDOC, SOCWA, and WACO.

CLOSED SESSION

President LaMar said that the following Closed Session item would be held this evening:

CLOSED SESSION CONFERENCE with Real Property Negotiator relative to Government Code Section 54956.8

Property: OCSD Service Area 7 Sewer Infrastructure

Agency Negotiator: Paul Cook, General Manager

Purpose of Negotiations: Proposed Acquisition of Property - Price and Terms.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with all Directors present. President LaMar said that there was no action to report from the Closed Session item.

ADJOURNMENT

President LaMar adjourned the meeting in memory of Mr. Jim McDonald.

APPROVED and SIGNED this 9th day of February, 2015.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson,
Wiles & Giannone

EXHIBIT "B"

MINUTES OF SPECIAL BOARD MEETING – JANUARY 26, 2015

The Special meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 4:00 p.m. by President LaMar on January 26, 2015 in the Multi-Purpose Room, at 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Matheis, Reinhart, and Swan

Directors Absent: Withers.

Also Present: General Manager Cook, Executive Director of Operations Shields, Executive Director of Water Policy Weghorst, Executive Director of Engineering and Planning Burton, Executive Director of Finance and Administration Clary, Director of Administrative Services Mossbarger, Director of Water Policy Sanchez, Director of Human Resources Roney, Director of Risk Management and Treasury Jacobson, Assistant Director of Maintenance Drake, Assistant Director of Water Operations Roberts, Director of Recycling Operations Lee, Assistant Director of Operations Roberts, Legal Counsel Arneson, Secretary Bonkowski, Mr. Ian Swift, and IRWD's consultant Jim Reed.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION: None.

IRWD GOALS AND TARGET ACTIVITIES

General Manager Cook reported that as discussed at the Strategic Planning Workshops conducted throughout 2014, an enhanced approach to strategic planning has been developed incorporating the effective elements of IRWD's past strategic planning process along with added steps in the process and broader involvement among the IRWD Management Team. Using a flow chart, Mr. Cook reviewed the IRWD Strategic Planning Process. Discussion was held on the 15 draft goals and target activities presented with the Board making comments/suggestions. The goals and target activities for 2015 will include: 1) protecting and optimizing local water supply in a reasonable manner; 2) minimizing the discharge of recyclable water to the ocean; 3) realizing the storage goal of 88,000 acre-feet of banked water for IRWD and additional capacity for water banking partners along with developing extraction capacity to allow recovery within six months; 4) optimizing resource recovery from a fully functional biosolids facility; 5) optimizing energy use and enhanced reliability; 6) maximizing urban water treatment and watershed protection; 7) plan for and implement an asset management program of the District's operating facilities; 8) maintaining financial and rate stability; 9) enhanced customer satisfaction and communication; 10) maximize water use efficiency in the community; 11) recruit, develop and retain a highly skilled and educated work force; 12) identify, assess and implement new technologies; 13) guide and lead local, state and federal policies and legislation; 14) increase collaboration with other agencies and entities through leadership and innovation; and 15) evaluate opportunities that enhance safety and emergency preparedness throughout the District.

Following discussion, staff was then asked to update the document and submit to the Board for review.

In response to Director Swan's comments about the District assisting a disadvantaged community, President LaMar asked Director Swan to put his plan in writing for Board review.

ADJOURNMENT

There being no further discussion, President LaMar adjourned the meeting.

APPROVED and SIGNED this 9th day of February 2015.

President, IRVINE RANCH WATER DISTRICT

Assistant Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

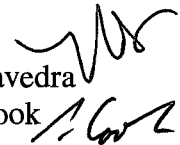
Legal Counsel - Bowie, Arneson, Wiles & Giannone

February 9, 2015

Prepared and

Submitted by: N. Savedra

Approved by: P. Cook



CONSENT CALENDAR

RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS : ND EVENTS

SUMMARY:

Pursuant to Resolution 2006-29 adopted on August 28, 2006, approval of attendance of the following events and meetings are required by the Board of Directors.

Events/Meetings

Steven LaMar

1/19/15 Meeting with Scott Maloni from Poseidon Resources regarding Desalination
1/27/15 CCEEB Water Quality Task Force Meeting
2/05/15 MWDOC Water Policy Forum
2/06/15 Meeting with State Assemblyman Bill Brough
2/11/15 IRWD/OCWD Meeting regarding BPP & Recycled Water
2/19/15 Orange County Business Council Annual Dinner Meeting
2/20/15 IRWD Tour with Assemblywoman Ling Ling Chang
2/23-26/15 ACWA Washington D.C. Conference

Mary Aileen Matheis

1/13/15 City of Orange Council Meeting re: Sewer Service in Area Seven of OCSD
1/23/15 Meeting and Tour with Orange County Supervisor Lisa Bartlett
2/02/15 Shadetree Partnership Board of Directors Meeting
2/05/14 MWDOC Water Policy Forum
2/06/15 Meeting with State Assemblyman Bill Brough
2/11/15 IRWD/OCWD Meeting regarding BPP & Recycled Water
2/19/15 Orange County Business Council Annual Dinner Meeting
2/20/15 IRWD Tour with Assemblywoman Ling Ling Chang
2/23-26/15 ACWA Washington D.C. Conference

Douglas Reinhart

2/05/15 MWDOC Water Policy Forum
2/18/15 Orange County Water Association February Meeting
2/19/15 Orange County Business Council 2015 Annual Dinner Meeting
2/24/15 South Orange County Agencies Meeting

Peer Swan

1/28/15 MWDOC/OCWD Joint Committee Meeting
2/02/15 Meeting w/IRWD staff re: Review Cost of Service Model
2/05/14 MWDOC Water Policy Forum
2/19/15 Orange County Business Council 2015 Annual Dinner Meeting
2/22-27/15 ACWA and CASA Washington D.C. Conference

John Withers


1/21/15	Orange County Water Association January Meeting
1/23/15	Meeting and Tour with Orange County Supervisor Lisa Bartlett
1/29/15	Association of California Cities-OC Newly Elected Officials' Reception Event
2/05/15	MWDOC Water Policy Forum
2/12/15	Association of California Cities OC City Leader Reception Event
2/19/15	Orange County Business Council 2015 Annual Dinner Meeting
2/24/15	2015 State of the City Irvine Address w/Mayor Steven Choi

RECOMMENDATION:

THAT THE BOARD RATIFY/APPROVE THE MEETINGS AND EVENTS FOR STEVEN LAMAR, MARY AILEEN MATHEIS, DOUGLAS REINHART, PEER SWAN, AND JOHN WITHERS AS DESCRIBED.

LIST OF EXHIBITS:

None

February 9, 2015
Prepared by: Christopher Smithson
Submitted by: Cheryl Clary
Approved by: Paul Cook 

CONSENT CALENDAR

IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

SUMMARY:

Staff presented Strategic Measures at the January 12, 2015 Board meeting for review and comment. The measures have been adjusted based on feedback from the Board. These measures are intended to reflect the critical performance measures that gauge the District's key business objectives.

BACKGROUND:

The proposed strategic measures document summarizes a number of operating performance, financial, customer and other key measures important to the ongoing operation of the District. These measures were selected and designed to provide a "snapshot" view of the measures that would be of interest to the Board.

At the January 12, 2015, Board meeting, the Board identified some changes to the measures as presented. Staff has incorporated most of these changes, and continues to assemble data for the other changes. Staff intends to provide the measures on a quarterly basis.

The proposed Strategic Measures document is included in Exhibit "A".

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

THAT THE BOARD RECEIVE AND FILE THE REPORT.

LIST OF EXHIBITS:

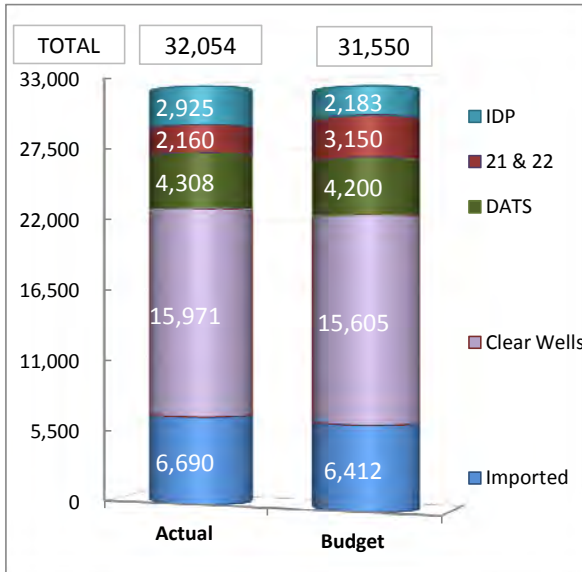
Exhibit "A" – December 2014 Strategic Measures

IRVINE RANCH WATER DISTRICT

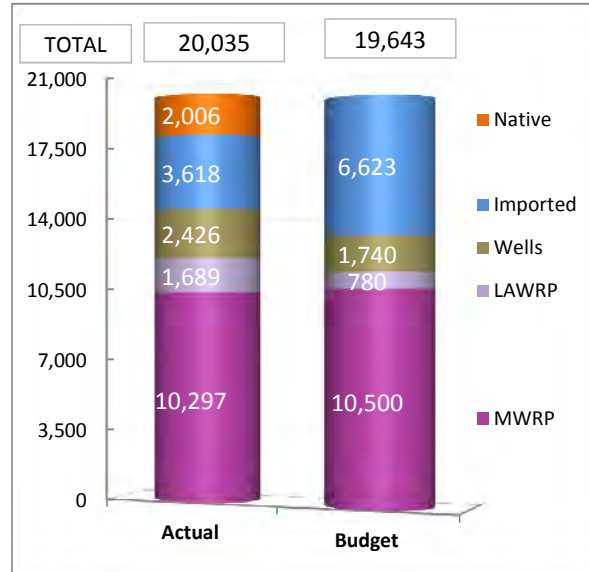
Operational Performance Measures

Data as of December 2014

Potable Water Production FYTD
(AF)

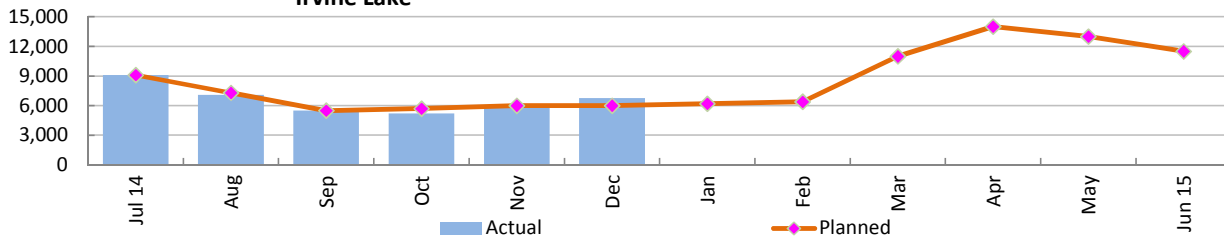


Non-Potable Water Production FYTD
(AF)

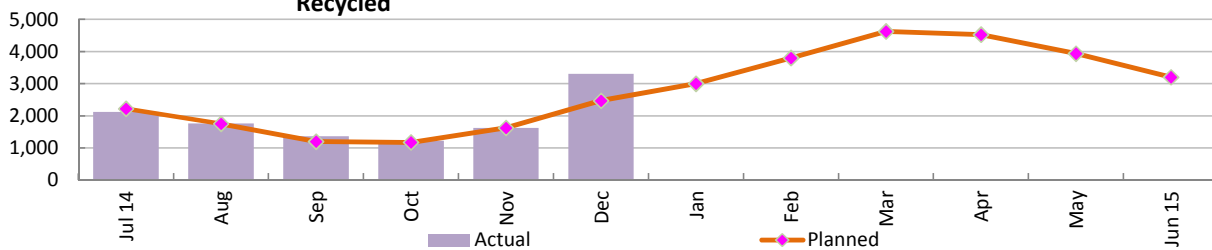


Non-Potable Reservoir Storage
(AF)

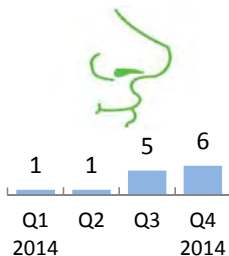
Irvine Lake



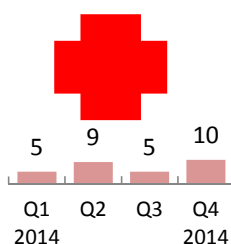
Recycled



Odor Complaints



OSHA Recordables Incidents



Regulatory Compliance Incidents

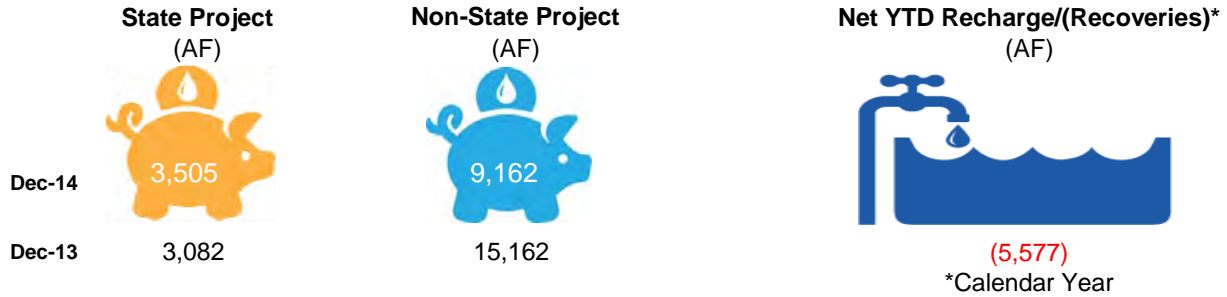
AQMD	0	0	0	0
Plants	0	0	0	0
Sewer Spills	0	0	0	0
	Q1 2014	Q2 2014	Q3 2014	Q4 2014

IRVINE RANCH WATER DISTRICT

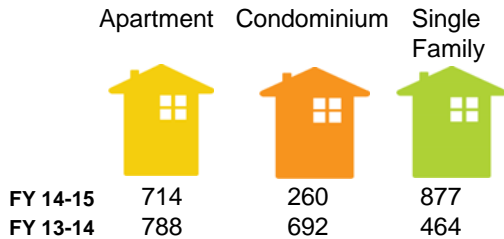
Other Statistical Information

Data as of December 2014

Banked Water



Certificates of Occupancies FYTD



Gallons Per Capita Per Day (FYTD Average)

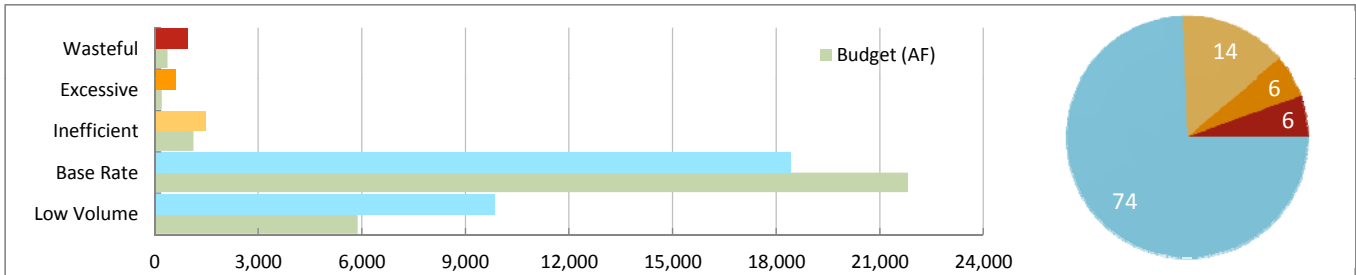


Acre-Feet Per Acre FYTD Irrigation



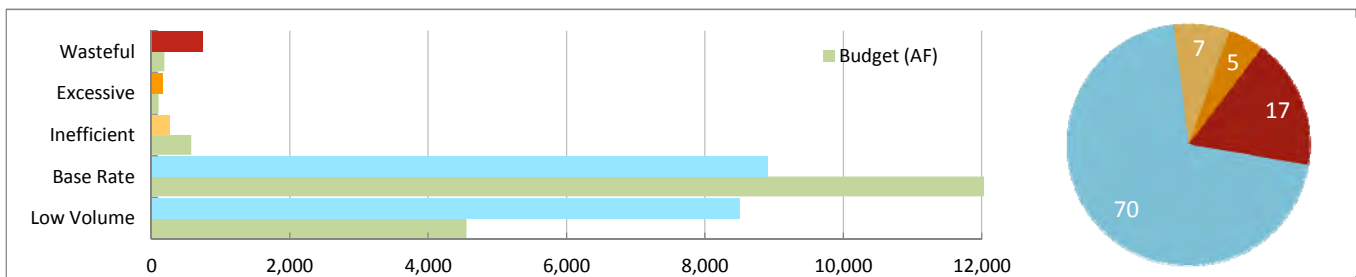
Potable Sales by Tier FYTD

% of Customers by Tier

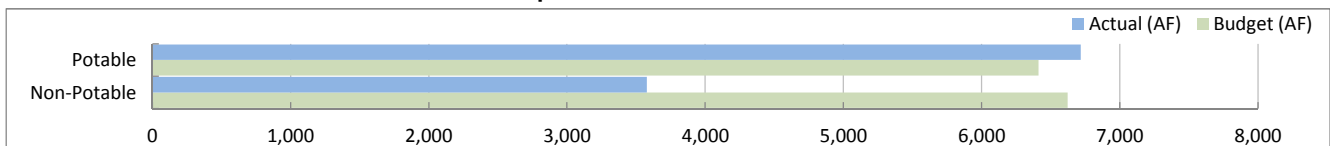


Non-Potable Sales by Tier FYTD

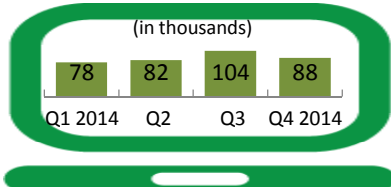
% of Customers by Tier



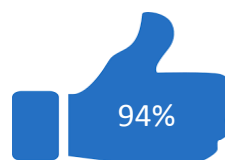
Imported Water FYTD



Website Hits



Customer Satisfaction Index**



** 12 month rolling average

February 9, 2015

Prepared by: Jennifer Davis/Tanja Fournier

Submitted by: Rob Jacobson/Cheryl Clary

Approved by: Paul Cook

CONSENT CALENDAR

2015 INDEX TENDER NOTES REMARKETING

SUMMARY:

The District's Index-Based Tender Note debt issues (2011 A-1 and 2011 A-2), which were originally issued in April 2011, are within their annual remarketing period. Staff, the District's underwriters (Goldman Sachs and Morgan Stanley), and legal counsel have prepared the required Remarketing Statements, attached as Exhibits "A" and "B", respectively.

Legal counsel has prepared a resolution for adoption by the Board approving the Remarketing Statements attached as Exhibits "C".

BACKGROUND:

The District currently has \$54,600,000 of Index-Based Tender Notes (ITNs), that are remarketed by Goldman Sachs (2011 A-1) and \$36,400,000 of ITNs that are remarketed by Morgan Stanley (2011 A-2). The ITNs are remarketed annually based on a spread to the SIFMA tax-exempt variable rate index. The last interest rate reset for the ITNs was in February 2014 at the SIFMA weekly index with a spread of one basis point, resulting in an all-in rate for 2014 of 0.18%, which was a 0.04% decrease from calendar year 2013. The all-in rate includes the net interest rate (the index and spread) and annual remarketing fees. The interest rate spread, if any, to the SIFMA index will be determined on February 18, 2015.

Staff and legal counsel have prepared the Remarketing Statements reflecting the District's most recent financial information, updated disclosure information and other pertinent updates for the 2011 A-1 and 2011 A-2 issues, which are attached for the Board's review as Exhibits "A" and "B", respectively.

Legal counsel has prepared a resolution for adoption by the Board approving the Remarketing Statements attached as Exhibits "C".

FISCAL IMPACTS:

The current outstanding principal amount for the 2011 A-1 and 2011 A-2 ITN bond issues is \$91.0 million. The ITNs are priced at a spread to the SIFMA tax-exempt variable rate index, which will occur on February 18, 2015.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Due to the timing of the February Finance and Personnel Committee meeting this item was not reviewed by Finance and Personnel Committee, however the Remarketing Statement was provided to the committee members on February 3, 2015.

RECOMMENDATION:

THAT THE BOARD APPROVE THE 2015 ITN REMARKETING STATEMENTS AND;
AND ADOPT A RESOLUTION BY THE FOLLOWING TITLE:

RESOLUTION NO. 2015-

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT APPROVING
REMARKETING STATEMENTS RELATING TO
UNSCHEDULED MANDATORY TENDERS
(REFUNDING SERIES 2011 A-1 AND REFUNDING SERIES 2011 A-2)

LIST OF EXHIBITS:

Exhibit "A" – Remarketing Statement for Series 2011 A-1 on file with District Secretary

Exhibit "B" – Remarketing Statement for Series 2011 A-2 on file with District Secretary

Exhibit "C" – Resolution Approving Remarketing Statements

Exhibit "A"

Stradling Yocca Carlson & Rauth
Draft of 2/2/15

REOFFERING – NOT A NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See the caption "RATINGS"

On April 15, 2011, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel to the District, delivered their respective opinions in connection with the issuance of the Series 2011A-1 Bonds. Such opinions stated that, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2011A-1 Bonds was excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and was exempt from State of California personal income taxes. Further, the opinions of Co-Bond Counsel stated that interest on the Series 2011A-1 Bonds was not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observed that such interest was included in adjusted current earnings when calculating corporate alternative minimum taxable income. Co-Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2011A-1 Bonds. Co-Bond Counsel have not taken and do not intend to take any action to update such opinions or to determine if interest on the Series 2011A-1 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes. See the caption "TAX MATTERS" herein.

[IRWD LOGO]

\$54,600,000
BONDS OF IRVINE RANCH WATER DISTRICT
REFUNDING SERIES 2011A-1
CUSIP[†]: 4636324Q9

Date of Initial Delivery: April 15, 2011 **Scheduled Mandatory Tender Date: March 15, 2016** **Due: October 1, 2037**
Price: 100% **Call Protection Date: September 15, 2015**

This Remarketing Statement replaces the Remarketing Statement dated February 10, 2014, as supplemented on February 12, 2014, in its entirety.

Pursuant to the provisions of the Indenture of Trust, dated as of April 1, 2011, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the Series 2011A-1 Bonds, as amended, the District has exercised its option to effect an Unscheduled Mandatory Tender of the Series 2011A-1 Bonds on February 20, 2015.

Upon the purchase of the Series 2011A-1 Bonds pursuant to such Unscheduled Mandatory Tender, the Series 2011A-1 Bonds: (i) will be remarketed in the Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date on March 15, 2016; and (ii) will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period). Promptly after the Remarketing Agent determines the Index Spread for the Tender Period commencing on February 20, 2015, the District will publish it by supplementing this Remarketing Statement and posting the supplement on the EMMA system.

The Purchase Price of the tendered Series 2011A-1 Bonds will be paid on February 20, 2015 from moneys held by the Trustee, consisting of immediately available funds on deposit in the Remarketing Proceeds Account, as more fully described herein.

The Series 2011A-1 Bonds were issued by the Irvine Ranch Water District and constitute the consolidated, several general obligations of Improvement District Nos. 113, 125, 213 and 225, which are geographical subdivisions of the District through which the District funds capital improvements. The Series 2011A-1 Bonds are payable from the following sources: (i) Assessment Proceeds of each Improvement District, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal, Purchase Price and Redemption Price of, and interest on, all Outstanding Series 2011A-1 Bonds; (ii) Net Revenues of the District, consisting of water, sewer and reclaimed water rates and charges imposed by the District remaining after payment of Operation and Maintenance Expenses; and (iii) certain monies and investment earnings in certain funds and accounts created under the Indenture. See the caption "SECURITY FOR THE SERIES 2011A-1 BONDS—Pledge of Assessment Proceeds and Revenues." The obligation of the District to pay the principal, Purchase Price upon the Scheduled Mandatory Tender and Redemption Price of, and interest on, the Series 2011A-1 Bonds from Net Revenues is payable on a parity with certain Parity Obligations described under the caption "SECURITY FOR THE SERIES 2011A-1 BONDS—Limitations on Parity and Superior Obligations—Obligations on a Parity with the Series 2011A-1 Bonds."

See the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" and Appendix A under the caption "THE IMPROVEMENT DISTRICTS—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District Nos. 105 and 250, the Assessment Proceeds of which were pledged to payment of the Series 2011A-1 Bonds at the time of their initial issuance, into Improvement District Nos. 125 and 225, respectively.

The Series 2011A-1 Bonds were issued pursuant to the Indenture for the purposes of: (i) providing a portion of the funds to refund the then-outstanding Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2008B; and (ii) paying costs of issuance with respect to the Series 2011A-1 Bonds.

The Series 2011A-1 Bonds were issued in fully registered form and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 2011A-1 Bonds will not receive physical certificates representing their beneficial ownership in the Series 2011A-1 Bonds purchased. The principal, Purchase Price and Redemption Price of, and interest on, the Series 2011A-1 Bonds are payable by the Trustee to Cede & Co. and such principal, Purchase Price, Redemption Price and interest payments are to be disbursed to the beneficial owners of the Series 2011A-1 Bonds through their nominees.

While the Series 2011A-1 Bonds are in the Index Mode, interest on the Series 2011A-1 Bonds will be payable on the first Business Day of each month. The Series 2011A-1 Bonds will be subject to a Scheduled Mandatory Tender on March 15, 2016. The failure of the District to pay the Purchase Price of the Series 2011A-1 Bonds upon any Scheduled Mandatory Tender would constitute an Event of Default under the Indenture. See the caption "THE SERIES 2011A-1 BONDS—Mandatory Tender for Purchase—Scheduled Mandatory Tender for Purchase." The Series 2011A-1 Bonds are also

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subject to mandatory tender on an Unscheduled Mandatory Tender Date at the option of the District as described herein. The failure of the District to pay the Purchase Price of the Series 2011A-1 Bonds upon such Unscheduled Mandatory Tender would not constitute an Event of Default under the Indenture. See the caption “THE SERIES 2011A-1 BONDS—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase.” While in the Index Mode, individual purchases of Series 2011A-1 Bonds will be made in principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof.

This Remarketing Statement describes the Series 2011A-1 Bonds while in the Index Mode and for the Tender Period commencing on February 20, 2015 and ending on the Scheduled Mandatory Tender Date set forth above. There are significant differences in the terms of the Series 2011A-1 Bonds while they bear interest in a Mode other than an Index Mode. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-1 Bonds bearing interest in a Mode other than the Index Mode or in another Tender Period. Owners and prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information in connection with any Change in Mode, but should look solely to the offering document to be used in connection with any such Change in Mode.

This Remarketing Statement describes the Series 2011A-1 Bonds for the Tender Period ending on the Scheduled Mandatory Tender Date set forth above only. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-1 Bonds for any other Tender Period. Owners and prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-1 Bonds during any other Tender Period, but should look solely to the offering document to be used in connection with such Tender Period.

Concurrently with the reoffering of the Series 2011A-1 Bonds, the District anticipates reoffering its Series 2011A-2 Bonds. Owners or prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-2 Bonds but should look instead to the most current Remarketing Statement prepared by the District for the Series 2011A-2 Bonds.

The Series 2011A-1 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described under the caption “THE SERIES 2011A-1 BONDS—Redemption of Series 2011A-1 Bonds.”

THE SERIES 2011A-1 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUNDS OF THE DISTRICT OR THE IMPROVEMENT DISTRICTS, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, ARE LIABLE FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-1 BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-1 BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2011A-1 Bonds. Investors are advised to read the entire Remarketing Statement to obtain information essential to the making of an informed investment decision. Capitalized terms have the meanings given such terms in this Remarketing Statement.

Certain legal matters in connection with the reoffering of the Series 2011A-1 Bonds will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Co-Bond Counsel to the District, by Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel to the District and general counsel to the District, and for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation. The Series 2011A-1 Bonds are available through the facilities of The Depository Trust Company. Goldman, Sachs & Co. is serving as Remarketing Agent and will remarket the Series 2011A-1 Bonds on February 20, 2015 following their mandatory tender.

Goldman, Sachs & Co.

Series 2011A-1 Bonds Remarketing Agent

Dated: February __, 2015

No dealer, broker, salesperson or other person has been authorized by the District or the Remarketing Agent to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Remarketing Agent. This Remarketing Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2011A-1 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Remarketing Statement is not to be construed as a contract with the purchasers of the Series 2011A-1 Bonds. Statements contained in this Remarketing Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Statement:

The Remarketing Agent has reviewed the information in this Remarketing Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The information set forth in this Remarketing Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Remarketing Agent. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Remarketing Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011A-1 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CERTAIN STATEMENTS CONTAINED IN THIS REMARKETING STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS REMARKETING STATEMENT. THE PROJECTIONS CONTAINED IN THIS REMARKETING STATEMENT WILL NOT BE UPDATED AS PART OF THE DISTRICT’S CONTINUING DISCLOSURE OBLIGATIONS FOR THE SERIES 2011A-1 BONDS.

THE SERIES 2011A-1 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2011A-1 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented there is not part of this Remarketing Statement and should not be relied upon in making an investment decision with respect to the Series 2011A-1 Bonds.

IRVINE RANCH WATER DISTRICT
Orange County, California

Board of Directors

Steven E. LaMar, *President*
Mary Aileen Matheis, *Vice President*
Douglas J. Reinhart
Peer A. Swan
John B. Withers

Management

Paul A. Cook, *General Manager*
Cheryl Clary, *Executive Director of Finance and Administration*
Robert Jacobson, *Treasurer*
Leslie Bonkowski, *Secretary*

District General Counsel

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Co-Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

[REGIONAL MAP]

[MAP OF WATER IMPROVEMENT DISTRICTS]

[MAP OF SEWER IMPROVEMENT DISTRICTS]

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REMARKETING STATEMENT
\$54,600,000
BONDS OF IRVINE RANCH WATER DISTRICT
REFUNDING SERIES 2011A-1

INTRODUCTION

This Remarketing Statement replaces the Remarketing Statement dated February 10, 2014, as supplemented on February 12, 2014, in its entirety.

Pursuant to the provisions of the Indenture of Trust, dated as of April 1, 2011 (the “Original Indenture”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended by the First Supplemental Indenture of Trust, dated as of February 1, 2014 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), by and between the District and the Trustee, relating to the Bonds of Irvine Ranch Water District Refunding Series 2011A-1 (the “Series 2011A-1 Bonds”), the Irvine Ranch Water District (the “District”) has exercised its option to effect an Unscheduled Mandatory Tender of the Series 2011A-1 Bonds on February 20, 2015.

Upon the purchase of the Series 2011A-1 Bonds pursuant to such Unscheduled Mandatory Tender, the Series 2011A-1 Bonds: (i) will be remarketed in the Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date on March 15, 2016; and (ii) will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period), all as more fully described herein.

Promptly after the Remarketing Agent determines the Index Spread for the Tender Period commencing on February 20, 2015, the District will publish it by supplementing this Remarketing Statement and posting the supplement with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System (“EMMA”).

The Purchase Price of the tendered Series 2011A-1 Bonds will be paid on February 20, 2015 from moneys held by the Trustee, consisting of immediately available funds on deposit in the Remarketing Proceeds Account, as more fully described herein.

This Introduction is subject in all respects to the more complete information contained and referenced elsewhere in this Remarketing Statement. The remarketing of the Series 2011A-1 Bonds to potential investors is made only by means of the entire Remarketing Statement.

Purpose

The purpose of this Remarketing Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the District and Improvement District Nos. 113, 125, 213 and 225 (collectively, the “Improvement Districts” or individually, an “Improvement District”) which are geographical subdivisions of the District through which the District funds capital improvements, in connection with the remarketing of \$54,600,000 aggregate principal amount of the Series 2011A-1 Bonds, which Series 2011A-1 Bonds constitute the consolidated several general obligations of Improvement District Nos. 113, 125, 213 and 225. In addition, the District has pledged Revenues to the repayment of the Series 2011A-1 Bonds. See the caption “SECURITY FOR THE SERIES 2011A-1 BONDS—Pledge of Assessment Proceeds and Revenues.”

The Series 2011A-1 Bonds were issued pursuant to the Indenture for the purposes of: (i) providing a portion of the funds to refund the then-outstanding Bonds of Irvine Ranch Water District, Consolidated

Refunding Series 2008B; and (ii) paying costs of issuance with respect to the Series 2011A-1 Bonds. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

This Remarketing Statement describes the Series 2011A-1 Bonds while in the Index Mode and for the Tender Period described herein only. There are significant differences in the terms of the Series 2011A-1 Bonds while they bear interest in a Mode other than an Index Mode. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-1 Bonds bearing interest in a Mode other than the Index Mode or in another Tender Period. Owners and prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information in connection with any Change in Mode, but should look solely to the offering document to be used in connection with any such Change in Mode.

This Remarketing Statement describes the Series 2011A-1 Bonds for the Tender Period ending on the Scheduled Mandatory Tender Date of March 15, 2016. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-1 Bonds for any other Tender Period. Owners and prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-1 Bonds during any other Tender Period, but should look solely to the offering document to be used in connection with such Tender Period.

Concurrently with the reoffering of the Series 2011A-1 Bonds, the District anticipates reoffering its Bonds of Irvine Ranch Water District Refunding Series 2011A-2 (the “Series 2011A-2 Bonds”). Owners or prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-2 Bonds but should look instead to the most current Remarketing Statement prepared by the District for the Series 2011A-2 Bonds.

Although the District has the right under the Indenture to enter into a Liquidity Facility in connection with the Series 2011A-1 Bonds, the District has not elected to enter into a Liquidity Facility in connection with the remarketing of the Series 2011A-1 Bonds for the Tender Period commencing February 20, 2015. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-1 Bonds supported by a Liquidity Facility. Owners and prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information in connection with the Series 2011A-1 Bonds supported by a Liquidity Facility, but should look solely to the offering document to be used in connection with any future entry of the District into a Liquidity Facility with respect to the Series 2011A-1 Bonds.

The District

The District is a California water district, formed in 1961 under the authority of the California Water District Law, constituting Division 13 of the California Water Code (the “Act”). Currently there are seven water improvement districts and ten sewer improvement districts formed pursuant to the Act, which are geographical subdivisions of the District through which the District funds capital improvements. See Appendix A—“IRVINE RANCH WATER DISTRICT.”

The Series 2011A-1 Bonds

The Series 2011A-1 Bonds are being remarketed in an Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date of March 15, 2016 and will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period, all as more fully described under the caption “THE SERIES 2011A-1 BONDS”). While in the Index Mode, interest on the 2011A-1 Bonds will be payable on the first Business Day of each month. The Series 2011A-1 Bonds will be subject to a Scheduled Mandatory Tender on March 15, 2016. The failure of the District to pay the Purchase

Price of a Series 2011A-1 Bond upon any Scheduled Mandatory Tender would constitute an Event of Default under the Indenture. See the caption “THE SERIES 2011A-1 BONDS—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender—Consequences of a Scheduled Mandatory Tender Failure.” The Series 2011A-1 Bonds are also subject to mandatory tender on an Unscheduled Mandatory Tender Date established at the option of the District as described herein. See the caption “THE SERIES 2011A-1 BONDS—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase.” While in the Index Mode, individual purchases of Series 2011A-1 Bonds will be made in principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof.

Improvement Districts

Set forth below are brief descriptions of the Improvement Districts for which the Series 2011A-1 Bonds constitute the consolidated, several general obligations. For more complete information with respect to the Improvement Districts, see Appendix A—“IRVINE RANCH WATER DISTRICT” under the caption “THE IMPROVEMENT DISTRICTS.”

Improvement District Nos. 125 and 225. At the time of their initial issuance on April 15, 2011, the Series 2011A-1 Bonds constituted the consolidated, several general obligations of Improvement District Nos. 105, 113, 213 and 250. Pursuant to the Indenture, the District covenanted to fix and collect *ad valorem* assessments on taxable land within such improvement districts in amounts sufficient to pay principal of and interest on the Series 2011A-1 Bonds. See the caption “—Security for the Series 2011A-1 Bonds—Assessment Proceeds.”

Beginning in 2011, the District undertook a long-term review of its capital funding plan. As a result of such review, the Board of Directors of the District determined that it was in the District’s best interest to consolidate certain improvement districts to support differing capital infrastructure needs within developed and undeveloped areas of the District. Accordingly, by resolutions adopted on October 14, 2013, October 28, 2013 and November 11, 2013, the Board of Directors of the District undertook the following actions:

- Certain lands were annexed into Improvement District Nos. 105 and 250 in accordance with Section 36428 *et seq.* of the Act. The annexed lands were declared to be liable for debt service on the outstanding bonds of Improvement District Nos. 105 and 250, including each such Improvement District’s Included Amount (as such term is defined under the caption “—Security for the Series 2011A-1 Bonds—General”) of the Series 2011A-1 Bonds.
- Certain lands generally constituting large permanent open space parcels were detached from Improvement District Nos. 105 and 250 in accordance with Section 36442 *et seq.* of the Act. The detached lands were declared to be relieved of liability for debt service on the outstanding bonds of Improvement District Nos. 105 and 250, including each such Improvement District’s Included Amount of the Series 2011A-1 Bonds to the extent permitted by law.
- Improvement District No. 105 and ten other water improvement districts were consolidated into a new improvement district, Improvement District No. 125, in accordance with Section 36454 *et seq.* of the Act. Pursuant to Section 36454.1 of the Act, Improvement District No. 105’s Included Amount of the Series 2011A-1 Bonds was assumed by and became the liability of Improvement District No. 125.
- Improvement District No. 250 and nine other sewer improvement districts were consolidated into a new improvement district, Improvement District No. 225, in accordance with Section 36454 *et seq.* of the Act. Pursuant to Section 36454.1 of the Act, Improvement District No. 250’s Included Amount of the Series 2011A-1 Bonds was assumed by and became the liability of Improvement District No. 225.

As a result of the foregoing actions:

- The Series 2011A-1 Bonds currently constitute the consolidated, several general obligations of Improvement District Nos. 113, 125, 213 and 225. Pursuant to the Act, Improvement District Nos. 125 and 225 are authorized to levy and collect the assessments and charges necessary to satisfy the obligations of their predecessor improvement districts, including the assessments and charges necessary to satisfy payment of the Series 2011A-1 Bonds for Improvement District Nos. 105 and 250, respectively.

- As of December 31, 2014: (i) Improvement District No. 125 had \$322,089,600 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$188,789,150 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-1 Bonds; and (ii) Improvement District No. 225 had \$406,895,000 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$237,018,171 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-1 Bonds. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” in Appendix A.

Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement District Nos. 125 and 225 consists of developed residential property. However, the District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2020. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 125 is \$29,578,638,615, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 105 before its consolidation into Improvement District No. 125 was \$7,099,866,552. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 225 is \$24,757,488,949, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 250 before its consolidation into Improvement District No. 225 was \$6,776,400,622.

See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” in Appendix A for a description of the *ad valorem* assessment bonds, including the Series 2011A-1 Bonds, attributable to Improvement District Nos. 125 and 225, respectively.

Improvement District Nos. 113 and 213. Improvement District No. 113 (water) and Improvement District No. 213 (sewer) are coterminous and are located in portions of the Cities of Tustin and Irvine. Improvement District Nos. 113 and 213 are comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District Nos. 113 and 213 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial, institutional and recreational uses. The District expects development in Improvement District Nos. 113 and 213 to continue through at least 2020. The District expects that the total existing and future development will consist of 4,800 dwelling units and 12,100,000 square feet of commercial, institutional and recreational uses. The Fiscal Year 2015 assessed value of the land in Improvement District No. 113 is \$674,596,339. The Fiscal Year 2015 assessed value of the land in Improvement District No. 213 is \$674,596,339.

Security for the Series 2011A-1 Bonds

General. The Series 2011A-1 Bonds constitute the consolidated, several general obligations of the Improvement Districts payable from the following sources, each as further described under the caption “SECURITY FOR THE SERIES 2011A-1 BONDS”: (i) Assessment Proceeds collected from within each Improvement District and applied by the District to pay such Improvement District’s Included Amount (as

defined below) of the principal, Purchase Price and Redemption Price of, and interest on, all Outstanding Series 2011A-1 Bonds; (ii) Net Revenues of the District; and (iii) certain monies and investment earnings in certain funds and accounts created under the Indenture.

The principal amount of the Series 2011A-1 Bonds allocated to an Improvement District is referred to as such Improvement District’s “Included Amount” and an Improvement District’s Included Amount divided by the total principal amount of the Series 2011A-1 Bonds is referred to as such Improvement District’s “Included Percentage.”

Assessment Proceeds. The District has covenanted in the Indenture that, to the extent necessary to provide Assessment Proceeds sufficient to pay when due, together with the other funds available for such payment, the principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land within the applicable Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of the Series 2011A-1 Bonds of the applicable Improvement District; or (c) in its discretion, impose and collect, or cause the imposition and collection of, In Lieu Charges (which constitute charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments). See the caption “SECURITY FOR THE SERIES 2011A-1 BONDS—General—Covenant to Collect Assessment Proceeds.”

As among the Improvement Districts, Assessment Proceeds collected in any Improvement District will not be available to pay any other Improvement District’s share of debt service of the Series 2011A-1 Bonds. Each Improvement District’s Included Amount and Included Percentage will be as set forth below:

SERIES 2011A-1 BONDS

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
113	\$ 2,730,000	5.00%
125	25,498,200	46.70
213	3,439,800	6.30
225	<u>22,932,000</u>	<u>42.00</u>
Total	<u>\$ 54,600,000</u>	<u>100.00%</u>

The Included Amount for each Improvement District with respect to the Series 2011A-1 Bonds and any other outstanding or future District general obligation bonds issued for such Improvement District are equally secured by the *ad valorem* assessments and any charges for water or sewer service, as applicable, imposed and collected in lieu of *ad valorem* assessments, collected within such Improvement District. The *ad valorem* assessments are levied only on land and are based on the land value of parcels in the Improvement District without regard to the value of any improvements thereon. See Appendix A—“IRVINE RANCH WATER DISTRICT” under the captions “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 125 and 225” and “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 113 and 213.”

During the term of the Series 2011A-1 Bonds, the Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the purchase or redemption of Series 2011A-1 Bonds allocated to one or more Improvement Districts, pursuant to calculations made by the District and delivered to the Trustee pursuant to the Indenture, without need for any amendment of or supplement to the Indenture.

Net Revenues. The Series 2011A-1 Bonds are also payable from the Net Revenues of the District and are secured by a pledge of the Revenues of the District, subject to the application of the Revenues as provided in the Indenture. Net Revenues for any period consist of the Revenues of the District less the Operation and Maintenance Expenses of the District for such period, as such terms are defined under the caption

“SECURITY FOR THE SERIES 2011A-1 BONDS—Pledge of Assessment Proceeds and Revenues—Net Revenues.”

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2011A-1 Bonds.

The obligation of the District to pay the principal, Redemption Price and Purchase Price (other than the Purchase Price due on an Unscheduled Mandatory Tender) of, and interest on, the Series 2011A-1 Bonds from Net Revenues is payable on a parity with the District’s obligations under certain Parity Obligations. See the caption “SECURITY FOR THE SERIES 2011A-1 BONDS—Existing Parity Obligations.” The District may enter into additional Parity Obligations in accordance with the terms of the Indenture. See the caption “SECURITY FOR THE SERIES 2011A-1 BONDS—Limitations on Parity and Superior Obligations—Obligations on a Parity with the Series 2011A-1 Bonds.”

The District has covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to 125% of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant with respect to all outstanding Parity Obligations. See the caption “SECURITY FOR THE SERIES 2011A-1 BONDS—General—Revenue Rate Covenant.”

***Limited Obligations.* THE SERIES 2011A-1 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUNDS OF THE DISTRICT OR THE IMPROVEMENT DISTRICTS, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, ARE LIABLE FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-1 BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-1 BONDS.**

Professionals Involved in the Remarketing

The Bank of New York Mellon Trust Company, N.A. serves as Trustee under the Indenture. Certain legal matters in connection with the reoffering of the Series 2011A-1 Bonds will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Co-Bond Counsel to the District, by Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel to the District and general counsel to the District (“General Counsel”), and for Goldman, Sachs & Co. (the “Remarketing Agent”) by Stradling Yocca Carlson & Rauth, a Professional Corporation.

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture, documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture, and each such document, statute, report or instrument, respectively. Forward looking statements in this Remarketing Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material. The projections contained in this Remarketing Statement will not be updated as part of the District's continuing disclosure obligations for the Series 2011A-1 Bonds.

Additional Information

Copies of the Indenture and audited financial statements of the District are available for inspection at the offices of the District in Irvine, California, and will be available from the Trustee upon request and payment of costs. Additional information regarding this Remarketing Statement may be obtained by contacting the District, at the following address:

Treasurer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
(949) 453-5300

THE SERIES 2011A-1 BONDS

This Remarketing Statement describes the Series 2011A-1 Bonds while in the Index Mode and for the Tender Period described herein only. There are significant differences in the terms of the Series 2011A-1 Bonds while they bear interest in a Mode other than an Index Mode. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-1 Bonds bearing interest in a Mode other than the Index Mode or in another Tender Period. Owners and prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information in connection with any Change in Mode, but should look solely to the offering document to be used in connection with any such Change in Mode.

General

The Series 2011A-1 Bonds mature on October 1, 2037. The Series 2011A-1 Bonds are being remarketed in an Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date set forth on the front cover page hereof and will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period). Notice of the Index Spread for the Tender Period commencing on February 20, 2015 will be given as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-1 Bonds in Index Mode—Index Spread; Adjustment of Index Spread.” All Outstanding Series 2011A-1 Bonds will be in the same Mode. Any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner provided in the Indenture.

While in the Index Mode, the Series 2011A-1 Bonds will be subject to all of the terms of the Indenture relating to the Series 2011A-1 Bonds in the Index Mode, including provisions that require the Owners to tender their Series 2011A-1 Bonds for purchase on the Scheduled Mandatory Tender Date and on other dates as described in this Remarketing Statement, and provisions that permit the District to effect an Unscheduled Mandatory Tender (which Unscheduled Mandatory Tender is subject to rescission and successful remarketing as described under the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Rescission”). See the captions “—Mandatory Tender for Purchase” and “—Purchase of Series 2011A-1 Bonds.”

While in the Index Mode, the Series 2011A-1 Bonds are not subject to tender for purchase at the option of the Owners.

The Series 2011A-1 Bonds are in the form of fully registered bonds and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2011A-1 Bonds. While the Series 2011A-1 Bonds are in the Index Mode, individual purchases of Series 2011A-1 Bonds will be made in principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof. See the caption “—Book-Entry Only System” and Appendix E hereto.

Payment of Interest

Interest on the Series 2011A-1 Bonds in an Index Mode will be calculated on the basis of a 365/366-day year for the actual number of days elapsed. Interest on the Series 2011A-1 Bonds in an Index Mode and for the Tender Period commencing February 20, 2015 is payable on the first Business Day of each calendar month, commencing March 2, 2015, and on each Mandatory Purchase Date, Scheduled Mandatory Tender Date and Unscheduled Mandatory Tender Date on which all outstanding Series 2011A-1 Bonds are purchased (each, an “Interest Payment Date”).

During the Index Mode, payment will be made on each Interest Payment Date for unpaid interest accrued from and including each Interest Accrual Date, which is the first day of each Tender Period and each Interest Payment Date thereafter. The amount of interest payable on each such Interest Payment Date will be determined in accordance with the provisions described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-1 Bonds in Index Mode—Duration of Tender Period”) and, thereafter, the first Business Day of each month during such Tender Period (each, an “Interest Accrual Date”) to but excluding such Interest Payment Date. Notwithstanding any provision of the Indenture, at no time may the rate of interest on any Series 2011A-1 Bond exceed the Maximum Rate.

Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-1 Bonds in Index Mode

Determination of SIFMA Average Index Rate and Index Tender Rate. During each Tender Period, no later than 11:00 a.m.* on the Business Day immediately preceding each Interest Payment Date while the Series 2011A-1 Bonds bear interest in the Index Mode, the Trustee will deliver written notice to the District and the Remarketing Agent specifying the SIFMA Average Index Rate and the Index Tender Rate for, and the aggregate amount of interest that accrued during, the Index Rate Accrual Period ending on the day preceding such Interest Payment Date together with a detailed calculation of the foregoing. All percentages resulting from the calculation of the SIFMA Average Index Rate will be rounded, if necessary, to the nearest ten-thousandth of a percentage point with five hundred thousandths of a percentage point rounded upward, and all dollar amounts used in or resulting from such calculation of interest on the Series 2011A-1 Bonds while bearing interest in an Index Mode will be rounded to the nearest cent (with one-half cent being rounded upward).

Index Spread; Adjustment of Index Spread. Promptly after the Remarketing Agent determines the Index Spread for the Tender Period commencing on February 20, 2015, the District will publish it by supplementing this Remarketing Statement and posting the supplement with EMMA. With respect to subsequent Tender Periods, the Index Spread will be determined by the Remarketing Agent and adjusted as described under the captions “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender” and “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender.” During each Tender Period, the Index Spread with respect to such Tender Period will apply to all Series 2011A-1 Bonds.

* Unless otherwise expressly stated, all times referred to in this Remarketing Statement are New York City time.

Duration of Tender Period. A Tender Period will commence on February 20, 2015 and end on March 15, 2016. Thereafter, each Tender Period will commence on the first to occur of: (i) the Scheduled Mandatory Tender Date of the immediately preceding Tender Period; (ii) an Unscheduled Mandatory Tender Date in connection with any Unscheduled Mandatory Tender if all Series 2011A-1 Bonds are actually purchased as described under the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds;” and (iii) the effective date of a Change in Mode to an Index Mode. Each Tender Period will terminate on the first to occur of: (a) the Scheduled Mandatory Tender Date; (b) an Unscheduled Mandatory Tender Date in connection with any Unscheduled Mandatory Tender if all Series 2011A-1 Bonds are actually purchased as described under the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds;” (c) the first date on which the Series 2011A-1 Bonds bear interest in a Mode other than the Index Mode; or (d) the date on which all Series 2011A-1 Bonds are redeemed in accordance with the terms of the Indenture or all principal and accrued interest on all Series 2011A-1 Bonds are otherwise paid in full.

Mandatory Tender for Purchase

Scheduled Mandatory Tender for Purchase. Unless the Series 2011A-1 Bonds subject to a Tender Period have been purchased (including in connection with a Change in Mode or an Unscheduled Mandatory Tender) or redeemed prior to the Scheduled Mandatory Tender Date for such Tender Period, the Owners of all of the Series 2011A-1 Bonds will tender for purchase, and the District will purchase, all of the Series 2011A-1 Bonds on the Scheduled Mandatory Tender Date for such Tender Period. The Trustee will give notice of each Scheduled Mandatory Tender to the Owners of the Series 2011A-1 Bonds as provided in the Indenture not less than seven days prior to the Scheduled Mandatory Tender Date. With respect to the Tender Period commencing on February 20, 2015, the Scheduled Mandatory Tender Date is March 15, 2016 and, with respect to each subsequent Tender Period, the Scheduled Mandatory Tender Date will be determined as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-1 Bonds in Index Mode—Duration of Tender Period.” Failure of the District to pay the Purchase Price for the Series 2011A-1 Bonds on a Scheduled Mandatory Tender Date constitutes an Event of Default under the Indenture. See the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender—Consequences of a Scheduled Mandatory Tender Failure” below.

Unscheduled Mandatory Tender for Purchase. While the Series 2011A-1 Bonds bear interest in an Index Mode, at its option, the District may require, during each Tender Period, the Owners of all (but not less than all) of the Series 2011A-1 Bonds to tender their Series 2011A-1 Bonds to the District for purchase, from the source of funds described under the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds” on any Business Day from and after the Call Protection Date for such Tender Period. The Call Protection Date for the Tender Period commencing February 20, 2015 is set forth on the front cover page hereof. To exercise such option, the District will deliver to the Trustee at its Corporate Trust Office and the Remarketing Agent, no later than 10 days before the Unscheduled Mandatory Tender Date, the written notice of Unscheduled Mandatory Tender described under the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Effect of a Successful Remarketing.” The Trustee will give notice of each Unscheduled Mandatory Tender to the Owners of the Series 2011A-1 Bonds as provided in the Indenture not less than seven days prior to the Unscheduled Mandatory Tender Date. Except as provided under the captions “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Rescission” and “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Failure to Meet Conditions,” the Trustee will pay to the Owners of the Series 2011A-1 Bonds 100% of the principal amount of the Series 2011A-1 Bonds from the proceeds of the remarketing of such Series 2011A-1 Bonds as described under the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds.” If all outstanding Series 2011A-1 Bonds are purchased, the Unscheduled Mandatory Tender Date is

also an Interest Payment Date for the Series 2011A-1 Bonds and the District will pay the unpaid accrued interest on the Series 2011A-1 Bonds on such date. The failure to pay the purchase price of Series 2011A-1 Bonds in connection with an Unscheduled Mandatory Tender does not constitute an Event of Default under the Indenture and the purchase of the Series 2011A-1 Bonds subject to mandatory tender will be cancelled and the Index Mode Tender Period will continue. See the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Failure to Meet Conditions.”

Purchase of Series 2011A-1 Bonds

The Remarketing Agent has agreed to use its best efforts to remarket the Series 2011A-1 Bonds pursuant to the Indenture at the minimum interest rate available in the marketplace to permit the Remarketing Agent to remarket the Series 2011A-1 Bonds on the Purchase Date, Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, at the principal amount thereof; provided that the remarketing of the Series 2011A-1 Bonds in connection with a Scheduled Mandatory Tender or an Unscheduled Mandatory Tender will be as provided under the captions “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender” and “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender,” respectively. Series 2011A-1 Bonds subject to purchase on a Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date will be purchased from the Owners thereof at the Purchase Price which will be payable solely from the following sources in the order listed, except that the Purchase Price in connection with an Unscheduled Mandatory Tender is payable solely from the source described in clause (i) below:

- (i) Immediately available funds on deposit in the Remarketing Proceeds Account; and
- (ii) Immediately available funds on deposit in the District Purchase Account.

See Appendix C under the caption “DEFINITIONS” for a description of the Remarketing Proceeds Account and District Purchase Account.

At or before 3:00 p.m. on the Business Day immediately preceding each Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, the Remarketing Agent: (i) unless otherwise provided in a Representation Letter, is to deliver to the Trustee instructions for registration of Series 2011A-1 Bonds remarketed in accordance with the Indenture; and (ii) is to give Electronic Notice to the Trustee and the District, specifying the aggregate principal amount of Series 2011A-1 Bonds not remarketed, if any. If the Series 2011A-1 Bonds are registered in the name of a Bond Depository or its nominee, and if the amount of such remarketing proceeds is sufficient to pay the Purchase Price of all Series 2011A-1 Bonds to be purchased on the Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, the Remarketing Agent may apply such remarketing proceeds to the appropriate accounts of such Bond Depository to effect payment of the Purchase Price of Series 2011A-1 Bonds in accordance with the procedures established by such Bond Depository.

If the amount of proceeds from the remarketing delivered to the Trustee indicates that Series 2011A-1 Bonds are required to be purchased from moneys provided by the District, the Trustee will give Electronic Notice to the District at or prior to 11:30 a.m. on such date specifying the information set forth in the Indenture. Upon receipt of such notice, on each Mandatory Purchase Date and Scheduled Mandatory Tender Date, the District is to deposit with the Trustee in the District Purchase Account, by 2:00 p.m. on such date, immediately available funds in an amount together with the remarketing proceeds, to enable the Trustee to pay the Purchase Price of the tendered Series 2011A-1 Bonds. Unless otherwise provided in a Representation Letter, on each Mandatory Purchase Date, Scheduled Mandatory Tender Date and, if all Series 2011A-1 Bonds are purchased, each Unscheduled Mandatory Tender Date, all Series 2011A-1 Bonds which have been remarketed will be registered as directed by the Remarketing Agent.

The Trustee will pay from the funds specified in the Indenture, the Purchase Price for each tendered Series 2011A-1 Bond at or prior to 3:00 p.m. on the Mandatory Purchase Date, Scheduled Mandatory Tender Date or, if all Series 2011A-1 Bonds are purchased, the Unscheduled Mandatory Tender Date, as the case may be; provided that the Purchase Price of Series 2011A-1 Bonds in connection with an Unscheduled Mandatory Tender will be payable only from amounts in the Remarketing Proceeds Account. The Purchase Price of any Series 2011A-1 Bond so tendered is payable only upon surrender of such Series 2011A-1 Bond to the Trustee at its Corporate Trust Office for delivery of such Series 2011A-1 Bond, except that payment of the Purchase Price of any Series 2011A-1 Bond tendered for purchase or otherwise purchased pursuant to a Representation Letter will be made in immediately available funds and in such manner as the Bond Depository and the Trustee agree.

Notwithstanding any provision to the contrary contained in the Indenture, all tenders for purchase in connection with an Unscheduled Mandatory Tender are payable only from immediately available funds on deposit in the Remarketing Proceeds Account.

Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender

Remarketing of Series 2011A-1 Bonds. During each Tender Period in the Index Mode, upon establishing the Index Spread for the next succeeding Tender Period (as described below under the caption “—Determination of Index Spread”), the Remarketing Agent will offer for sale and use its best efforts to sell in accordance with the Remarketing Agreement all Series 2011A-1 Bonds at a price equal to the principal amount thereof, such that the Index Spread for the next Tender Period will be adjusted as described below under the caption “—Determination of Index Spread.” The Remarketing Agent will sell any Series 2011A-1 Bonds tendered pursuant to a Scheduled Mandatory Tender at the principal amount thereof; provided that if the District delivers a Favorable Opinion of Bond Counsel, the District has the right to direct the Remarketing Agent to sell any Series 2011A-1 Bonds tendered pursuant to a Scheduled Mandatory Tender at a discount or at a premium.

Determination of Scheduled Mandatory Tender Date. Unless the Series 2011A-1 Bonds subject to a Tender Period have been purchased (including in connection with a Change in Mode or an Unscheduled Mandatory Tender) or redeemed prior to the Scheduled Mandatory Tender Date for such Tender Period, the District, by direction to the other Notice Parties by Electronic Notice or telecopy not later than 10 days before the Scheduled Mandatory Tender Date for each Tender Period, is to determine the Scheduled Mandatory Tender Date for all Series 2011A-1 Bonds for the Tender Period immediately following the purchase of Series 2011A-1 Bonds pursuant to a Scheduled Mandatory Tender as provided in the Indenture. Such Scheduled Mandatory Tender Date may be any Business Day during the next Tender Period except that the Scheduled Mandatory Tender Date will not be a date that is earlier than three months after the commencement of the Tender Period. If the District is required to deliver a written direction as provided above but fails to do so, then the Scheduled Mandatory Tender Date for the Tender Period immediately following the purchase of Series 2011A-1 Bonds will be the date that is one year after the commencement of the Tender Period (unless such date is not a Business Day, in which case the Scheduled Mandatory Tender Date will be the first Business Day following such date).

Establishment of Call Protection Date. With respect to any Tender Period commencing on a Scheduled Mandatory Tender Date that the Series 2011A-1 Bonds are purchased pursuant to a Scheduled Mandatory Tender, the Call Protection Date will be the Tender Period Standard Date; provided that if the District delivers to the Trustee a Favorable Opinion of Bond Counsel and specifies such Call Protection Date in the direction as to the Scheduled Mandatory Tender Date, the District may determine that the Call Protection Date for such Tender Period will be any Business Day during the Tender Period. The Call Protection Date with respect to the Tender Period commencing on February 20, 2015 is September 15, 2015.

Determination of Index Spread. Unless the Series 2011A-1 Bonds subject to a Tender Period have been purchased (including in connection with a Change in Mode or an Unscheduled Mandatory Tender) or

redeemed prior to the Scheduled Mandatory Tender Date for such Tender Period, no later than 5:00 p.m. on the day that is two Business Days before the Scheduled Mandatory Tender Date for such Tender Period, the Remarketing Agent is to determine the Index Spread with respect to the Tender Period immediately following such Scheduled Mandatory Tender Date. The Index Spread determined by the Remarketing Agent is to be equal to the minimum fixed spread to SIFMA which, if borne by the Series 2011A-1 Bonds, would enable the Remarketing Agent to sell all Series 2011A-1 Bonds tendered or deemed tendered pursuant to the Scheduled Mandatory Tender on the Scheduled Mandatory Tender Date at a price equal to the principal amount thereof. With respect to all Series 2011A-1 Bonds sold with an Index Tender Rate based on an Index Spread determined by the Remarketing Agent pursuant to the Indenture, the determination of the Index Spread so determined by the Remarketing Agent will be conclusive and binding on the Notice Parties and the Owners of the Series 2011A-1 Bonds.

Purchase of Series 2011A-1 Bonds. Series 2011A-1 Bonds required to be purchased as described under caption “—Remarketing of Series 2011A-1 Bonds” will be purchased from the Owners thereof, on the Scheduled Mandatory Tender Date at the Purchase Price from the sources and in the order of priority described under the caption “—Mandatory Tender for Purchase—Scheduled Mandatory Tender for Purchase.”

The District is irrevocably obligated to pay the Purchase Price of all Series 2011A-1 Bonds on each Scheduled Mandatory Tender Date.

Consequences of a Scheduled Mandatory Tender Failure. Upon the occurrence of a Scheduled Mandatory Tender Failure on any Scheduled Mandatory Tender Date, the following will occur:

(i) The Trustee will promptly return all Series 2011A-1 Bonds to the Owners thereof together with notice of such failure and the Trustee and the Remarketing Agent will promptly return all remarketing proceeds to the persons providing such moneys without interest;

(ii) The Tender Period then in effect will terminate on such Scheduled Mandatory Tender Date and the Series 2011A-1 Bonds will bear interest at the last Index Tender Rate for the Tender Period so terminated from the applicable Scheduled Mandatory Tender Date to the earliest to occur of the purchase of the Series 2011A-1 Bonds by or on behalf of the District or the payment of the principal of the Series 2011A-1 Bonds; and

(iii) An Event of Default under the Indenture will occur.

Effect of a Successful Remarketing. If moneys on deposit with the Trustee are sufficient to pay the Purchase Price of Series 2011A-1 Bonds to be purchased as described under caption “—Remarketing of Series 2011A-1 Bonds” on a Scheduled Mandatory Tender Date, the following will occur:

(i) The Tender Period in effect immediately before such purchase will terminate on the Scheduled Mandatory Tender Date and a new Tender Period will commence on such date; and

(ii) The Index Spread with respect to the Series 2011A-1 Bonds for the new Tender Period will be the Index Spread determined as described above under the caption “—Determination of Index Spread.”

Notification of Scheduled Mandatory Tender Failure. On the date of a Scheduled Mandatory Tender Failure, the Trustee will deliver a notice by mail to: (i) the District; (ii) the respective Owners of any Series 2011A-1 Bonds at their addresses appearing on the Bond Register; (iii) the Remarketing Agent; and (iv) one or more Information Services, which will state: (A) that a Scheduled Mandatory Tender Failure occurred; (B) the Trustee will return all Series 2011A-1 Bonds tendered on the Scheduled Mandatory Tender Date to the Owners thereof; and (C) an Event of Default has occurred under the Indenture.

Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender

Remarketing of Series 2011A-1 Bonds. Upon receipt of notice of an Unscheduled Mandatory Tender from the District as described under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase,” the Remarketing Agent will offer for sale and use its best efforts to sell in accordance with the Remarketing Agreement all Series 2011A-1 Bonds at a price equal to the principal amount thereof, such that the Index Spread for the next Tender Period will be adjusted as described below under the caption “—Determination of Index Spread.” The Remarketing Agent will sell any Series 2011A-1 Bonds tendered pursuant to an Unscheduled Mandatory Tender at the principal amount thereof; provided that if the District delivers a Favorable Opinion of Bond Counsel, the District has the right to direct the Remarketing Agent to sell any Series 2011A-1 Bonds tendered pursuant to an Unscheduled Mandatory Tender at a discount or at a premium.

Determination of Scheduled Mandatory Tender Date. The District, by direction to the other Notice Parties by Electronic Notice or teletype not later than ten days before each Unscheduled Mandatory Tender Date, will determine the Scheduled Mandatory Tender Date for the Tender Period immediately following the purchase of Series 2011A-1 Bonds pursuant to an Unscheduled Mandatory Tender, as provided in the Indenture. Such Scheduled Mandatory Tender Date may be any Business Day, except that the Scheduled Mandatory Tender Date may not be a date that is earlier than three months after the commencement of the Tender Period.

Establishment of Call Protection Date. With respect to any Tender Period commencing on an Unscheduled Mandatory Tender Date that all Series 2011A-1 Bonds are purchased pursuant to an Unscheduled Mandatory Tender, the Call Protection Date will be the Tender Period Standard Date; provided that if the District delivers to the Trustee a Favorable Opinion of Bond Counsel and specifies such Call Protection Date in the direction as to the Scheduled Mandatory Tender Date, the District may determine that the Call Protection Date for such Tender Period will be any Business Day during such Tender Period. The Call Protection Date with respect to the Tender Period commencing on February 20, 2015 is September 15, 2015.

Determination of Index Spread. No later than 5:00 p.m. on the day that is two Business Days before each Unscheduled Mandatory Tender Date, the Remarketing Agent will determine the Index Spread with respect to the Tender Period immediately following such Unscheduled Mandatory Tender Date. The Remarketing Agent will determine the Index Spread which will be equal to the minimum spread to SIFMA which, if borne by the Series 2011A-1 Bonds, would enable the Remarketing Agent to sell all Series 2011A-1 Bonds tendered pursuant to the Unscheduled Mandatory Tender on the Unscheduled Mandatory Tender Date at a price equal to the principal amount thereof. With respect to all Series 2011A-1 Bonds sold with an Index Tender Rate based on an Index Spread determined by the Remarketing Agent pursuant to the Indenture, the determination of the Index Spread so determined by the Remarketing Agent will be conclusive and binding on the Notice Parties and the Owners of the Series 2011A-1 Bonds.

Purchase of Series 2011A-1 Bonds. Subject to the provisions described under the caption “—Rescission” and “—Failure to Meet Conditions,” the District will cause Series 2011A-1 Bonds required to be purchased in an Unscheduled Mandatory Tender to be purchased on each Unscheduled Mandatory Tender Date from the Owners thereof at the Purchase Price from the source indicated under the caption “—Purchase of Series 2011A-1 Bonds.”

Consequences of an Unscheduled Mandatory Tender Failure or a Rescission. If the District rescinds any Unscheduled Mandatory Tender as described under the caption “—Rescission” or if any of the conditions of any Unscheduled Mandatory Tender are not satisfied as described under the captions “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” and “—Failure to Meet Conditions,” then the District will not have any obligation to purchase any Series 2011A-1 Bonds and no purchase of Series 2011A-1 Bonds will occur. In such event, the following will occur:

(i) The Trustee will return all Series 2011A-1 Bonds to the Owners thereof together with notice of the basis for such return and the Trustee and the Remarketing Agent will return all remarketing proceeds to the persons providing such moneys without interest;

(ii) The Series 2011A-1 Bonds will continue to bear interest at the Index Tender Rate in effect during such Tender Period without change or modification and the Tender Period then in effect will continue until terminated in accordance with the provisions set forth under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-1 Bonds in Index Mode—Duration of Tender Period”; and

(iii) No Event of Default under the Indenture will have occurred.

Rescission. The District has the option to deliver to the Trustee at its Corporate Trust Office and the Remarketing Agent, on or prior to 5:00 p.m. on the Business Day immediately preceding the Unscheduled Mandatory Tender Date for an Unscheduled Mandatory Tender, a notice to the effect that the District elects to rescind such Unscheduled Mandatory Tender. If the District so rescinds an Unscheduled Mandatory Tender, then no purchase will occur, the Series 2011A-1 Bonds will continue to bear interest at the Index Tender Rate in effect during the Tender Period then in effect without change or modification and the Tender Period then in effect will continue until terminated as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-1 Bonds in Index Mode—Duration of Tender Period.”

Failure to Meet Conditions. Any Unscheduled Mandatory Tender, if not rescinded, will be conditioned upon: (a) amounts sufficient to pay the Purchase Price of such mandatory tender being on deposit from remarketing proceeds, as described under the caption “—Purchase of Series 2011A-1 Bonds,” with the Trustee on the Unscheduled Mandatory Tender Date; and (b) in connection with any change in the Call Protection Date for the next succeeding Tender Period from the Tender Period Standard Date, the delivery by the District of the Favorable Opinion of Bond Counsel described under the caption “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Establishment of Call Protection Date.” If on an Unscheduled Mandatory Tender Date the conditions described in the immediately preceding sentence are not satisfied, then no purchase of Series 2011A-1 Bonds will occur, the Series 2011A-1 Bonds will continue to bear interest at the Index Tender Rate in effect during the Tender Period then in effect without change or modification and the Tender Period then in effect will continue until terminated as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-1 Bonds in Index Mode—Duration of Tender Period.”

Failure by the District to pay or cause to be paid the Purchase Price of Series 2011A-1 Bonds tendered under the Unscheduled Mandatory Tender provisions of the Indenture for any reason does not constitute an Event of Default by the District under the Indenture. No such failure affects the District’s right to require Owners of Series 2011A-1 Bonds to tender their Series 2011A-1 Bonds as described under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” during the remainder of the Tender Period then in effect or during any subsequent Tender Period.

Effect of a Successful Remarketing. If moneys on deposit with the Trustee are sufficient to pay the Purchase Price of Series 2011A-1 Bonds to be purchased as described under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” and all other conditions are satisfied, the following will occur:

(i) The Tender Period in effect immediately before such tender will terminate on such Unscheduled Mandatory Tender Date and a new Tender Period will commence on such date; and

(ii) The Index Spread with respect to the Series 2011A-1 Bonds for the new Tender Period will be the Index Spread determined as described above under the caption “—Determination of Index Spread.”

Changes in Mode

Subject to the provisions of the Indenture, the District may effect a Change in Mode with respect to the Series 2011A-1 Bonds by delivering to the Trustee, with copies to the other Notice Parties, a Notice of Change in Mode stating: (A) the election to change the Mode to which the Series 2011A-1 Bonds are then subject (the “Current Mode”) to a different Mode (the “New Mode”), the type of which will be specified; (B) the date on which the Series 2011A-1 Bonds are required to be purchased pursuant to the provisions described below under the caption “—Mandatory Purchase of Series 2011A-1 Bonds,” which will be the date as of which the New Mode takes effect and a Business Day immediately following the end of an Adjustment Period or the last day of a Tender Period, or a Business Day on which the Series 2011A-1 Bonds would be subject to redemption at the option of the District; and (C) a form of notice of mandatory tender for purchase satisfying the requirements described below under the caption “—Mandatory Purchase of Series 2011A-1 Bonds.” In no event will a Change in Mode occur prior to the Call Protection Date set forth on the front cover page hereof.

Not less than seven days prior to a proposed Change in Mode, and in reliance upon a Notice of Change in Mode, the Trustee will give written notice, in the form prepared by the District and delivered to the Trustee pursuant to the immediately preceding paragraph, to the Owners of the mandatory tender for purchase of all Outstanding Series 2011A-1 Bonds as described below under the caption “—Mandatory Purchase of Series 2011A-1 Bonds” in connection with the Change in Mode.

The New Mode will take effect only if the following conditions are satisfied: (i) by 9:00 a.m. on the date of the proposed Change in Mode: (A) if a Liquidity Facility is to be in effect during the New Mode, the interest portion of the Liquidity Facility is in an amount equal to or greater than the Liquidity Facility Interest Amount for the applicable Mode; and (B) if the New Mode is the Fixed Rate Mode, the Trustee and the Remarketing Agent have received a Fixed Rate Terms Certificate; and (ii) the Trustee has received sufficient remarketing proceeds of the Series 2011A-1 Bonds in the New Mode to pay the Purchase Price of the Bonds subject to mandatory tender for purchase in connection with the Change in Mode. If such conditions are satisfied, then the New Mode will take effect on the date of the proposed Change in Mode. If such conditions are not satisfied, then: (a) all Outstanding Series 2011A-1 Bonds will be purchased on the Mandatory Purchase Date described below under the caption “—Mandatory Purchase of Series 2011A-1 Bonds;” (b) all Outstanding Series 2011A-1 Bonds will continue to be subject to the Index Mode; (c) the Tender Period for all Outstanding Series 2011A-1 Bonds will extend from and including the date on which the New Mode was to take effect to and including the date which is three months after such date (and if such date is not a Business Day, the next day which is followed by a Business Day); (d) the interest on the Series 2011A-1 Bonds for the Index Rate Accrual Period will be the last Index Tender Rate in effect during the immediately preceding Tender Period; and (e) the Trustee will, within five Business Days after the date of the proposed Change in Mode, send notice to the Notice Parties stating that the conditions to the Change in Mode have not all been satisfied and informing them of the consequences thereof, as described in the Indenture.

Mandatory Purchase of Series 2011A-1 Bonds

Except as otherwise provided under the captions “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Rescission” and “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Failure to Meet Conditions” with respect to an Unscheduled Mandatory Tender, each Series 2011A-1 Bond which is subject to mandatory tender for purchase on a Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date as a result of a Change in Mode or as otherwise provided in the Indenture will be purchased on such date at the applicable Purchase Price but solely from the sources of payment described under the captions “—Purchase of Series 2011A-1 Bonds,” “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds” or “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds,” as applicable. Subject to the provisions of the Indenture and unless otherwise provided in a Representation Letter, all Series 2011A-1 Bonds required to be purchased on a

Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date will be tendered for purchase by delivery to the Trustee at its Corporate Trust Office on or prior to the Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, and, except as otherwise provided under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” with respect to an Unscheduled Mandatory Tender, will be purchased, but solely from the sources of payment described under the captions “—Purchase of Series 2011A-1 Bonds,” “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds” or “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-1 Bonds,” as applicable.

Undelivered Bonds

Any Series 2011A-1 Bond which is subject to mandatory tender for purchase in accordance with the provisions described under the caption “—Mandatory Tender for Purchase” which is not tendered for purchase as required by the Indenture, will constitute an Undelivered Bond and will nonetheless be deemed to have been so tendered and, upon provision for payment of the Purchase Price thereof from the applicable funds specified under the caption “—Purchase of Series 2011A-1 Bonds,” will be deemed to have been purchased on the Mandatory Purchase Date, the Scheduled Mandatory Tender Date or the Unscheduled Mandatory Tender Date, as applicable, after which no interest will accrue on such Series 2011A-1 Bond for the benefit of the Owner required to tender such Series 2011A-1 Bond from and after such Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, and such Owner will have no rights under the Indenture as the Owner of such Series 2011A-1 Bond except the right to receive the Purchase Price thereof from the funds available therefor, as described under the caption “—Purchase of Series 2011A-1 Bonds.”

Refinancing and Related Risks

No assurance can be given that the District will have sufficient remarketing proceeds or funds on hand on March 15, 2016 or any other Scheduled Mandatory Tender Date to pay the Purchase Price of the Series 2011A-1 Bonds upon the mandatory tender thereof on such date. The District has not currently provided for any Liquidity Facility to support the payment of the Purchase Price upon mandatory tender of the Series 2011A-1 Bonds. In the event that the District does not have sufficient funds to pay the Purchase Price of the Series 2011A-1 Bonds on such date from remarketing proceeds or other funds on hand, the District’s ability to pay such Purchase Price is dependent on the District’s ability: (i) to issue and sell refunding obligations to refund Series 2011A-1 Bonds prior to such date; or (ii) to provide for the conversion of such Series 2011A-1 Bonds to another Mode on or prior to such date and to receive sufficient remarketing proceeds upon such conversion to provide for payment of the Purchase Price of the Series 2011A-1 Bonds upon the mandatory tender thereof.

A variety of events could prevent access to the municipal securities market, prohibit the District from issuing such refunding obligations or remarketing such Series 2011A-1 Bonds or make the issuance of refunding obligations or the remarketing of such Series 2011A-1 Bonds prohibitively expensive. No assurance can be given that the District will be able to effect such a refinancing or remarketing on sufficiently favorable terms. Failure of the District to provide sufficient funds to pay the Purchase Price on the Scheduled Mandatory Tender Date constitutes an Event of Default under the Indenture. See the caption “THE SERIES 2011A-1 BONDS—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender—Consequences of a Scheduled Mandatory Tender Failure.”

The Series 2011A-2 Bonds are also subject to risks described in the preceding two paragraphs.

Redemption of Series 2011A-1 Bonds

Optional Redemption. The Series 2011A-1 Bonds in the Index Mode are subject to redemption at the option of the District in whole or in part, in Authorized Denominations, during any Tender Period, on any Business Day on or after the Call Protection Date for such Tender Period, at a Redemption Price equal to 100% of the principal amount of the Series 2011A-1 Bonds being redeemed plus unpaid accrued interest, if any, to such Redemption Date, without premium. See the captions “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Scheduled Mandatory Tender—Establishment of Call Protection Date” and “—Remarketing and Purchase of Series 2011A-1 Bonds in Connection with Unscheduled Mandatory Tender—Establishment of Call Protection Date.” The Call Protection Date for the Tender Period commencing on February 20, 2015 is September 15, 2015.

Mandatory Redemption. The Series 2011A-1 Bonds are subject to mandatory redemption in part on October 1, 2015 and on each October 1 thereafter, upon notice as described under the caption “—Notice of Redemption,” at a Redemption Price equal to 100% of the principal amount of the Series 2011A-1 Bonds to be redeemed, without premium, in the years and principal amounts as follows:

SERIES 2011A-1 BONDS DUE OCTOBER 1, 2037

<i>Mandatory Redemption Dates (October 1)</i>	<i>Principal Amount of Series 2011A-1 Bonds to be Redeemed</i>
2015	\$1,500,000
2016	1,560,000
2017	1,620,000
2018	1,680,000
2019	1,740,000
2020	1,800,000
2021	1,920,000
2022	1,980,000
2023	2,040,000
2024	2,100,000
2025	2,220,000
2026	2,280,000
2027	2,400,000
2028	2,460,000
2029	2,580,000
2030	2,700,000
2031	2,820,000
2032	2,880,000
2033	3,000,000
2034	3,120,000
2035	3,240,000
2036	3,420,000
2037 (maturity)	3,540,000

Upon any purchase and cancellation of Series 2011A-1 Bonds by the District or any redemption of Series 2011A-1 Bonds pursuant to the optional redemption provisions of the Indenture described under the caption “—Optional Redemption,” an amount equal to the aggregate principal amount of Series 2011A-1 Bonds so purchased or redeemed will be credited toward a part or all of any one or more yearly mandatory redemptions required by the Indenture, as directed in writing by the District, provided that such direction is received by the Trustee at least 45 days before the date of such mandatory redemption. Any such direction will state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts have been credited

toward the same) constitutes the unsatisfied balance of such mandatory redemption for the purpose of the calculation of payments due on October 1 in any future year.

Selection of Series 2011A-1 Bonds for Redemption

If not otherwise provided in the Indenture, whenever less than all Outstanding Series 2011A-1 Bonds of a maturity are to be redeemed on any one date, the Trustee will select the Series 2011A-1 Bonds of such maturity to be redeemed from the Outstanding Series 2011A-1 Bonds of such maturity by lot, or in such other manner as the Trustee deems fair.

Notice of Redemption

Notice of redemption will be given by Mail by the Trustee to the Remarketing Agent and the Owners of any Series 2011A-1 Bonds designated for redemption in whole or in part no less than 30 days nor more than 60 days prior to the Redemption Date. So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 2011A-1 Bonds, notices of redemption will be given to DTC. See the caption “—Book-Entry Only System” below.

Each notice of redemption will state the Redemption Date, the redemption place and the Redemption Price, the maturity dates of the Series 2011A-1 Bonds to be redeemed and designate the numbers of the Series 2011A-1 Bonds to be redeemed if less than all of the Outstanding Series 2011A-1 Bonds of a maturity are to be redeemed, will (in the case of any Series 2011A-1 Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and state that, if the Trustee holds sufficient available funds to pay the Redemption Price of the Series 2011A-1 Bonds to be redeemed on the Redemption Date, the interest thereon or portions thereof designated for redemption will cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on the Series 2011A-1 Bonds or portions thereof designated for redemption the Redemption Price thereon. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Series 2011A-1 Bonds.

With respect to any notice of any optional redemption of Series 2011A-1 Bonds, unless at the time such notice is given the Trustee holds sufficient available funds to pay the Redemption Price of the Series 2011A-1 Bonds to be redeemed, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of the Series 2011A-1 Bonds to be redeemed, and that if such moneys have not been so received said notice will be of no force and effect and the District will not be required to redeem such Series 2011A-1 Bonds. In the event that a notice of redemption of Series 2011A-1 Bonds contains such a condition and such moneys are not so received, the redemption of such Series 2011A-1 Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of redemption and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of Series 2011A-1 Bonds pursuant to such notice of redemption.

Any notice of redemption mailed as provided in the Indenture will be conclusively presumed to have been given, whether or not actually received by any Owner.

See the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” for information with respect to notice of Unscheduled Mandatory Tenders.

Allocation of Credits for Purchased or Redeemed Series 2011A-1 Bonds

Except as otherwise provided in the Indenture, the principal amount of any Series 2011A-1 Bonds purchased and cancelled by the District, or redeemed by the District, will be credited proportionally to all

Improvement Districts and the Included Amount for each Improvement District will be reduced by such Improvement District's Included Percentage (calculated immediately before such purchase or redemption) of the purchased or redeemed Series 2011A-1 Bonds.

In the event that Series 2011A-1 Bonds are purchased for cancellation or redeemed with funds provided by one or more Improvement Districts other than funds provided proportionately with all other Improvement Districts, the principal amount of any Series 2011A-1 Bonds purchased and cancelled by the District, or redeemed by the District, will be credited proportionally to all such contributing Improvement Districts and the Included Amount for each such Improvement District will be reduced by such Improvement District's proportional contribution to the purchase price of such purchased Series 2011A-1 Bonds and the Redemption Price of such redeemed Series 2011A-1 Bonds and the Included Percentage (calculated immediately before such purchase or redemption) of the purchased or redeemed Series 2011A-1 Bonds.

Immediately following each purchase of Series 2011A-1 Bonds by the District for cancellation and each redemption of Series 2011A-1 Bonds and the allocation of credits in connection with such purchase and redemption in accordance with the provisions of the Indenture, as applicable, the Included Percentages for all Improvement Districts will be recomputed for all purposes after such redemption in the following manner:

$$\frac{\text{Improvement District's Included Amount after purchase or redemption}}{\text{Total Amount of Outstanding Series 2011A-1 Bonds after purchase or redemption}} = \text{Included Percentage, as adjusted}$$

Book-Entry Only System

One fully-registered Series 2011A-1 Bond has been issued in the outstanding principal amount of the Series 2011A-1 Bonds. The Series 2011A-1 Bonds are registered in the name of Cede & Co. and have been deposited with DTC. So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 2011A-1 Bonds, all payments of principal, Purchase Price and Redemption Price of and interest on the Series 2011A-1 Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners of the Series 2011A-1 Bonds will be the responsibility of the DTC Participants as more fully described herein. See Appendix E—“BOOK-ENTRY SYSTEM.”

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for the Series 2011A-1 Bonds. In that event, the Series 2011A-1 Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal, Purchase Price, Redemption Price and interest and rights of exchange and transfer.

The District cannot and does not give any assurances that DTC Participants or others will distribute payments with respect to the Series 2011A-1 Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Remarketing Statement. See Appendix E hereto for additional information concerning DTC.

SECURITY FOR THE SERIES 2011A-1 BONDS

General

Sources of Payment. The Series 2011A-1 Bonds constitute the consolidated, several general obligations of the Improvement Districts payable from: (i) Assessment Proceeds collected from within each

Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal, Purchase Price and Redemption Price of, and interest on, Outstanding Series 2011A-1 Bonds; (ii) Net Revenues of the District; and (iii) certain monies and investment earnings in certain funds and accounts created under the Indenture. See the caption "—Pledge of Assessment Proceeds and Revenues." The District currently expects to pay a portion of scheduled debt service on the Series 2011A-1 Bonds from a combination of Assessment Proceeds and Net Revenues and, to the extent that remarketing proceeds are insufficient, to pay the Purchase Price of the Series 2011A-1 Bonds from Net Revenues.

Authority for Issuance. Elections were held in Improvement District Nos. 105, 113, 213 and 250 at which the qualified voters within each such improvement district authorized the District to incur an indebtedness and issue general obligation bonds for each respective improvement district. See Appendix A—"IRVINE RANCH WATER DISTRICT" for a discussion of the bond authorization, amount of outstanding bonds and remaining bond authorization for each of the Improvement Districts. The Series 2011A-1 Bonds are authorized for issuance pursuant to the Act and all laws of the State amendatory thereof or supplemental thereto.

Covenant to Collect Assessment Proceeds. The District has covenanted in the Indenture that, to the extent necessary to provide Assessment Proceeds sufficient to pay when due, together with the other funds available for such payment, the principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land within the applicable Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Series 2011A-1 Bonds of the applicable Improvement District; or (c) in its discretion, impose and collect, or cause the imposition and collection of In Lieu Charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments.

Revenue Rate Covenant. The District has also covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to 125% of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the foregoing requirements.

Notwithstanding the foregoing, so long as the Installment Sale Agreement, dated as of February 1, 2010 (the "2010 Installment Sale Agreement"), by and between the District and the Irvine Ranch Water District Water Service Corporation remains in effect, the District will need to comply with the requirements set therein regarding the rate covenant, which are identical to those set forth in the prior paragraph except that the Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) which are applied as a credit to Debt Service above are included as revenues for purposes of such calculation and the definition of Aggregate Debt Service in the 2010 Installment Sale Agreement does not provide an offset for debt service paid from Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) associated with Revenue Enhancement Agreements. In addition, certain of the Prior Reimbursement Agreements described under the caption "—Existing Parity Obligations" related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have covenants related to the setting of rates and charges with which the District is contractually obligated to comply.

Additional Covenants. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "CERTAIN COVENANTS" for a summary of additional covenants of the District under the Indenture.

Pledge of Trust Estate. Pursuant to the Indenture, the District has pledged the Trust Estate thereunder to secure the payment of the Series 2011A-1 Bonds issued thereunder. The “Trust Estate” under the Indenture consists of the following:

(A) The Bond Payment Fund (defined below) established under the Indenture, including all accounts in such fund, and all of the monies in such fund and accounts and the investments, if any, thereof, and all income and proceeds derived from such investments; and

(B) Subject to the application on the terms and conditions contained in the Indenture, Revenues of the District.

Pledge of Assessment Proceeds and Revenues

Subject to the application of the Revenues on the terms and conditions provided in the Indenture, Revenues have been irrevocably pledged to the payment when due of the principal, Purchase Price and Redemption Price of, and interest on, the Outstanding Series 2011A-1 Bonds, which pledge will be on a parity with any pledge of Revenues securing other Parity Obligations. Such pledge constitutes a pledge of and charge and lien upon the Revenues for the payment of the principal, Purchase Price upon the Scheduled Mandatory Tender and Redemption Price of, and interest on, the Outstanding Series 2011A-1 Bonds and all other Parity Obligations in accordance with the terms of the Indenture and the Series 2011A-1 Bonds after payment from the Revenues of the Operation and Maintenance Expenses, and the funding of contingency reserves therefor, as provided in the Indenture.

THE SERIES 2011A-1 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUNDS OF THE DISTRICT OR THE IMPROVEMENT DISTRICTS, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, ARE LIABLE FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-1 BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-1 BONDS.

Assessment Proceeds. Assessment Proceeds means, with respect to any Improvement District: (i) *ad valorem* assessments on taxable land in such Improvement District levied pursuant to the Act; (ii) In Lieu Charges, consisting of water or sewer charges, as applicable, which in the discretion of the Board of Directors of the District are fixed and collected in an Improvement District in lieu of *ad valorem* assessments pursuant to the Act; and (iii) proceeds from the sale of property in such Improvement District for the enforcement of delinquent assessments pursuant to the Act.

The Included Amount for each Improvement District with respect to the Series 2011A-1 Bonds and any other outstanding or future District general obligation bonds issued for such Improvement District are equally secured by the *ad valorem* assessments and any charges for water or sewer service, as applicable, imposed and collected in lieu of *ad valorem* assessments, collected within such Improvement District. The *ad valorem* assessments are levied only on land and are based on the land value of parcels in the Improvement District without regard to the value of any improvements thereon. See Appendix A—“IRVINE RANCH WATER DISTRICT” under the captions “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 125 and 225” and “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 113 and 213.”

Net Revenues. Net Revenues for any period consist of the Revenues of the District less the Operation and Maintenance Expenses of the District for such period. “Revenues” means:

(1) The water, sewer and reclaimed water rates and charges imposed by the District in connection with providing water, sewer and reclaimed water services to retail customers through the Operating Systems (as such term is defined in the Indenture), including commodity, service, standby, material treatment and connection charges, except: (i) such water, sewer and reclaimed water rates and charges levied in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act; and (ii) customer deposits (together, the “Utility Rates and Charges”); and

(2) Other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California 1% *ad valorem* property tax (to the extent not applied by the District to pay principal of and interest on Secured Bonds) and Investment Income;

but excluding in all cases: (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or *ad valorem* assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent *ad valorem* assessments so restricted; and (iii) water, sewer and reclaimed water rates and charges levied in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act.

“Operation and Maintenance Expenses” consist of the costs and expenses paid or incurred by the District for operating and maintaining the Operating Systems (as such term is defined in the Indenture) including, but not limited to: (a) all costs of water generated or purchased by the District for resale; (b) all costs and expenses of providing services and commodities through or with the Operating Systems; (c) all costs and expenses of management of the Operating Systems; (d) all costs and expenses of maintenance and repair of, and other expenses necessary or appropriate in the judgment of the District to maintain and preserve, any of the Operating Systems in good repair and working order; (e) all administrative and general expenses, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, retirement benefits and health care benefits; (f) all deposits to be made to a contingency reserve for Operation and Maintenance Expenses; (g) all deposits to be made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the tax-exempt status of interest on such Parity Obligations; (h) any cost or expense paid or incurred by the District to comply with requirements of law applicable to any of the Operating Systems or the ownership or operation thereof or any activity in connection therewith; and (i) any other cost or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as an expense of operating or maintaining any of the Operating Systems; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, and amortization of intangibles.

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2011A-1 Bonds. See the caption “SECURITY FOR THE SERIES 2011A-1 BONDS.”

Allocation of Monies Under the Indenture

Allocation of Revenues. In order to carry out and effectuate the pledge and lien on the Revenues contained in the Indenture, the District has agreed and covenanted in the Indenture that all Revenues received by it will be deposited when and as received in the Revenue Fund, which fund has been previously established by the District and which fund the District has agreed and covenanted to maintain as a special fund, separate and apart from other moneys of the District so long as any Series 2011A-1 Bond remains Outstanding. All Revenues will be applied in the following order of priority:

First: to the payment of Operation and Maintenance Expenses (other than the funding of contingency reserves for Operation and Maintenance Expenses) as they become due and payable.

Second: to the funding of contingency reserves for Operation and Maintenance Expenses.

Third: (i) two Business Days before each Interest Payment Date, to a deposit to the Bond Payment Fund in an amount equal to the transfer to the Interest Account and Principal Account to be made on such Interest Payment Date; and (ii) on each date, other than an Interest Payment Date, on which the principal of an Outstanding Series 2011A-1 Bond becomes due, whether by mandatory redemption, acceleration, or otherwise, to a deposit to the Bond Payment Fund in an amount equal to the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-1 Bonds coming due on such date. Notwithstanding the provisions of the immediately preceding sentence, no such deposit to the Bond Payment Fund need be made by the District to the extent that the Trustee then holds, or is concurrently receiving from the District from Assessment Proceeds or other sources that do not constitute Revenues, moneys for such purpose in the Bond Payment Fund, or being deposited in the Bond Payment Fund, available to pay the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-1 Bonds to be paid with such deposit. The District will also pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-1 Bonds), without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, on the dates specified in the proceedings relating to such Parity Obligations, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest (including purchase price) on Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-1 Bonds) in accordance with the terms of such Parity Obligations.

Fourth: the District will transfer or cause to be transferred to any applicable reserve fund or account for any Parity Obligations for which a separate reserve has been funded, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, the sum or sums, if any, equal to the amount required to be deposited therein in accordance with the terms of such Parity Obligations.

Fifth: to any lawful purpose of the District, including the payment of any Subordinate Obligations in accordance with the instruments authorizing such Subordinate Obligations, which application will be free and clear of the pledge and lien on Revenues created by the Indenture.

Bond Payment Fund. There has been established and created a fund with the Trustee under the Indenture designated the “Bonds of Irvine Ranch Water District, Series 2011A-1 Bond Payment Fund” (the “Bond Payment Fund”). The Trustee will transfer money contained in the Bond Payment Fund to the accounts described below at the following times in the manner provided in the Indenture, which accounts the Trustee has agreed to establish and maintain so long as the Indenture is not discharged in accordance with the provisions thereof, and each such account constitutes a trust fund for the benefit of the Owners of the Series 2011A-1 Bonds, and the money in each such account will be disbursed only for the purposes and uses authorized in the Indenture.

Interest Account. The Trustee, on each Interest Payment Date, will deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account, will be sufficient to pay interest on the Outstanding Series 2011A-1 Bonds due on such Interest Payment Date. Money in the Interest Account will be used and withdrawn by the Trustee on each Interest Payment Date solely for the payment of interest on the Outstanding Series 2011A-1 Bonds then due.

Principal Account. The Trustee, on each Principal Payment Date, will deposit in the Principal Account from money in the Bond Payment Fund such amount as is sufficient to pay the principal of the Outstanding Series 2011A-1 Bonds due on such Principal Payment Date. Money in the Principal Account

will be used and withdrawn by the Trustee on each Principal Payment Date solely for the payment of the principal of Outstanding Series 2011A-1 Bonds then due.

Redemption Account. The Trustee will deposit in the Redemption Account amounts received from the District to pay the Redemption Price of Series 2011A-1 Bonds to be redeemed. Money in such Redemption Account will be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the Redemption Price of Outstanding Series 2011A-1 Bonds upon the redemption thereof.

Existing Parity Obligations

The District has entered into certain Parity Obligations described below. The reimbursement agreements described below relate to outstanding *ad valorem* assessment bonds:

(i) the Fifth Amended and Restated Reimbursement Agreement, dated as of April 1, 2011, by and between the District and Bank of America, N.A.;

(ii) the Reimbursement Agreement, dated as of June 1, 2012, by and between the District and The Bank of New York Mellon;

(iii) the two Reimbursement Agreements, each dated as of April 1, 2011, by and between the District and Sumitomo Mitsui Banking Corporation;

(iv) the Amended and Restated Reimbursement Agreement, dated as of April 1, 2011, by and between the District and U.S. Bank National Association;

(v) the State Revolving Loan Contract No. 6-817-550-0, dated June 26, 1997, by and between the District and the State Water Resources Control Board, as amended and supplemented, currently outstanding in the aggregate principal amount of \$970,726;

(vi) the 2010 Installment Sale Agreement, securing the District's Certificates of Participation, Irvine Ranch Water District Refunding Series 2010 currently outstanding in the aggregate principal amount of \$67,190,000;

(vii) the District's Series 2010B Bonds currently outstanding in the aggregate principal amount of \$175,000,000; and

(viii) the Series 2011A-2 Bonds currently outstanding in the aggregate principal amount of \$36,400,000.

The agreements described in clauses (i) through (iv) above are collectively referred to as the "Prior Reimbursement Agreements."

There are currently no reimbursement obligations outstanding under the Prior Reimbursement Agreements, although the District may incur reimbursement obligations under the Prior Reimbursement Agreements as provided therein.

For a summary of the stated amount of each letter of credit associated with the Prior Reimbursement Agreements, see Appendix A—"IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Parity Obligations."

Limitations on Parity and Superior Obligations

Obligations Superior to Series 2011A-1 Bonds. The District has covenanted in the Indenture that it will not create any pledge of, lien on or charge upon the Revenues with a priority prior to or senior to the pledge of the Revenues securing the Series 2011A-1 Bonds and the Parity Obligations.

Obligations on a Parity with the Series 2011A-1 Bonds. Under the Indenture, the District may at any time issue additional Parity Obligations; provided:

(a) The Net Revenues, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, for the Applicable Fiscal Year, as evidenced by both a calculation prepared by the District and a special report on such calculation prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on file with the District, are at least equal to 125% of the Aggregate Debt Service for the Applicable Fiscal Year; and

(b) Either of (1) or (2) below:

(1) The Net Revenues for the Applicable Fiscal Year, plus any adjustments to Net Revenues to give effect as of the first day of the Applicable Fiscal Year to increases or decreases in rates and charges of the District approved and in effect as of the date of calculation, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, produce an amount at least equal to 125% of the sum of: (i) the Aggregate Debt Service for such Applicable Fiscal Year; plus (ii) the Debt Service which would have accrued on any Parity Obligations issued since the end of the Applicable Fiscal Year assuming such Parity Obligations had been issued at the beginning of the Applicable Fiscal Year; plus (iii) the Debt Service which would have accrued had the additional Parity Obligations to be issued been issued at the beginning of the Applicable Fiscal Year; or

(2) The estimated Net Revenues for each Fiscal Year in the Test Period, plus an allowance for the estimated Net Revenues for each Fiscal Year in the Test Period arising from the completion of any uncompleted projects during the Test Period, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, plus any increase in the income, rents, fees, rates and charges estimated to be received by the District and which are economically feasible and reasonably considered necessary based on projected operations for the Test Period, produce an amount in each Fiscal Year in the Test Period which is at least equal to 125% of the sum of: (i) Aggregate Debt Service in each such Fiscal Year on all then Outstanding Parity Obligations; plus (ii) the Debt Service in each such Fiscal Year on the additional Parity Obligations to be issued; plus (iii) the Debt Service in each such Fiscal Year on any additional Parity Obligations estimated by the District to be required to complete all uncompleted projects for which Parity Obligations have been or are being issued, assuming that all such additional Parity Obligations to complete uncompleted projects (other than the Parity Obligations to be issued) have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Obligations then being issued.

(c) Notwithstanding the provisions of clauses (a) and (b), the District may at any time issue additional Parity Obligations to refund Outstanding Parity Obligations without satisfying any of the conditions set forth in such subsections if Aggregate Debt Service after the issuance of such additional Parity Obligations in each Fiscal Year in the Refunding Test Period is not greater than the Aggregate Debt Service in each such Fiscal Year before the issuance of such additional Parity Obligations.

(d) Notwithstanding the provisions of clauses (a) and (b), the District may at any time issue a Parity Obligation constituting a Credit Support Agreement securing a Parity Obligation without satisfying any of the conditions set forth in such subsections if such Credit Support Agreement: (i) replaces a Prior Reimbursement Agreement (or a successor to a Prior Reimbursement Agreement) and does not increase the principal of bonds secured by the letter of credit relating to such Prior Reimbursement Agreement; or (ii)

the Parity Obligations secured by the Credit Support Instrument relating to such Credit Support Agreement have been issued in accordance with clauses (a) and (b).

Notwithstanding the foregoing, so long as the 2010 Installment Sale Agreement remains outstanding, the District will need to comply with the requirements set therein for the issuance of Parity Obligations, which are identical to those set forth in clauses (a), (b) and (c) above except that the Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) which are applied as a credit to Debt Service in clauses (a) and (b) above are included as revenues for purposes of such calculation and the definition of Aggregate Debt Service in the 2010 Installment Sale Agreement does not provide an offset for debt service paid from Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) associated with Revenue Enhancement Agreements. In addition, certain of the Prior Reimbursement Agreements related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have conditions precedent to the issuance of Parity Obligations that are more stringent than those listed above.

Obligations Subordinate to the Series 2011A-1 Bonds. Nothing in the Indenture prevents the District from issuing Subordinate Obligations or granting a pledge of, lien on or charge upon the Revenues in all respects junior and subordinate to the payment of amounts due with respect to Parity Obligations to secure any such Subordinate Obligations. Nothing in the Indenture limits the District's payment of the Operation and Maintenance Expenses prior to the payment of the Parity Obligations as provided in the Indenture.

Investment of Monies in Funds and Accounts Under the Indenture

So long as the Series 2011A-1 Bonds are Outstanding and no Event of Default has occurred and is continuing, monies on deposit to the credit of the funds held by the Trustee under the Indenture (except for the Remarketing Proceeds Account in the Purchase Fund) will, at the written request of the District, be invested by the Trustee in Permitted Investments. In the absence of written instruction from the District, the Trustee is directed to hold available funds uninvested. The Trustee is entitled to rely conclusively on said instructions for purposes of the Indenture and will have no duty to monitor the compliance thereof with the restrictions set forth in the Indenture. Subject to the limitations contained in Government Code Section 53601, monies in the funds held by the District will be invested by the District in Permitted Investments. All such investments will have maturity dates, or will be subject to redemption, at the option of the holder, on or prior to the dates the monies invested therein will be needed for the purposes of such funds. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "DEFINITIONS" for the definition of Permitted Investments under the Indenture.

The Trustee may commingle any of the moneys held by it under the Indenture. The Trustee may present for redemption or sell any such deposit or investment whenever necessary in order to provide money to meet any payment of the money so deposited or invested. Any interest or profits on deposits and investments in the Bond Payment Fund received by the Trustee will be deposited in the Interest Account as a credit against interest to come due on the Outstanding Series 2011A-1 Bonds.

See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "FUNDS AND ACCOUNTS—Investments."

THE IRVINE RANCH WATER DISTRICT

For a description of the District and each of the Improvement Districts see Appendix A—"IRVINE RANCH WATER DISTRICT."

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Certificate dated April 15, 2011 (the “Continuing Disclosure Certificate”) for the benefit of the Owners and beneficial owners of the Series 2011A-1 Bonds to provide certain financial information and operating data relating to the District (each an “Annual Report”) by not later than 270 days following the end of the District’s fiscal year (which fiscal year ends on June 30), commencing with the Annual Report for Fiscal Year 2012, and to provide notices of the occurrence of certain enumerated events. The Annual Reports will be filed by the District with EMMA for the purpose of S.E.C. Rule 15c2-12(b)(5) (the “Rule”). The notices of enumerated events will be filed by the District with EMMA. The specific nature of the information to be made available and to be contained in the notices of enumerated events is contained in Appendix F—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” hereto. These covenants have been made in order to assist the Remarketing Agent, as Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) in complying with the Rule. For the last five years the District has complied in all material aspects with its filing obligations pursuant to undertakings entered into pursuant to the Rule.

See the caption “INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225” for a discussion of the consolidation of Improvement District Nos. 105 and 250 into Improvement District Nos. 125 and 225, respectively. As a result of such consolidations, Improvement District Nos. 125 and 225 are the legal successors to Improvement District Nos. 105 and 250, respectively, and Improvement District Nos. 105 and 250 no longer exist. Accordingly, beginning in Fiscal Year 2014, the Annual Reports will contain information relating to Improvement District Nos. 125 and 225 rather than for Improvement District Nos. 105 and 250.

LITIGATION

There is no action, suit or proceeding known to be pending, or to the knowledge of the District, threatened, in any way contesting or affecting the validity of, the Series 2011A-1 Bonds or the Indenture. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the District’s water and sewer systems and related activities. In the view of the District’s management and General Counsel, there is no litigation, present or pending, or to the knowledge of the District, threatened, which will individually or in the aggregate materially impair the District’s ability to service its indebtedness or which will have a material adverse effect on the business operations of the District.

RATINGS

On April 12, 2011, Standard & Poor’s Ratings Group (“S&P”), Moody’s Investors Service (“Moody’s”) and Fitch Ratings (“Fitch”) assigned the Series 2011A-1 Bonds the short-term ratings of “A-1+”, “VMIG 1” and “F1+”, respectively, and Moody’s and Fitch assigned the Series 2011A-1 Bonds the long-term ratings of “Aa1” and “AAA”, respectively. S&P affirmed the short-term rating of the 2011A-1 Bonds of “A-1+” on December 18, 2014. Although S&P has not assigned a long-term rating to Series 2011A-1 Bonds, S&P affirmed the long-term rating of “AAA” on the District’s Series 2010B Bonds, which are Parity Obligations, on December 18, 2014. Fitch affirmed the short-term rating of “F1+” and the long-term rating of “AAA” for the Series 2011A-1 Bonds on March 13, 2013. The District has made no attempt to seek an update to or affirmation of such ratings from the rating agencies in connection with the remarketing of the Series 2011A-1 Bonds on February 20, 2015. Generally, rating agencies base their ratings on information and material furnished directly to them and on investigations, studies and assumptions made by them. The ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the applicable rating agency. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if, in the

judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2011A-1 Bonds.

TAX MATTERS

Original Opinions

On April 15, 2011, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel to the District (“Co-Bond Counsel”), in connection with the issuance of the Series 2011A-1 Bonds, delivered their respective opinions to the effect that, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2011A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. It was the further opinion of Co-Bond Counsel, as of April 15, 2011, that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the opinions of Co-Bond Counsel delivered at the original issuance of the Series 2011A-1 Bonds is set forth in Appendix D hereto.

No Updated Co-Bond Counsel Opinions

Co-Bond Counsel have not taken, and do not intend to take, any action to update their respective original opinions or to determine if interest on the Series 2011A-1 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes.

General Considerations

Notwithstanding the foregoing, investors should be aware of the following information.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2011A-1 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2011A-1 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2011A-1 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2011A-1 Bonds. The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 2011A-1 Bonds assumed the accuracy of these representations and compliance with these covenants. Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel’s attention after the date of issuance of the Series 2011A-1 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2011A-1 Bonds. Accordingly, the opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 2011A-1 Bonds are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel have rendered opinions that interest on the Series 2011A-1 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2011A-1 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2011A-1 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Series 2011A-1 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2011A-1 Bonds. Prospective purchasers of the remarketed Series 2011A-1 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 2011A-1 Bonds were based on current legal authority existing as of April 15, 2011, covered certain matters not directly addressed by such authorities, and represented Co-Bond Counsel's judgment as to the proper treatment of the Series 2011A-1 Bonds for federal income tax purposes. They are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and have not given any opinion or assurance about the past or future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the Series 2011A-1 Bonds ended on April 15, 2011 with the original issuance of the Series 2011A-1 Bonds. Unless separately engaged, Co-Bond Counsel are not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2011A-1 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2011A-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2011A-1 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

REMARKETING AGENT

Goldman, Sachs & Co. has been appointed to serve as Remarketing Agent for the Series 2011A-1 Bonds. The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent under and in accordance with the provisions of the Indenture and the Remarketing Agreement, dated as of April 1, 2011, by and between the District and Goldman, Sachs & Co.

The Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and certain of its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agent and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short

positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

APPROVAL OF LEGAL MATTERS

Certain legal matters in connection with the reoffering of the Series 2011A-1 Bonds will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Co-Bond Counsel to the District, by Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel to the District and general counsel to the District, and for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation.

INDEPENDENT ACCOUNTANTS

The financial statements of the District at June 30, 2014, included in Appendix B to this Remarketing Statement, have been audited by Mayer Hoffman McCann P.C., independent accountants (the "Auditor"), as set forth in their report dated December 1, 2014, which also appears in Appendix B. The Auditor has not reviewed the contents of this Remarketing Statement, and the District has not sought the Auditor's consent to the inclusion of the Auditor's audit letter attached to the District's financial statements in this Remarketing Statement.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Remarketing Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Remarketing Statement is not to be construed as a contract or agreement between the District and registered owners or beneficial owners of any of the Series 2011A-1 Bonds. The delivery and distribution of this Remarketing Statement have been duly authorized by the District.

IRVINE RANCH WATER DISTRICT

By: _____ /s/ Robert Jacobson
Treasurer

APPENDIX A
IRVINE RANCH WATER DISTRICT

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INTRODUCTION

The following sets forth certain information relating to the Irvine Ranch Water District (the “District”) and certain of its improvement districts.

The District’s projections in Tables 12, 15, 17, 19, 23, 25, 27, 30 and 32 of this Appendix A (the “Projections”) are derived from historic trends and experience and an internal financial model known as the “District Enterprise Model.” The District Enterprise Model is a capital planning and budgeting tool used by the District to identify future infrastructure funding requirements, and to aid in setting water and sewer rates, charges and connection fees. Key inputs utilized in the District Enterprise Model include assumptions based on historical experience and other factors regarding the District’s cost of borrowing, the rate of return on District investments, inflation, project costs, property tax receipts and the timing and amount of future bond sales, but the primary input is the pace and scope of real estate development activity within the District’s service area. The District is in regular contact with major Orange County (the “County”) real estate development companies to assess and update this information for use in the District Enterprise Model.

The Projections constitute forward-looking statements. No assurance can be given that the future results reflected in the Projections and otherwise discussed herein will be achieved, and actual results may differ materially from the Projections. As noted above, the Projections rely heavily on certain assumptions regarding the pace and scope of real estate development activity within the District’s service area. Such activity may be affected by a variety of factors, such as tighter lending standards for real estate loans generally. Real estate development activity also may be affected by general economic conditions, which currently reflect higher energy and commodity costs and volatile financial markets. The District has attempted to reflect such conditions in the Projections, but is unable to predict with certainty the level of future real estate development activity or the other factors affecting the Projections.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California (the “State”). The various opinions of counsel that were delivered with respect to such documents, including the opinions of Co-Bond Counsel (the forms of which are attached to the Remarketing Statement as Appendix E), were similarly qualified.

Unless the context otherwise requires, all defined terms used herein shall have the same meanings set forth in the Remarketing Statement, except that the term “Improvement Districts” as used in this Appendix A refers to all seven water improvement districts and ten sewer improvement districts of the District.

THE IRVINE RANCH WATER DISTRICT

General

The District was established in 1961 as a California Water District under the provisions of Section 34000 *et seq.* of the California Water Code (the “Act”). As a special district, the District focuses on four primary services – providing potable water, collecting and treating wastewater, producing and distributing recycled and other non-potable water, and implementing urban runoff treatment programs.

The District serves a 181-square-mile area, which includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange and Lake Forest, as well as certain unincorporated areas of the County. Extending from the Pacific Coast to the foothills, the District’s region is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The District serves a total estimated population of approximately 370,000 through approximately 102,990 water and approximately 97,482 sewer

service and recycled water connections. The number of service connections has increased by approximately 16% over the last decade.

The District builds and maintains significant capital infrastructure in order to serve its customers and is organized into Improvement Districts in order to allocate funding responsibility for capital facilities to the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development. This allows capital facilities construction to be matched to the development approval decisions of the respective local agencies that make them. Some of the Improvement Districts share in the funding of the District's regional facilities which such Improvement Districts use or will use in common, such as major water importation facilities and water and wastewater treatment plants. The District recently undertook a process to review its current capital funding plan, resulting in a master consolidation and combination of several Improvement Districts in November 2013. As a result of such consolidation, the District now has a total of seven water Improvement Districts and ten sewer Improvement Districts which cover specific areas within the District's boundaries, each of which is governed in accordance with the Act. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the effect on the Series 2011A-1 Bonds of the consolidation and combination of such Improvement Districts.

As of December 31, 2014: (i) Improvement District No. 125 had \$322,089,600 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$188,789,150 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-1 Bonds; and (ii) Improvement District No. 225 had \$406,895,000 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$237,018,171 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-1 Bonds. See Table 3 under the caption "—Outstanding Indebtedness—Improvement District Indebtedness."

The principal office of the District is located at 15600 Sand Canyon Avenue, Irvine, California 92618.

Board of Directors and General Manager

Pursuant to legislation chaptered in 1980, the District's Board of Directors consists of five Directors elected by resident voters for staggered four-year terms. The policies of the Board of Directors are administered by the General Manager of the District.

Board of Directors. The present Directors are:

Steven E. LaMar. Mr. LaMar was appointed to the District's Board of Directors in 2009 and has been elected to two subsequent terms. Mr. LaMar currently serves as President and he previously served as President in 2011 and 2014. He is a water policy and planning expert with more than 25 years of experience on statewide business and industry committees and has directly participated in many major water policy forums. Mr. LaMar currently serves on the District's Finance and Personnel Committee and Water Resources Policy and Communications Committee. Mr. LaMar has served on statewide task forces and advisory committees on drought planning, desalination, the California Bay-Delta, the California Water Plan and on landscape water conservation issues. Mr. LaMar is president and owner of LegiSight, LLC, located in Tustin, California. He has served as a water policy leader in the California Building Industry Association for over 20 years. He represents the District on the boards of the National Water Research Institute and the Nature Reserve of Orange County. Mr. LaMar holds a bachelor's degree in political science from Pittsburg State University (Kansas) and a certificate from the Environmental Management Institute, a U.S. Environmental Protection Agency environmental training program administered by the University of Southern California. Mr. LaMar's current term ends in November 2018.

Mary Aileen Matheis. Ms. Matheis was initially appointed to the District's Board of Directors in 1988 to fill a vacancy and has since been elected to subsequent terms. Ms. Matheis currently serves as Vice

President and previously served as President in 2001 and 2012 and as Vice President in 2005 and 2011. Ms. Matheis is a practicing lawyer and member of the California Bar and is also admitted to practice in the Supreme Court of the United States and the United States Tax Court. Ms. Matheis holds a bachelor's degree and master's degree in Communications and she received her Juris Doctorate from Western State University School of Law and was admitted to the California Bar in 1982. Ms. Matheis' activities in other water areas include service on the Legal Affairs Committee of the Association of California Water Agencies and as a member of Independent Special Districts of Orange County Executive Committee. Ms. Matheis is a member of the Colorado River Water Users Association and the Colorado River Foundation. Ms. Matheis is also the District representative to the Independent Special Districts of Orange County and a board member of the Water Education Foundation. Ms. Matheis is active in the Orange County Bar Association, a member of the Real Estate Section Executive Committee and the Probate and Estate Planning Section. Ms. Matheis is also on the Orange County Assessment Appeals Panel for Property Tax Appeals. Ms. Matheis' current term ends in November 2016.

Douglas J. Reinhart. Mr. Reinhart was appointed to the District's Board of Directors in 2004 to fill a vacancy and has since been elected to subsequent terms. Mr. Reinhart served as President in 2007, 2009, 2010 and 2013. He currently serves on the District's Engineering and Operations Committee and Water Banking Committee. Mr. Reinhart is a registered civil engineer with over 40 years of experience in the private sector directing projects in water, wastewater and other infrastructure. Mr. Reinhart was the president and an owner of ASL Consulting Engineers before its acquisition by Tetra Tech in 1999. Mr. Reinhart then served as the Divisional Executive Vice President for Tetra Tech for the western United States before starting a consulting business in 2004. Mr. Reinhart holds a bachelor's degree in civil engineering from the Missouri School of Mines and Metallurgy. Mr. Reinhart has served on the Board of Trustees of the Southern California Water Committee, the American Water Works Association Desalination Committee and the Association of California Water Agencies Groundwater Committee and is a past member of the Board of Directors of the National WaterReuse Association. In addition, Mr. Reinhart is a member of the American Society of Civil Engineers. Mr. Reinhart's current term ends in November 2018.

Peer Swan. Mr. Swan was elected to the District's Board of Directors in 1979 and has since been elected to subsequent terms. Mr. Swan currently serves as chairman of the Finance and Personnel Committee. He previously served as President from December 1981 until December 1995 and again in 2006. Mr. Swan's community and professional involvement includes service as President of the Board of San Joaquin Wildlife Sanctuary and member of the Steering Committee of the Southern California Water Dialogue Committee. Mr. Swan is active in the Association of California Water Agencies, where he serves on the Board of Directors and on several committees. Mr. Swan has also been active in the California Association of Sanitation Agencies and the Newport Chamber of Commerce. Mr. Swan was the Treasurer of the Pacific Scientific Company prior to its acquisition in 1998 and a member of the Board of Directors of the Southern California Bank and its parent SC Bancorp until its acquisition in 1997. He has also served as a board member of the YMCA of Orange County and the Orange Coast College Foundation, where he was the founding Treasurer of the Board. He served as a Director of the Orange County Sanitation District for 15 years and was Vice Chairman for six years. Mr. Swan was also a Founding Director of the Board of the National Water Research Institute and was Chairman for four years. He is a longtime member of both the National Audubon Society and its local chapter (Sea & Sage). He was also the President of the Board of the Water Advisory Committee of Orange County in 2007 and 2008. Mr. Swan's current term ends in November 2018.

John B. Withers. Mr. Withers was initially appointed to the District's Board of Directors in 1989 to fill a vacancy and has since been elected to subsequent terms. Mr. Withers currently serves as Director of the Board and previously served as Vice President in 2012 and President in 2004. He also serves on the Asset Management Committee and the Engineering and Operations Committee. Mr. Withers is a partner with California Strategies, a strategic government relations firm in Irvine. In past positions, Mr. Withers has served as Vice President of Community Development for Lewis Operating Corporation and as Director of Water Resources for Psomas & Associates, a civil engineering and planning firm based in Costa Mesa. Mr. Withers has served as Director of Governmental Affairs for the Orange County Region of the Building Industry

Association of Southern California and as a legislative advocate for Crocker Bank and a major trade association in Sacramento. Mr. Withers has served as Commissioner on the Orange County Local Agency Formation Commission since 1994. Mr. Withers also served as a member, including a term as chairman, of the Santa Ana Regional Water Quality Control Board, having been appointed by the Governor in 1992. Mr. Withers was a board member of the National Water Research Institute for six years and is the District's current representative. A native Southern Californian, Mr. Withers received his bachelor's degree from UCLA in economics with a specialization in urban studies in 1979 and received a master's degree in urban studies from Occidental College in 1988. Mr. Withers' current term ends in November 2016.

General Manager. Paul A. Cook, the General Manager of the District, heads a staff of approximately 324 employees. Mr. Cook was appointed General Manager in October 2011. Mr. Cook previously served as Interim General Manager from July to October 2011 and held the position of Assistant General Manager from 2004 to July 2011. Mr. Cook is a registered civil engineer with over 21 years of experience with water and wastewater systems in the public and private sectors. Prior to joining the District, he served as the Manager of Engineering for Central and West Basin Municipal Water Districts in Carson, California. He also served as the District Engineer for Los Alisos Water District in Lake Forest. In the private sector, Mr. Cook held engineering and project management positions with BFI Constructors and Turner Construction Company. He was elected to the Orange County Water District Board of Directors in 2002 and served for three years, representing communities in Irvine, Tustin and Newport Beach. Mr. Cook received his bachelor of science degree in Civil Engineering from the University of the Pacific, his master's of science degree in Civil Engineering from California State University of Long Beach and his master's in business administration from the University of California, Irvine.

Employees

The District currently employs approximately 324 persons, including full-time, part-time and temporary employees. On February 24, 2014, a Memorandum of Understanding (the "2014 MOU") between the District and the Irvine Ranch Water District Employee Association (the "Association") was adopted, signed and approved. The 2014 MOU expires on March 31, 2015. The Association currently represents 225 general employees of the District, of which 66 are voting members; supervisors and managers are unrepresented. The District has not experienced any strike or other labor actions.

Pension Benefits

This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The District has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The District cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

CalPERS Plan. The District contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan for all of the District's full-time and certain of its temporary employees that have worked for the District for a total of over 1,000 hours. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the District. Copies of CalPERS' annual financial report may be obtained from its Internet website at www.calpers.ca.gov. The textual reference to such Internet

website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein.

CalPERS plan benefit provisions and all other requirements are established by State statute and the District's Board of Directors. Starting July 1, 2008, participants in the District's CalPERS plan have been required to contribute up to 8% of their annual covered salary. In the fiscal year of the District ended June 30 ("Fiscal Year"), 2014, the District made up to 1.37% of the contributions required of District employees, while the District employees made up to 6.63% of such contribution. Beginning in Fiscal Year 2015, employees will contribute the entire 8% of their CalPERS plan contributions.

In addition to paying a percentage of the contributions required of District employees on their behalf, the District is required to contribute at an actuarially determined rate applied to annual covered payroll. The District's contribution rates for Fiscal Year 2014 and 2015 were 16.795% and 17.737%, respectively. The District's contribution rate for Fiscal Year 2016 has been established at 18.331%.

For Fiscal Years 2014 and 2013, the District's annual pension cost, as determined by an actuarial valuation of the plan as of June 30, 2011 and 2010, was \$4,785,000 and \$4,297,000, respectively. The District currently expects its annual required contribution in Fiscal Years 2015 and 2016 to be approximately \$4,500,000 and \$4,900,000, respectively (assuming that the District elects the lump sum payment option in each of the respective years).

Under Governmental Accounting Standards Board ("GASB") Statement 27, an employer reports an annual pension cost (the "APC") equal to the annual required contribution (the "ARC") plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (if negative) or net pension asset (if positive). The ARC for Fiscal Year 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011.

A summary of principal assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
<u>Actuarial Assumptions:</u>	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, the amortization period may not be lower than the payment calculated over a 30 year amortization period.

Pension Benefits Trust. The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive

approach to address the issue by establishing a Pension Benefits Trust to fund its CalPERS unfunded liability, providing the District with an alternative to CalPERS that allows for investment by a professional fund management team selected and monitored by the District. The Pension Benefits Trust holds the funding contributions from the District pending future remittance to the CalPERS pension trust fund, which will pay all retiree benefit payments to employees associated with the District's plan. Future contributions will be transferred to CalPERS at the District's discretion. The funds held in the Pension Benefits Trust are legally protected from the claims of the general creditors of the District. Contributions to the Pension Benefits Trust and earnings on those contributions are irrevocable.

In Fiscal Year 2013, the District made a \$35.0 million contribution to the Pension Benefits Trust, bringing the District to a 94.6% funded ratio as of June 30, 2013. In Fiscal Year 2014, the District made an additional contribution of \$2.2 million to the Pension Benefits Trust. As of June 30, 2014, the fair market value of the assets in the Pension Benefits Trust was approximately \$42.6 million, further reducing the unfunded liability by an additional \$7.6 million. The moneys in the Pension Benefits Trust were invested in the Vanguard Institutional Index Fund, Fidelity Concord Spartan International Fund, Metropolitan West Total Return Bond Fund and Federated Government Obligations Money Market Fund. In Fiscal Year 2015, the District expects make an additional contribution of \$2.1 million to the Pension Benefits Trust. Additional information on the Pension Benefits Trust's investments can be found in Note 2 to the District's audited financial statements for Fiscal Year 2014 attached to the Remarketing Statement as Appendix B.

Funding of CalPERS Plan. The Schedule of Funding Progress (in thousands) below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

TABLE 1
IRVINE RANCH WATER DISTRICT
Schedule of Funding

<i>Valuation Date</i>	<i>Entry Age Normal Accrued Liability</i>	<i>Actuarial Value of Assets</i>	<i>Unfunded Actuarial Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/09	\$149,825	\$110,923	\$38,902	\$ 81,355	54.3%	\$24,307
06/30/10	158,904	124,553	34,351	100,110	63.0	24,929
06/30/11	170,392	140,176	29,676	128,816	75.6	24,379
06/30/12	183,096	151,193	31,902	129,953	71.0	24,203
06/30/13 ⁽¹⁾	197,685	186,955 ⁽²⁾	10,730	186,955 ⁽²⁾	94.6	25,499

⁽¹⁾ Includes Pension Benefits Trust assets of \$35.0 million, significantly reducing the District's unfunded liability to \$10.7 million as of June 30, 2013. In Fiscal Year 2014, the District made an additional contribution of \$2.2 million to the Pension Benefits Trust. As of June 30, 2014, the fair market value of the assets in the Pension Benefits Trust was approximately \$42.6 million, further reducing the District's unfunded liability by an additional \$7.6 million. See the caption "—Pension Benefits Trust."

⁽²⁾ Beginning with the June 30, 2013, valuation, the Actuarial Value of Assets is equivalent to the Market Value of Assets. The Actuarial/Market Value of Assets does not include contributions that the District made to the Pension Benefits Trust for years prior to Fiscal Year 2013.

Source: Irvine Ranch Water District Fiscal Year 2014 Comprehensive Annual Financial Report.

In the Statement of Net Position as of June 30, 2014, the District has a net pension asset of \$51.9 million, consisting of \$52.5 million in contributions in excess of the ARC and \$0.6 million of amortization. The District's APC and net pension asset, computed in accordance with GASB 27, for the year ended June 30, 2014, were as follows (in thousands):

ARC	\$ 4,337
Interest on Beginning Pension Asset	(3,761)
Adjustment to ARC	<u>4,209</u>
APC	4,785
Contribution Made	<u>6,574</u>
Increase (Decrease) in Pension Asset	1,789
Net Pension Asset (Beginning of Year)	<u>50,148</u>
Net Pension Asset (End of Year) ⁽¹⁾	\$51,937

⁽¹⁾ Includes Pension Benefits Trust contributions of \$37.2 million. See the caption “—Pension Benefits Trust.”
Source: The District.

The following table summarizes the District’s APC, the percentage of APC contributed to the District’s CalPERS plan, and the net pension asset (in thousands) for Fiscal Years 2010 through 2014:

TABLE 2
IRVINE RANCH WATER DISTRICT
Annual Pension Cost (Employer Contributions)

<i>Fiscal Year</i>	<i>Employer Contribution</i>	<i>District-Funded Employee Contribution</i> ⁽¹⁾	<i>Employee Contribution</i>	<i>Annual Pension Cost</i>	<i>Percentage of Annual Pension Cost Contributed</i>	<i>Net Pension Asset</i>
2010	\$4,797	\$1,709	\$ 243	\$2,982	160.9%	\$ 4,815
2011	9,480	1,728	249	3,012	314.7	11,283
2012	4,643	1,025	916	4,321	107.5	11,605
2013 ⁽²⁾	42,840	609	1,365	4,297	997.0	50,148
2014 ⁽²⁾	6,574	394	1,679	4,785	137.4	51,937

⁽¹⁾ Beginning in Fiscal Year 2015, the District will no longer fund any portion of the employee contribution. See the caption “—CalPERS Plan.”

⁽²⁾ These figures include contributions of \$35,000,000 and \$2,200,000 to the Pension Benefits Trust in Fiscal Years 2013 and 2014, respectively. See the caption “—Pension Benefits Trust.”

Source: Irvine Ranch Water District Fiscal Year 2014 Comprehensive Annual Financial Report.

In June 2012, GASB approved new standards with respect to pension accounting and financial reporting for state and local governments and pension plans. The changes will impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (currently, such unfunded liabilities are typically included as notes to the government’s financial statements); (ii) more components of full pension costs will be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates will be required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities will be required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. The reporting requirements for pension plans for government employers will take effect for Fiscal Year 2015. Based on the adoption of the new accounting standard, beginning with the Fiscal Year 2015, the ARC and the annual pension expense will be different. For additional information relating to the District’s plan, see Note 13 to the District’s audited financial statements for Fiscal Year 2014 attached to the Remarketing Statement as Appendix B.

Other Pension Benefits. The District enables all of its part-time and certain temporary employees to participate in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For Fiscal Year 2014, the District’s payroll covered by the

plan was \$483,248. The eligible employees contributed \$36,244 (the required 7.5% of current covered payroll). The District made no contributions to the defined contribution plan during such Fiscal Year.

All regular, full-time District employees are eligible to participate in the District's deferred compensation program pursuant to Section 457 of the Internal Revenue Code whereby they can voluntarily contribute a portion of their earnings into a tax-deferred fund administered by the District and invested through a third party provider. Pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001, effective January 1, 2002, employees may contribute the lesser of 100% of includible compensation or the maximum dollar amount allowable under Internal Revenue Code Section 457 in effect for the year. The dollar amount currently in effect for calendar year 2015 is \$18,000. Since 2008, the limit has been indexed to inflation in \$500 increments.

Effective January 1, 2008, for employees with one year or more of service, the District provides 100% matching of employee Section 457 plan contributions up to an annual maximum of 3% of the employee's base salary. Such employer contribution amounts are deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. During Fiscal Year 2014, the District contributed \$598,834 to employee accounts under the 401(a) plan.

The assets in both plans are held in trust for the exclusive benefit of the participants and their beneficiaries, and are therefore not reported in the financial statements of the District.

Other Post-Employment Benefits

GASB has issued two related pronouncements, known as GASB 43 and GASB 45, related to funding and accounting for Other Post-Employment Benefits ("OPEB") liabilities. OPEB liabilities consist of health care, insurance and all other retiree benefits that are not part of a pension plan. Under GASB 45, costs of OPEB must be matched to the current period in which employees are performing services for the District. In effect, there is an exchange between the employee and the District in which the employee renders services to the District and in exchange receives certain salaries and benefits, part of which are OPEB which they will not actually use until some point in the future. The accounting standards require the District to recognize the cost of the benefits in the periods when the employees' services are received by the District. GASB 45 also requires the District to provide information about the accrued actuarial liabilities for the promised benefits for past services, to what extent those have been funded, and to what extent there will be demands from OPEB on the District's future cash flows.

The District currently has three OPEB programs: the California Public Employees Medical and Hospital Care Act ("PEMHCA") premiums, a retiree health costs reimbursement plan, and a retiree death benefit life insurance program. Under the first program, the District pays the required healthcare coverage under PEMHCA, commonly referred to as "PERS Health." To qualify, employees must retire from the District and begin drawing CalPERS retirement benefits. Participation in PEMHCA is financed in part by the District through a contribution of \$112.00 per employee per month (at current rates). The contribution rate is scheduled to be indexed with medical inflation in future years, although contributions could increase in greater amounts at the direction of CalPERS Board. In addition, the District pays 0.37% of the PEMHCA premium to cover administrative fees. In Fiscal Year 2014, the District contributed \$99,157 on behalf of retirees participating in the PEMHCA program.

As part of its retiree health costs reimbursement plan, the District provides retirees who have attained age 55 and have completed at least 10 years of service with the District with reimbursement of eligible healthcare costs of \$300 per month for retirees with at least ten years of service up to a maximum of \$600 per month for retirees with at least 25 years of service, in each case for up to five years. In Fiscal Year 2014, the District contributed \$330,620 on behalf of retirees participating in the Retiree Health Costs Reimbursement Plan.

Finally, the retiree death benefit life insurance program provides retirees who were hired on or before December 31, 2008 with term life insurance benefits with a face amount equal to 100% of their annual salary in effect at the time of retirement. Insured group-term life benefits end for all participants at age 70. Thereafter, the District provides a self-insured \$10,000 death benefit for all participants already retired as of December 31, 2008 and for currently active Board members. To qualify, a retiree must have retired from the District, be at least 55 years old, have completed at least ten continuous years of service with the District, and must be drawing retirement benefits from CalPERS. In Fiscal Year 2014, the District contributed \$12,070 on behalf of retirees participating in this program.

OPEB costs have traditionally been accounted for and financed from the District's annual operating budget as part of its benefits expense on a pay-as-you-go basis. During Fiscal Year 2014, the District contributed \$441,847 on behalf of retirees participating in the OPEB programs. The budgeted amount for the District's OPEB in Fiscal Year 2015 is approximately \$453,000.

The District has been required to comply with the accounting and reporting requirements of GASB 45 since Fiscal Year 2008. According to an actuarial valuation prepared for the District by Demsey, Filliger & Associates, the unfunded liability for the District's OPEB as of July 1, 2012 was approximately \$6.7 million. The Annual Required Contribution (the "OPEB ARC") was \$666,835 in Fiscal Year 2014, of which the District contributed \$441,847. The OPEB ARC is calculated assuming that the accrued, unfunded liability will be amortized over the next 30 years, benefits will remain constant, and funding in excess of actual benefit costs will be invested at a 4.00% annual return, and with other assumptions regarding medical cost inflation.

For additional information relating to the District's OPEB obligations, see Note 14 to the District's audited financial statements for Fiscal Year 2014 attached to the Remarketing Statement as Appendix B.

Budget Process

Prior to July 1 of each year, the General Manager prepares a budget for the Fiscal Year commencing July 1 and ending on the succeeding June 30. Following the adoption of the operating budget, the Board of Directors approves a schedule of water, sewer and recycled water rates for such Fiscal Year based on the budget approved by the Board of Directors. See the caption "CONSTITUTIONAL LIMITS AND APPROPRIATIONS AND CHARGES—Proposition 218." The budget for Fiscal Year 2015 was approved on April 28, 2014.

Water and Sewer System Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions and natural disasters. The District utilizes a combination of self-insurance and third-party liability insurance to minimize loss exposures from property, third-party liability claims and workers compensation claims. The District self-insures the first \$25,000 per occurrence for property losses, \$100,000 per occurrence for third-party liability claims and \$125,000 per occurrence for workers compensation claims.

Property, boiler and machinery insurance is provided through participation in the California State Association of Counties Excess Insurance Authority ("CSAC-EIA"). Property insurance includes flood insurance but does not include earthquake insurance. General and excess liability coverage of \$35,000,000 and workers compensation insurance is provided through participation in CSAC-EIA. Pollution and legal liability coverage for the Irvine Desalter Project is provided by a policy with Indian Harbor Insurance Company. Settlements have not exceeded coverage for each of the past three Fiscal Years.

Collection Procedures

All charges for water and recycled water service and almost all charges for sewer service are billed monthly. If payment is not received 25 days after presentation, a one-time late charge of 10% of the unpaid balance plus 1.5% interest will be assessed for each month until the unpaid balance has been paid in full. A shut-off notice is mailed out in conjunction with an automated courtesy phone call when the unpaid balance exceeds \$150. If payment is not received within 15 days of the mailed shut-off notice, service is shut off as of the date specified on the notice. Service is not restored until all charges, including a restoration charge, have been paid in full. The District sends closed accounts to outside collection agencies and does not currently transfer such accounts to the County tax roll. A small number of accounts located in Newport Beach for which the District provides sewer service only are billed on the County tax rolls.

Outstanding Indebtedness

Improvement District Indebtedness. As of December 31, 2014, the District had \$507,300,000 aggregate principal amount of outstanding *ad valorem* assessment bonds (the “Ad Valorem Assessment Bonds”) on behalf of the Improvement Districts. The Ad Valorem Assessment Bonds are secured by *ad valorem* assessments on property within the respective Improvement District, and are not by their terms payable from Revenues, except for the Series 2011A-1 Bonds, the Bonds of the Irvine Ranch Water District, Series 2010B (the “Series 2010B Bonds”) and the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2 (the “Series 2011A-2 Bonds”), each of which is described below under the caption “—Parity Obligations.” The District’s practice has been to apply Net Revenues remaining after the payment of debt service on Parity Obligations and subordinate obligations to the principal and interest on the Ad Valorem Assessment Bonds. Pursuant to Section 35975 of the Act, the District also may levy certain rates and charges in lieu of *ad valorem* assessments to pay the Ad Valorem Assessment Bonds. The District does not currently levy in-lieu rates and charges. Any such in lieu rates and charges levied by the District in the future would not constitute Revenues. The following table illustrates a breakdown of outstanding Ad Valorem Assessment Bonds by Improvement District as of December 31, 2014.

TABLE 3
IRVINE RANCH WATER DISTRICT
Outstanding *Ad Valorem* Assessment Bonds By Improvement District

<i>Improvement District</i>	<i>Amount Authorized</i>	<i>Amount Issued</i>	<i>Remaining Unissued Bonds Authorized</i>	<i>Amount Outstanding as of December 31, 2014</i>
Waterworks Bonds				
112	\$ 28,512,300	\$ 5,740,000	\$ 22,772,300	\$ 5,470,500
113⁽¹⁾	25,769,500	14,800,000	10,969,500	13,900,000
125⁽¹⁾⁽²⁾	735,246,000	413,156,400	322,089,600	188,789,150
153	237,300,000	0	237,300,000	0
154	4,839,000	0	4,839,000	0
185 ⁽³⁾	13,500,000	0	13,500,000	0
188	8,174,000	4,437,000	3,737,000	1,462,000
Total Waterworks Bonds	<u>\$ 1,053,340,800</u>	<u>\$ 438,133,400</u>	<u>\$ 615,207,400</u>	<u>\$ 209,621,650</u>
Sewer Bonds				
1 ⁽⁴⁾	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 0
212	108,712,000	15,700,000	93,012,000	14,974,500
213⁽¹⁾	87,648,000	23,800,000	63,848,000	21,487,500
225⁽¹⁾⁽⁵⁾	856,643,000	449,748,000	406,895,000	237,018,171
240	117,273,000	48,476,500	68,796,500	23,928,179
252	0	0	0	0
253	122,283,000	0	122,283,000	0
256	0	0	0	0
285 ⁽⁶⁾	21,300,000	0	21,300,000	0
288	8,977,000	300,000	8,677,000	270,000
Total Sewer Bonds	<u>\$ 1,324,836,000</u>	<u>\$ 540,024,500</u>	<u>\$ 784,811,500</u>	<u>\$ 297,678,350</u>
Total District	<u>\$ 2,378,176,800</u>	<u>\$ 978,157,900</u>	<u>\$ 1,400,018,900</u>	<u>\$ 507,300,000</u>

⁽¹⁾ The Series 2011A-1 Bonds represent the consolidated, several general obligations of these Improvement Districts. See the Remarketing Statement under the caption "SECURITY FOR THE SERIES 2011A-1 BONDS—General—Assessment Proceeds and Pledge of Revenues."

⁽²⁾ Improvement District No. 125 was created on November 11, 2013. Reflects the consolidation of portions of former Improvement District Nos. 105, 106, 120, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ On March 4, 2014, *ad valorem* assessment bonds for Improvement District No. 185 in the maximum authorized principal amount of \$13,500,000 were approved at a special election.

⁽⁴⁾ Also referred to as Improvement District No. 210.

⁽⁵⁾ Improvement District No. 225 was created on November 11, 2013. Reflects the consolidation of portions of former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

⁽⁶⁾ On March 4, 2014, *ad valorem* assessment bonds for Improvement District No. 285 in the maximum authorized principal amount of \$21,300,000 were approved at a special election.

Source: The District.

Parity Obligations. In addition to the Series 2011A-1 Bonds, the District has the following Outstanding Parity Obligations:

- **1997 State Loan #3.** In 1997, the District entered into a loan contract with the State of California (the "1997 State Loan") to fund recycled water projects. The 1997 State Loan was outstanding as of December 31, 2014 in an aggregate principal amount of \$970,726 and matures in 2019. Pursuant to the terms of the 1997 State Loan, the District's obligation to pay debt service on the 1997 State Loan is payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations.
- **Prior Reimbursement Agreements.** In connection with the District's prior issuances of *ad valorem* assessment bonds, the District has entered into several reimbursement agreements (the "Prior Reimbursement Agreements") with various letter of credit banks (the "Prior Banks"). Pursuant to the terms of the Prior Reimbursement Agreements, the District's obligations to

reimburse the Prior Banks will be payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations. There are currently no reimbursement obligations outstanding, although the District may incur reimbursement obligations under such Prior Reimbursement Agreements as provided therein. The following table summarizes the stated amount of each letter of credit associated with the Prior Reimbursement Agreements.

TABLE 4
IRVINE RANCH WATER DISTRICT
Summary of Prior Reimbursement Agreements
As of December 31, 2014

<i>General Obligation Bonds</i>	<i>Outstanding Principal</i>	<i>Letter of Credit Bank</i>	<i>Expiration Date</i>	<i>LOC Stated Amount</i>	<i>Reimbursement Obligations Outstanding</i>
Series 1993 ⁽¹⁾	\$ 36,100,000	Bank of New York Mellon	06/02/15	\$ 36,593,367	\$ 0
Series 1995	16,200,000	Sumitomo Mitsui Banking Corp.	07/14/17	16,439,671	0
Series 2008A	54,600,000	Sumitomo Mitsui Banking Corp.	07/14/17	54,798,904	0
Series 2009A	67,500,000	U.S. Bank National Association	07/15/16	68,254,521	0
Series 2009B	<u>67,500,000</u>	Bank of America, N.A.	07/15/16	<u>68,254,521</u>	<u>0</u>
TOTAL	<u>\$ 241,900,000</u>			<u>\$ 244,340,984</u>	<u>\$ 0</u>

⁽¹⁾ The District is currently soliciting bids for an extension or replacement of this credit facility.
Source: The District.

- 2010 Installment Sale Agreement. In 2010, the District entered into an Installment Sale Agreement (the “2010 Installment Sale Agreement”) in connection with the execution and delivery of the District’s \$85,145,000 aggregate principal amount of Certificates of Participation Irvine Ranch Water District Refunding Series 2010. The 2010 Installment Sale Agreement was outstanding as of December 31, 2014 in the aggregate principal amount of \$67,190,000 and matures in 2032. The District’s obligation to make installment payments pursuant to the 2010 Installment Sale Agreement is on a parity with the Series 2011A-1 Bonds and other Parity Obligations.
- Series 2010B Bonds. In 2010, the District issued \$175,000,000 aggregate principal amount of Series 2010B Bonds. The Series 2010B Bonds were outstanding as of December 31, 2014 in the aggregate principal amount of \$175,000,000 and mature in 2040. In addition to Assessment Proceeds, the Series 2010B Bonds are payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations. See the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Reduction in BAB Credits” for a discussion of the effect of the federal sequester on the receipt of interest subsidy payments relating to the Series 2010B Bonds.
- Series 2011A-2 Bonds. In 2011, the District issued \$40,370,000 aggregate principal amount of Series 2011A-2 Bonds. The Series 2011A-2 Bonds were outstanding as of December 31, 2014 in the aggregate principal amount of \$36,400,000 and mature in 2037. In addition to Assessment Proceeds, the Series 2011A-2 Bonds are payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations.

Subordinate Debt.

- Interest Rate Swap Transactions. As of December 31, 2014, the District was also obligated under five interest rate swap transactions with a total notional amount of \$130 million and termination dates ranging from June 2019 to March 2029, pursuant to which the District is entitled to receive variable rate payments based on a floating rate index in return for the District's obligation to make payments at a fixed interest rate (the "Swaps").

The Swaps generally are evenly distributed, as to notional amount on a particular transaction date, between two swap counterparties – Merrill Lynch Capital Services, Inc. ("Merrill") and Citibank, N.A. ("Citibank") – except with respect to one Swap with a notional amount of \$30 million and a termination date of June 17, 2019, which was entered into only with Citibank. For additional information with respect to the payment terms and other information relating to the Swaps, see Note 3 to the District's financial statements attached as Appendix B to the Remarketing Statement. Regularly-scheduled and early termination payments with respect to the Swaps constitute unsecured general obligations of the District payable from legally-available funds. The Swaps are payable from certain Revenues, but are subordinate to the District's obligation to pay debt service on the Series 2011A-1 Bonds and other Parity Obligations. Any amounts received by the District pursuant to the Swaps also constitute Revenues and, as such, are pledged for the payment of the Series 2011A-1 Bonds and other Parity Obligations. As of December 31, 2014, the mark-to-market value of the total interest rate swaps with Citibank and Merrill exceeded the threshold amount (\$15,000,000) for each counterparty, requiring the District to post collateral in the amount of \$10,692,768. The funds are held in a separate trust account and earn interest at the Federal Funds Effective Rate.

All of the above-described interest rate swap transactions entail risk to the District. For example, the swap counterparties may fail or be unable to perform, interest rates may vary from assumptions, the District may be required to post collateral in certain circumstances, or the District may be required to make significant payments in the event of an early termination of one or more Swaps. The early termination of a Swap may not affect the obligations of the counterparties with respect to the other Swaps. The District cannot predict if any such event will occur with respect to one or more of the District's existing or future interest rate swap agreements. However, the District does not anticipate that any such event would have a material adverse effect on the District's ability to pay the debt service on the Series 2011A-1 Bonds.

- Santiago County Water District Consolidation. The District and Santiago County Water District ("SCWD") consolidated effective July 1, 2006. As successor to SCWD, the District is obligated to satisfy the following additional obligations: (i) a fiscal services agreement with the State of California Department of Water Resources, with a loan balance of approximately \$788,325 as of December 31, 2014 and final payment due in 2025; and (ii) a promissory note payable to Foothill/Eastern Transportation Corridor Agency for \$565,000, with no stated maturity or final payment date.

Variable Rate Debt Management

The Board of Directors of the District has adopted a policy to maintain a target amount of investment assets equal to 75% or more of the District's outstanding unhedged variable rate indebtedness. No assurance can be made that the Board of Directors of the District will not modify such policy in the future.

Current Investments

As of December 31, 2014, the District had investments of approximately \$294.2 million and real property investments as follows:

TABLE 5
IRVINE RANCH WATER DISTRICT
Summary of Investments

<i>Investment Type</i>	<i>Approximate Investment Amount in Millions⁽¹⁾</i>	<i>Percentage of Total Investments⁽¹⁾</i>
Federal Agency Securities	\$232.9	79.16%
Local Agency Investment Fund	47.3	16.08
Treasury Equivalents ⁽²⁾	10.7	3.64
Municipal Bonds – Installment Sale Agreement	<u>3.3</u>	<u>1.12</u>
Total	\$ 294.2	100.00%

⁽¹⁾ As of December 31, 2014. Rounded.

⁽²⁾ Includes collateral held with Citibank and Merrill pursuant to the Swaps. Although not held by the District, such collateral constitutes District moneys. See the caption “—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”

Source: The District.

In addition to the moneys invested in local agency municipal bonds and the Local Agency Investment Fund, the District has invested approximately \$72.6 million of its capital facilities replacement fund in real property. The District’s real property investments include a limited partnership interest in a 230-unit apartment complex (the “Wood Canyon Villas Apartments”), ownership of a 450-unit apartment complex (the “Sycamore Canyon Apartments”) and ownership of three commercial office buildings (the “Irvine Market Place,” the “Waterworks Business Park” and the “Sand Canyon Professional Center”), with market values well in excess of the original investment. Wood Canyon Villas Apartments, Sycamore Canyon Apartments, the Irvine Market Place, the Waterworks Business Park and the Sand Canyon Professional Center are all income-producing properties, the earnings and projected earnings from which are reflected in Tables 6 and 7 below.

In February 2014, the District and El Toro Water District (“ETWD”) entered into an Installment Sale Agreement (the “ISA”) pursuant to which the District agreed to fund ETWD’s share of the costs of construction of, and the acquisition of capacity rights in, the Baker Water Treatment Plant project (the “Baker WTP”) in exchange for quarterly installment payments from ETWD. See the caption “THE WATER SYSTEM—General” for a description of the Baker WTP. ETWD’s obligation to repay the District under the ISA is payable from net revenues of ETWD’s water system over a period of twenty years. The principal amount of ETWD’s obligations under the ISA will not exceed \$12,500,000. The amount outstanding under the ISA as of December 31, 2014 is \$3,300,000 and the applicable interest rate is 4.57%.

Historic Net Real Estate Income

The following table shows the net real estate income after expenses of the District for the five most recent Fiscal Years.

TABLE 6
IRVINE RANCH WATER DISTRICT
Historic Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income</i>
2010	\$5,624
2011	5,649
2012	6,736
2013	6,566
2014	7,760

Source: The District.

Projected Net Real Estate Income

The following table projects the net real estate income after expenses of the District for the current and next four Fiscal Years.

TABLE 7
IRVINE RANCH WATER DISTRICT
Projected Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income</i> ⁽¹⁾
2015	\$8,406
2016	8,588
2017	8,749
2018	8,913
2019	9,081

⁽¹⁾ Based on existing and expected leases. See the caption “—Current Investments.”
Source: The District.

1% Property Tax Revenues

Pursuant to the Act, the Board of Supervisors of the County is required to levy a “general assessment” on assessable property within the boundaries of the District sufficient to raise the amounts determined each year by the District’s Board of Directors to be necessary for the authorized purposes of the District. These provisions, however, have largely been superseded by the passage by the California electorate in June of 1978 of Article XIII A of the California Constitution (commonly known as “Proposition 13”), and by the legislation subsequently enacted by the California Legislature to implement Article XIII A. As a result of Article XIII A and its implementing legislation, the District receives as proceeds of the “general assessment” a share of the one percent *ad valorem* property tax collected by the County from assessable property within the boundaries of the District (the “1% Property Tax Revenues”).

From time to time legislation has been considered as part of the State budget to shift 1% Property Tax Revenues collected by each county from local agencies, including special districts such as the District, to

school districts or other governmental entities. However, Proposition 1A (“Proposition 1A”), proposed by the California Legislature in connection with the 2004-05 State Budget Act and approved by the voters in November 2004, restricted State authority to reduce major local tax revenues such as the tax shifts permitted to take place in legislation enacted in connection with the 2004-05 and 2005-06 State budgets, which shifted approximately 35% of many special districts’ shares of the countywide one percent *ad valorem* tax.

Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of 1% Property Tax Revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that, beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

The Amended 2009-10 Budget Act provided for the borrowing of 8% of property taxes from local jurisdictions, including the District, under Proposition 1A. Pursuant to this act, the State borrowed approximately \$2.1 million of the District’s 1% Property Tax Revenues for Fiscal Year 2010. As noted above, under Proposition 1A, the State was required to repay the property taxes with a 2% rate of interest within three years. The District received repayment of the shifted amount, plus interest, in August 2012.

There can be no assurance that the 1% Property Tax Revenues that the District currently expects to receive will not be temporarily shifted from the District pursuant to Proposition 1A in future fiscal years or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of 1% Property Tax Revenues by the District. See the Remarketing Statement under the caption “SECURITY FOR THE SERIES 2011A-1 BONDS—Pledge of Assessment Proceeds and Revenues” for a discussion of the extent to which 1% Property Tax Revenues are available to pay Debt Service on the Series 2011A-1 Bonds.

The table below sets forth the amount of 1% Property Tax Revenues received by the District for the five most recent Fiscal Years.

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TABLE 8
IRVINE RANCH WATER DISTRICT
1% Property Tax Revenues
(in Thousands)

<i>Fiscal Year</i>	<i>1% Property Tax Revenues</i>
2010 ⁽¹⁾	\$27,150
2011	26,989
2012	29,150
2013 ⁽¹⁾	29,265
2014	29,445

⁽¹⁾ Reflects shift of property tax revenues of approximately \$2.1 million to Educational Revenue Augmentation Fund in Fiscal Year 2010 as described above. Such moneys were received, with interest, in Fiscal Year 2013.
Source: The District.

Alternative Method of Tax Apportionment – “Teeter Plan”

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property assessments on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the assessment-levying or assessment-collecting agency.

The Teeter Plan for the County is applicable to all assessment levies for which the County acts as the assessment-levying or assessment-collecting agency, or for which the treasury of the County is the legal depository of assessment collections.

The *ad valorem* property assessments to be levied to pay the interest on and principal of the Series 2011A-1 Bonds will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property assessment levied on secured property to pay the Series 2011A-1 Bonds irrespective of actual delinquencies in the collection of the assessment by the County so long as the Teeter Plan remains in effect. The District’s share of 1% Property Tax Revenues is also subject to the Teeter Plan.

The Teeter Plan is to remain in effect for the County unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event that the Board of Supervisors of the County discontinues the Teeter Plan for the County, only those secured property assessments that are actually collected would be allocated to political subdivisions (including the District) for which the County acts as the assessment-levying or assessment-collecting agency.

Governmental Regulations

The District’s operations are subject to numerous environmental regulations enforced by multiple governmental entities. Programs are in place for compliance with drinking water regulations, water discharge regulations, underground and aboveground fuel storage tank regulations, hazardous materials management plans, hazardous waste regulations, air quality permitting requirements, wastewater discharge limitations, and employee safety issues relating to hazardous materials and other conditions. Also, the District aggressively pursues the investigation and, when appropriate, the implementation of alternative methods and technologies for meeting increasingly strict environmental regulations.

The District expects environmental regulation to increase, resulting in higher capital and operating costs in the future, which may have a material adverse effect on the finances of the District.

Although the District's Board of Directors establishes the schedules of water, sewer and reclaimed water rates for each Fiscal Year, such rates are subject to the requirements of Proposition 218, which are described further under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

WATER SUPPLY

The District was formed in 1961, with the purpose of obtaining a water supply for municipal and irrigation purposes. For the twelve month period ended June 30, 2014, of the water supplied by the District, approximately 23% was imported water, approximately 56% was groundwater and native stream flows and approximately 21% was recycled water.

The District operates a number of wells and reservoirs that produce or store local water for both potable and non-potable uses. Surface storage includes Irvine Lake, a 25,000 acre feet reservoir that is jointly owned by the District and Serrano Water District. Irvine Lake receives stream flow (native water) coming from the Santiago Creek watershed. The District's share of such water is used by the District primarily for agricultural and other irrigation purposes, and supplements the recycled water system during peak demand periods. In addition, the District has approximately 5,200 acre feet of recycled water storage capacity in its Sand Canyon, Rattlesnake, San Joaquin and Syphon Reservoirs and is currently evaluating additional recycled water storage projects.

Imported Water

In Fiscal Year 2014, the District purchased 20,485 acre feet of water imported from the Colorado River and northern California by The Metropolitan Water District of Southern California ("MWD"). MWD supplies water through its member agencies, including the member agency in which the District is situated, Municipal Water District of Orange County ("MWDOC"). The current cost of treated imported water from MWDOC is \$850.25 per acre foot. In addition, the District currently pays a fixed charge to MWDOC in the form of readiness to serve, capacity reservation and service connection charges. The readiness to serve and capacity reservation charges are paid monthly and currently total \$111,309, while the service connection charge is paid annually and is currently \$800,050.

MWD faces various challenges in the continued supply of imported water to MWDOC. A description of these challenges as well as a variety of other operating information with respect to MWD is included in certain disclosure documents prepared by MWD. MWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. MWD has also entered into certain continuing disclosure agreements pursuant to which MWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). Such official statements, other disclosure documents, annual reports and notices (collectively, the "MWD Information") are filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") at <http://emma.msrb.org>. The MWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. **MWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2011A-1 BONDS TO PROVIDE MWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS.**

MWD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR

COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO MWD. MWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS UNDER RULE 15c2-12.

Groundwater

General. The District’s Water Resources Master Plan calls for a reliable water supply mix and includes developing sufficient groundwater production capacity to pump up to the District’s basin production percentage (the “BPP”) set by the Orange County Water District (“OCWD”), the agency responsible for managing the Orange County groundwater basin. District groundwater pumping is affected by policies of OCWD, including the setting of replenishment assessments, basin production percentages of total water demand by agencies pumping basin groundwater and basin equity assessments.

OCWD establishes and collects replenishment assessments as a means of purchasing water and funding projects for the purpose of replenishing the Orange County groundwater basin. The replenishment assessment is established annually by OCWD and applies to every acre foot of groundwater produced from the basin.

In addition, each year, OCWD sets the BPP for water to be extracted from the Orange County groundwater basin. The BPP is the amount of groundwater, as a percentage of the total water demands, that can be pumped from the Orange County groundwater basin during the year by a groundwater pumping agency without incurring the additional assessment described in the following paragraph. The amount of groundwater that an agency can pump without incurring the additional assessment is calculated by multiplying the total water use of such agency by the BPP (the “BPP formula”). Between Fiscal Years 2011 and 2015, the BPP has varied from 62% to 72%. In connection with the annexation of certain land by OCWD (as discussed in detail below), the District has agreed to a maximum BPP of 70% through June 20, 2025.

The additional assessment incurred by an agency that pumps non-exempt groundwater above the limit established by the BPP formula is called the basin equity assessment (the “BEA”). The BEA is established annually by OCWD for every acre foot of groundwater produced from the Orange County groundwater basin above the BPP formula (with exemptions described further below for pumping determined by OCWD to benefit water quality and other purposes) and is intended to discourage pumping of amounts above the BPP formula by raising the cost of producing groundwater so that it equals the cost of importing water, thereby encouraging groundwater pumping agencies to supplement their groundwater production with imported water for the portion of their water use that exceeds the BPP. The BEA is a surcharge to discourage, yet still allow for, the production of groundwater in excess of the BPP formula. One of the District’s operating objectives is to produce the maximum amount of groundwater within the BPP formula and to avoid producing groundwater in excess of such maximum in order to avoid paying the BEA. In Fiscal Year 2014, the amount of groundwater that the District pumped from the Orange County groundwater basin was below its BPP or exempt from the BPP (as described below) and, accordingly, the District did not pay a BEA to OCWD.

OCWD has sought to enable groundwater producers to derive a larger percentage of their water supplies from local sources in times of Statewide drought so that such producers can reduce purchases of imported water at increased rates. For these reasons, OCWD has gradually increased the BPP in recent years. For Fiscal Years 2010, 2011, 2012 and 2013 the BPP was 62%, 62%, 65% and 68%, respectively. As a result of continued recharge of the Orange County groundwater basin, the BPP for Fiscal Year 2014 was raised to 70%, which allowed the District to pump approximately 54,000 acre feet from the Orange County groundwater basin without incurring any BEA. The BPP for Fiscal Year 2015 is 72%, although the District has agreed not to utilize water from the Orange County groundwater basin for more than 70% of its water supply in any year through June 20, 2025. The District pays OCWD a replenishment assessment of \$266 per acre foot for all

groundwater pumped and a BEA equal to an additional \$524 per acre foot for groundwater pumped in excess of the BPP formula.

For certain portions of the District's groundwater production, the application of OCWD's BPP and BEA varies from the above general description. The District's Dyer Road Well Field has a production amount established by contract with OCWD as described in the below paragraph. The District also has several projects through which groundwater is produced that are, by contract with OCWD, completely or partially exempt from the BEA. While this "BEA-exempt" groundwater typically requires treatment, the District's cost to produce and treat this groundwater is effectively capped at the cost for imported water. Additionally, as portions of the District currently lie outside of OCWD's jurisdictional boundary, water demands in those areas are not included by OCWD in the accounting of the basin production percentage for the District. In 2014, the Orange County Local Agency Formation Commission approved the annexation of approximately 6,482 acres of land within the District into OCWD. The majority of such land is open space and is not expected to be subject to additional water demand at this time. Currently, approximately 32% of the District's water demand is from outside the OCWD jurisdictional boundary.

The BPP formula for the District's Dyer Road Well Field is not adjusted annually by OCWD but is fixed by contract with OCWD at 28,000 acre feet per year of clear groundwater, subject to the requirement that the amount over 20,000 acre feet is matched by an equal amount of groundwater pumped from the District's Deep Aquifer Treatment System (the "DATS"), which treats water from a deep aquifer requiring treatment for removal of organic color. Like OCWD's general BPP, the Dyer Road Well Field's contractually fixed BPP formula discourages, but does not prohibit, production over such amount through the application of the BEA to any excess amount.

As discussed above, effective October 2, 2013, the District entered into an agreement with OCWD pursuant to which approximately 6,482 acres of the District's territory was annexed to OCWD upon the Orange County Local Agency Formation Commission's approval in July 2014. Under the annexation agreement, the District agreed to a specified termination date for its BEA exemption on the DATS, represented that the DATS wells would be used to supply the groundwater used in the annexed territory, and agreed that for a period of ten years from the effective date of the annexation agreement, the District will be deemed subject to a BPP equal to the lesser of OCWD's actual BPP or 70%.

The District also produces groundwater from its Irvine Desalter Project, which is described in greater detail under the caption "—Irvine Desalter Project." The Irvine Desalter Project removes salts and nitrates, for a combined total potable and non-potable production of an additional 7,300 acre feet per year that is exempt from the BPP. A combined additional 2,100 acre feet per year of production is available from three other wells, the Orange Park Acres well, Well 2 in Lake Forest and Well 115 in Irvine. Water from Well 115 is pumped and treated at the Irvine Desalter Project. However, such water is not accounted for as Irvine Desalter Project water because it was not part of the original Irvine Desalter Project. The Orange Park Acres well was taken out of service in Fiscal Year 2011 and is expected to return to service in or about March 2015. Well 115 was taken out of service in Fiscal Year 2011 and was returned to service in October 2014. Production from the Orange Park Acres well and Well 115 is subject to the BPP and the BEA, while production from Well 2 is exempt from the BPP and the BEA.

In addition, in April 2013, the District completed construction of the Wells 21 and 22 project, which is expected to add an additional 6,300 acre feet per year of groundwater. In Fiscal Year 2014, the Wells 21 and 22 facility produced approximately 6,935 acre feet of groundwater. These wells are exempt from the BPP and the BEA. The District plans to expand its groundwater production facilities further, and is currently evaluating potential well sites. The District also has rights to native water impounded in Irvine Lake and at the Harding Canyon Dam in the Santiago Canyon area. Such native water does not produce firm annual yields.

Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects. The Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects are groundwater development projects that

were constructed by the District in cooperation with OCWD, United States Departments of the Navy and Justice, MWD and MWDOC. The two projects commenced operations in early 2007.

The Irvine Desalter Potable Water Project consists of a potable water wellfield, pipelines and a purification plant. This project treats local groundwater to remove salts and nitrates caused by the natural geology and past agricultural use. The water is treated to drinking water standards through reverse osmosis and disinfection. The Irvine Desalter Potable Water Project was originally anticipated to pump approximately 5,100 acre feet of groundwater per year. However actual pumping may vary each year based on operational conditions. In Fiscal Years 2013 and 2014, the Irvine Desalter Potable Water Project produced 3,384 and 5,459 acre feet of groundwater, respectively. Reduced production in Fiscal Year 2013 was due to well rehabilitation activities.

The El Toro Groundwater Remediation Project is treating a plume of contaminated groundwater from the main aquifer of the Irvine sub-basin of the Orange County groundwater basin. The plume originated from the now-closed El Toro Marine Corps Air Station (“MCAS”). The El Toro Groundwater Remediation Project consists of a treatment system that removes volatile organic compounds in the groundwater from solvent degreasers previously used on the MCAS. The treatment plant removes contaminants from the groundwater using an air stripper and granular activated carbon absorption units. The treated water is used in the District’s recycled water system and is designed to supply a minimum of 3,400 acre feet of recycled water per year. In Fiscal Year 2014, the El Toro Groundwater Remediation Project produced 3,885 acre feet from non-potable wells. The United States Department of the Navy is compensating the District for this component of the project as part of the Settlement Agreement for Groundwater Remediation of the MCAS. The District expects that such compensation will cover the project costs until the plume of contaminated groundwater is cleaned up.

In addition to the two components described above, the Department of the Navy operates a number of wells on the former MCAS property. These wells pump contaminated groundwater from shallow basins located below the former base. Such water is treated by a treatment plant owned and operated by the District using an air stripper and granular activated carbon absorption units. These wells and the treatment plant, which are referred to as the Shallow Groundwater Unit (the “SGU”), are designed to treat approximately 640 acre feet per year of contaminated groundwater. The treated SGU water is disposed of via an existing ocean outfall. In Fiscal Year 2014, the SGU treated approximately 630 acre feet of water.

Historic Groundwater Supply. Set forth below is a summary of the District’s sources of groundwater supply in acre feet per year for the last five Fiscal Years.

**TABLE 9
IRVINE RANCH WATER DISTRICT
Historic Groundwater Supply In Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Dyer Road Well Field</i>	<i>Deep Aquifer Treatment System</i>	<i>Irvine Desalter Project⁽²⁾</i>	<i>Irvine Sub-basin</i>	<i>Other⁽⁶⁾</i>	<i>Total</i>
2010	27,744	8,696	7,009	1,064	715	45,228
2011	22,488 ⁽¹⁾	8,756	5,837 ⁽³⁾	611 ⁽⁴⁾	352	38,044
2012	19,917 ⁽¹⁾	8,916	5,796 ⁽³⁾	627 ⁽⁴⁾	0	35,256
2013	27,763	8,858	7,123	2,866 ⁽⁵⁾	281	46,891
2014	27,774	8,707	9,343	7,957	376	54,157

- ⁽¹⁾ Excludes 5,512 acre feet of water and 8,083 acre feet of water purchased at OCWD’s request in Fiscal Years 2011 and 2012, respectively, in lieu of pumping groundwater. In-lieu water was not purchased in Fiscal Years 2010, 2013 or 2014.
- ⁽²⁾ Excludes water pumped from the SGU, but includes non-potable water used in the District’s recycled water system.
- ⁽³⁾ Decrease from Fiscal Year 2010 amount reflects the fact that a groundwater well was taken out of service in Fiscal Year 2011. Such well was returned to service in October 2012. See the caption “—Irvine Desalter Project.”
- ⁽⁴⁾ Decrease from Fiscal Year 2010 amount reflects the fact that Well 115 was taken out of service in Fiscal Year 2011. Well 115 was returned to service in October 2014. See the caption “—General.”
- ⁽⁵⁾ Increase from Fiscal Year 2012 amount reflects completion of Wells 21 and 22. See the caption “—General.”
- ⁽⁶⁾ Includes the Orange Park Acres well, which was taken out of service in 2011. The Orange Park Acres well is expected to return to service in or about March 2015. Also includes Well 2 in Lake Forest. See the caption “—General.”

Source: The District.

OCWD. OCWD faces various challenges in managing its groundwater basin. A description of these challenges as well as a variety of other operating information with respect to OCWD is included in certain disclosure documents prepared by OCWD. OCWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OCWD has also entered into certain continuing disclosure agreements pursuant to which OCWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “OCWD Information”) are filed with EMMA at <http://emma.msrb.org>. The OCWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. **OCWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2011A-1 BONDS TO PROVIDE OCWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS.**

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Sustainable Groundwater Management Act. On September 16, 2014, the California Governor signed Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or “SGMA”) into law. The SGMA constitutes a legislative effort to regulate groundwater

on a Statewide basis. Under the SGMA, the California Department of Water Resources (“DWR”) is required to designate groundwater basins in the State as high, medium, low or very low priority for purposes of groundwater management by January 31, 2015. By January 31, 2017, local groundwater producers must establish or designate an entity (referred to as a groundwater sustainability agency, or “GSA”), subject to DWR’s approval, to manage each high and medium priority groundwater basin. Each GSA is tasked with submitting a groundwater sustainability plan for DWR’s approval by January 31, 2020. Alternatively, groundwater producers can submit a groundwater management plan under Part 2.75 of the California Water Code or an analysis for DWR’s review demonstrating that a groundwater basin has operated within its sustainable yield for at least 10 years. Such alternative plan must be submitted by January 31, 2017 and updated every five years thereafter.

If local groundwater producers do not create or nominate an entity to serve as a GSA, the SGMA authorizes DWR to assume management of a groundwater basin until such time as a GSA can perform such functions.

GSA’s must consider the interests of all groundwater users in the basin and may require registration of groundwater users, the installation of flow meters to measure groundwater extractions and annual reporting of extractions. In addition, GSA’s are authorized to impose spacing requirements on new wells, monitor, regulate and limit or condition groundwater production and establish production allocations among groundwater producers, among other powers. GSA’s are authorized to impose fees to fund such activities and to fine or issue cease and desist orders against producers that violate the GSA’s regulations. A local agency that manages groundwater pursuant to its principal act (such as OCWD) may not exercise such authority in a manner that is inconsistent with any prohibitions or limitations in its principal act unless the governing board of such local agency makes a finding that such local agency is unable to sustainably manage the groundwater basin without the prohibited authority. Groundwater sustainability plans must include sustainability goals and a plan to implement such goals within 20 years.

The District’s wells in the Orange County groundwater basin are presently metered. The SGMA specifically calls for OCWD, which regulates the Orange County groundwater basin, to serve as the GSA for such basin. See the caption “—General.” The District is studying the provisions of the SGMA, but does not currently expect its groundwater extraction rights or costs in the Orange County groundwater basin to change significantly as a result of the enactment of the SGMA.

[UPDATE AFTER JANUARY 31] [The District is unable to determine whether DWR will designate the Orange County groundwater basin as a high or medium priority groundwater basin for which a groundwater sustainability plan is required to be adopted. The District notes that, under the SGMA, the criteria that DWR will apply in assessing the priority of groundwater basins include the following: (i) the population overlying the basin; (ii) the rate of current and projected population growth; (ii) the number of wells in the basin; (iii) the irrigated acreage overlying the basin; (iv) the degree to which groundwater is the primary water source for the population overlying the basin; and (v) any documented impacts on the basin, including overdraft, subsidence, saline intrusion and water quality degradation.]

The District is unable at this time to determine the possible future effects on the District’s groundwater extraction rights or costs in the Orange County groundwater basin as a result of the SGMA. However, the District does not currently expect the enactment of the SGMA to have a material adverse effect on the District’s ability to make payments of principal of and interest on the Series 2011A-1 Bonds from Net Revenues. The District notes that *ad valorem* property assessments constitute an additional source of moneys available to pay the interest on and principal of the Series 2011A-1 Bonds. See the Remarketing Statement under the caption “SECURITY FOR THE SERIES 2011A-1 BONDS.”

Drought Declaration

Precipitation in the Santa Ana River Watershed and the State as a whole has been below average in recent years. On January 17, 2014, the California Governor declared a Statewide drought state of emergency (the “Declaration”) with immediate effect. The Declaration includes the following orders, among others: (a) local urban water suppliers, including the District, are encouraged to implement their local water shortage contingency plans; the District’s plan is discussed below; (b) local urban water suppliers, including the District, are encouraged to update their urban water management plans to prepare for extended drought conditions; (c) DWR and the State Water Resources Control Board (the “SWRCB”) are directed to expedite the processing of water transfers; (d) the SWRCB is directed to put water rights holders on notice that they may be required to cease or reduce water diversions in the future; (e) the SWRCB is directed to consider modifying requirements for reservoir releases or diversion limitations; and (f) DWR is directed to take necessary actions to protect water quality and supply in the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary, including the installation of temporary barriers or temporary water supply connections, while minimizing impacts to aquatic species.

In addition, on July 15, 2014, the SWRCB adopted emergency measures requiring water suppliers to implement mandatory Statewide water conservation actions, which are to remain in effect for 270 days.

Under the District’s water shortage contingency plan (the “WSCP”), the District responds to a drought in stages based upon four levels of supply cutbacks: Level One (supply reductions of up to 10%), Level Two (supply reductions of between 10% and 25%), Level Three (supply reductions of between 25% and 40%) and Level Four (supply reductions of over 40%). Each shortage level triggers a District response that is intended to reduce demand to the amount of available supply. Responses include public outreach, education and awareness of water waste and water leaks, the implementation of an allocation-based tiered rate structure and mandatory restrictions on water use (beginning with irrigation and other outdoor uses), together with enforcement actions.

In response to the Declaration and the SWRCB’s emergency measures, the District has taken the following actions pursuant to the implementation of Level One of the WSCP: (i) the Board has adopted a resolution asking all District customers to voluntarily reduce their water use by 20%; and (ii) runoff of potable water from outdoor landscapes, the use of hoses without shut-off nozzles, watering of paved areas and decorative water features are prohibited. In addition, in 2014, the District adjusted its existing allocation-based tiered rate structure to encourage greater water conservation. Under the District’s allocation-based tiered rate structure, customers are assigned a water allocation based on five residential tiers and four non-residential tiers. The water allocation for each customer is designed to allow a reasonable amount of water use for the customer’s needs and provide an economic incentive not to exceed such allocation. Customers that exceed the water allocation within their tier are subject to progressively higher water rates. See the caption “THE WATER SYSTEM—Water System Rates and Charges.” The District’s allocation-based tiered rate structure constitutes an alternative plan to the mandatory actions adopted by the SWRCB on July 15, 2014. The District’s alternative plan was approved by the SWRCB on August 29, 2014, making the District one of only two water agencies in the State that is permitted to deviate from the SWRCB-mandated emergency conservation measures.

In some cases, actions taken pursuant to the Declaration could result in additional water being made available to the District, while in other cases, actions taken pursuant to the Declaration could reduce water supplies. The District does not believe that the Declaration will have a material adverse effect on its ability to make payments of principal of and interest on the Series 2011A-1 Bonds from Net Revenues. The District notes that *ad valorem* property assessments constitute an additional source of moneys available to pay the interest on and principal of the Series 2011A-1 Bonds. See the Remarketing Statement under the caption “SECURITY FOR THE SERIES 2011A-1 BONDS.”

Water Banking

In addition to developing its local groundwater and recycled water systems, the District is diversifying its water supply portfolio by developing water banking projects in Kern County, California. These projects are known as the Strand Ranch Integrated Banking Project and the Stockdale Integrated Banking Project (collectively, the “Water Bank”). The District’s Strand Ranch and Stockdale West Ranch properties are situated on groundwater recharge lands that overlie the regional Kern County groundwater basin. The purpose of developing the Water Bank is to improve the District’s water supply reliability by capturing lower cost water available during wet hydrologic periods for use during dry periods. The Water Bank will enhance the District’s ability to respond to drought conditions and potential water supply interruptions and will enable the District to reduce the cost of water delivered under such conditions.

In 2009, the District entered into a 30-year water banking partnership with the Rosedale-Rio Bravo Water Storage District (“Rosedale”) in Kern County. This agreement provides for Rosedale to operate the Strand Ranch portion of the Water Bank on behalf of the District and permits the District: (i) to store up to 50,000 acre feet of water in the aquifer; (ii) to recharge up to 17,500 acre feet of water in the aquifer; and (iii) to recover up to 17,500 acre feet of water per year from the aquifer. The District has priority rights to use the recharge ponds when Rosedale is not recharging Kern River floodwaters. All other uses of the recharge ponds by Rosedale are on a second priority basis to the District’s use. The water that Rosedale stores on its own behalf does not count against the District’s 50,000 acre feet storage rights.

The Strand Ranch property has a major canal running through it that allows the movement of water onto and off of the property. The District has completed construction of 502 acres of groundwater recharge ponds and the facilities necessary to divert water from the canal and into ponds on the property. The recharge ponds allow available surface water to be infiltrated into the groundwater basin for later use. Seven groundwater wells that provide the ability to recover water have been constructed. Associated wellheads and pipelines have also been completed and the recovery facilities are available to recover banked water as necessary during drought conditions and potential water supply interruptions. The Strand Ranch Integrated Banking Project is now fully operational.

The District expects to enter into an agreement in February 2015 with Rosedale and Castaic Lake Water Agency (“CLWA”) that will provide for cost-sharing among the participants in the construction of wells and conveyance capacity. The District’s participation will consist of 50% of the recovery capacity of six wells and associated conveyance facilities constructed on Rosedale property adjacent to Strand Ranch for joint use by the District and CLWA. The 50% District share of the recovery capacity in the six offsite wells will fulfill the District’s right under the 2009 agreement with Rosedale (discussed above) to construct up to three offsite recovery wells, supplementing the onsite Strand Ranch recovery wells. The additional recovery capacity will not increase the District’s storage or annual recovery amounts under the 2009 agreement, but is expected by the District to allow increased peaking in its recoveries, thereby increasing flexibility in its delivery of recovered water.

Currently, the District is expanding the Water Bank onto the Stockdale West Ranch, which is adjacent to the Strand Ranch. The Stockdale West Ranch was purchased by the District in late 2010. These additional lands will allow the District to increase the District’s water banking recharge, storage and recovery capabilities by approximately 50%. The expansion of the Water Bank to the Stockdale West Ranch property will further increase the District’s dry year water supply reliability.

In 2011, the District implemented a pilot project on the Stockdale West Ranch and constructed 238 acres of recharge basins on the property. In addition, the District constructed water conveyance facilities to deliver water to the property.

In 2012, the District executed a development agreement with Rosedale that provides for sharing the costs of preparation of an environmental impact report for a joint banking project involving the District’s

Stockdale West Ranch and Rosedale's Stockdale East Ranch, both of which are adjacent to the Strand Ranch. This development agreement also outlines the terms and conditions of a long-term agreement for the operation of the joint project facilities which will comprise the Stockdale Integrated Banking Project. The development agreement commits the District and Rosedale to the preparation of a long-term agreement that can be executed concurrently with the certification of the environmental impact report. A draft of the environmental impact report is expected to be released for public review in February 2015, and the District currently expects that a final environmental impact report will be available for certification and execution in or about May 2015, immediately followed by the execution of the long-term agreement.

The District has secured water from a number of sources for recharge at the Water Bank. Pursuant to the District's agreement with Rosedale, Rosedale will divert a portion of its entitlement to floodwater flows on the Kern River to District-owned storage ponds for recovery in dry years. The District is entitled, at no cost, to 20% of all Kern River floodwaters recharged by the Water Bank recharge ponds.

The District has also secured access to State Water Project water that is stored in the Water Bank. Such water is available as a result of the District's acquisition of approximately 883 acres (the "Jackson Ranch") located within the Dudley Ridge Water District ("Dudley Ridge"), together with rights to use approximately 1,738 acre feet of Table A State Water Project water allocated to Dudley Ridge. The District will store up to 8,700 acre feet of such water in the Water Bank between 2014 and 2017. The District's ability to extract such water at any given time is dependent on annual State Water Project allocation decisions made by the State. Additionally, the Jackson Ranch land acquisition included certain participation rights in the Kern Water Bank to store approximately 9,495 acre feet of water.

In 2011, the District entered into a 28-year exchange program (the "Exchange Program") with Buena Vista Water Storage District ("BVWSD") that allows BVWSD to store a portion of its high-flow Kern River water at the Strand Ranch Integrated Banking Project in exchange for allocating to the District 50% of such stored water. BVWSD holds both State Water Project Table A water rights and pre-1914 rights to Kern River water. The pre-1914 water rights give BVWSD an average annual entitlement of 158,000 acre feet of Kern River water. Pursuant to the Exchange Program, BVWSD is entitled to deliver up to 17,500 acre feet of water to the Water Bank in any given year with a maximum cumulative capacity of 40,000 acre feet. The District and BVWSD are working together to expand the scope of the Exchange Program to provide for additional deliveries to the Stockdale West Ranch.

According to the schedule set forth in the Exchange Program, the District is entitled to keep an additional 10% of the water stored by BVWSD each calendar year after the fourth calendar year following the year of the recharge event, which amount increases by 10% each calendar year until nine calendar years after the year of the recharge event, at which time the District is entitled to keep all water transferred by BVWSD to the Water Bank. Pursuant to the terms of the Exchange Program, the District and BVWSD share equally in any water losses resulting from the exchange. BVWSD is responsible for all costs of delivering water to the Water Bank and the District is responsible for all costs of returning the water to BVWSD. The District is required to return water that BVWSD determines it will recover from the Water Bank at a maximum rate of 6,667 acre feet per year. The District is obligated to pay BVWSD for any water kept by the District in excess of 50% of the water transferred by BVWSD to the Water Bank at BVWSD's then current State Water Project Table A Variable Operations, Maintenance, Power and Replacement unit cost rate for water. The 28-year term of the Exchange Program coincides with the District's agreement with Rosedale relating to the Water Bank.

In 2012, the District entered into separate Pilot Exchange Agreements with the Central Coast Water Authority and the Antelope Valley-East Kern Water Agency (the "Pilot Exchange Agreements") that provided for such agencies to store portions of their 2012 allocation of State Water Project water at the Water Bank in exchange for the District's receipt of half of such water for its own use. At the end of calendar year 2014, a total of 6,400 acre feet of water was stored at the Water Bank through the Pilot Exchange Agreements.

The District has entered into a Coordinated Operating, Water Storage, Exchange and Delivery Agreement with MWD which allows the District to cause State Water Project water that is recovered from the Water Bank to be delivered to the District's service area. Through this agreement, the District can cause the delivery of State Water Project water from the Water Bank to the District's service area at any time. The District has also developed an additional agreement with MWD to have other waters recovered and delivered into the District's service area. Such additional agreement is expected to be used on an on-call basis when the District desires to move non-State Water Project water into southern California for use in the District's service area. The District recovered and delivered approximately 1,000 acre feet of water from the Strand Ranch Integrated Banking Project in 2014 pursuant to this additional agreement.

Since 2010, the District has delivered a total of approximately 37,000 acre feet of water to the Water Bank, including the Stockdale West Ranch. The District returned 2,500 acre feet of water to BVWSD in 2012 from BVWSD's share of the water stored in the Water Bank pursuant to the Exchange Program. In 2013, the District returned 281 acre feet of water to the Central Coast Water Authority in accordance with the applicable Pilot Exchange Agreement and 6,667 acre feet of water to BVWSD in accordance with the Exchange Program. In 2014, the District returned 208 acre feet of water to the Central Coast Water Authority and 2,229 acre-feet of water to the Antelope Valley-East Kern Water Agency in accordance with the Pilot Exchange Agreements. In 2014, the District also returned 1,000 acre feet of water to a local farming entity to which the District had an obligation arising from the purchase of the Stockdale West Ranch.

The cost of the Strand Ranch water banking facilities (including the land acquisition costs) was approximately \$21,820,000. Such facilities are now fully operational. The cost of expansion of the water banking facilities onto the Stockdale West Ranch (including the costs of acquisition of these lands) is expected to be approximately \$13,000,000, of which the District has spent approximately \$10,260,000 as of December 2014.

The District is currently pursuing additional opportunities for water banking and contractual rights to other surface waters for diversion into the Water Bank for later use by the District. These other sources include long-term programs for State Water Project water from MWD, the Central Coast Water Authority, the Antelope Valley-East Kern Water Agency and CLWA.

A summary of water held in storage pursuant to the District's water banking program as of December 1, 2014 (after water losses) is set forth below.

TABLE 10
IRVINE RANCH WATER DISTRICT
Summary of Water Banking Programs
As of December 31, 2014 (Acre Feet)

<i>Facility</i>	<i>Total Capacity</i>	<i>Total Water in Storage</i>	<i>District Share of Total Water in Storage</i>
Strand Ranch Integrated Banking ⁽¹⁾	50,000	19,151	16,334
Stockdale West Ranch ⁽²⁾	26,000 ⁽³⁾	2,876	1,401
Kern Water Bank	<u>9,495</u>	<u>4,036</u>	<u>4,036</u>
Total	85,495	26,063	21,771

⁽¹⁾ The District's ability to extract water is subject to certain contractual and operational constraints as described above and is currently limited to approximately 17,500 acre feet. Upon certification of the environmental impact report for the Stockdale West Ranch, which is expected to occur in or about May 2015, the District expects to be able to expand its groundwater extraction capacity by drilling new wells on the Stockdale West Ranch.

⁽²⁾ Upon certification of the environmental impact report for the Stockdale West Ranch, which is expected to occur in or about May 2015, the District expects to be able to expand its groundwater extraction capacity by drilling new wells on the Stockdale West Ranch.

⁽³⁾ Estimate. Final storage capacity to be determined subject to further California Environmental Quality Act proceedings and execution of long-term agreement expected to entered into with Rosedale.

Source: The District.

Recycled Water

During Fiscal Year 2014, the District produced 21,038 acre feet of recycled water and supplied an additional 11,554 acre feet of non-potable water to District customers via the recycled water system. The District processes and treats secondary effluent from its customers to produce recycled water for sale to customers for non-potable utilization. Recycled water is currently sold to approximately 5,400 customers within the District. As of December 31, 2014, the District had approximately 503 miles of recycled water mains and recycled water storage capacity of approximately 5,200 acre feet. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

Historic and Projected Water Supply

Set forth below is a summary of the District’s sources of total water supply in acre feet per year for the last five Fiscal Years.

**TABLE 11
IRVINE RANCH WATER DISTRICT
Historic Water Supply In Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Local Water</i> ⁽¹⁾	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>
2010	45,358	24,744	20,848	90,950
2011	39,563	30,549 ⁽²⁾⁽³⁾	20,284	90,396
2012	39,409	26,155 ⁽³⁾	20,602	86,166
2013 ⁽⁴⁾	49,967	20,151	22,983	93,101
2014 ⁽⁵⁾	55,015	22,508	21,038	98,561

- ⁽¹⁾ Includes groundwater, native water in Irvine Lake and non-potable Irvine Desalter Project water used in the District’s recycled water system. See the caption “—Groundwater—Irvine Desalter Project.” Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment.
- ⁽²⁾ Imported water supply for Fiscal Year 2011 included approximately 5,900 acre feet of stored imported water spilled from Irvine Lake during a December 2010 rain event. Such water was replaced with new native water (storm flows) stored at Irvine Lake.
- ⁽³⁾ Includes 5,512 acre feet of water and 8,083 acre feet of water purchased at OCWD’s request in Fiscal Years 2011 and 2012, respectively, in lieu of pumping groundwater. In-lieu water was not purchased in Fiscal Years 2010, 2013 or 2014.
- ⁽⁴⁾ Increase from Fiscal Year 2012 reflects growth and the economic recovery within the District’s service area as well as increased irrigation requirements. OCWD did not request that the District purchase in-lieu water in Fiscal Year 2013.
- ⁽⁵⁾ Reflects completion of Wells 21 and 22. See the caption “—Groundwater—General.” Also reflects expansion of Michelson Water Reclamation Plant (“MWRP”), increasing total recycled water production capacity from 18 million gallons per day (“mgd”) to 28 mgd in Fiscal Year 2014. See the captions “THE SEWER SYSTEM—General” and “FUTURE CAPITAL IMPROVEMENTS—MWRP and Solids Handling.”

Source: The District.

Set forth below is a summary of the District’s projection of total water sources for the current and next four Fiscal Years.

**TABLE 12
IRVINE RANCH WATER DISTRICT
Projected Water Supply In Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Local Water</i> ⁽¹⁾	<i>Imported Water</i>	<i>Recycled Water</i> ⁽²⁾	<i>Total</i>	<i>Percentage Change</i>
2015	56,800	16,236	21,143	94,179	(4.45)% ⁽³⁾
2016	56,200	18,028	21,566	95,794	1.71
2017	56,481	18,904	21,997	97,382	1.66
2018	56,763	19,775	22,437	98,975	1.64
2019	58,048	19,635	22,886	100,569	1.61

- ⁽¹⁾ Includes groundwater, native water in Irvine Lake and non-potable Irvine Desalter Project water used in the District’s recycled water system. See the caption “—Groundwater—Irvine Desalter Project.” Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment. Reflects completion of Wells 21 and 22. See the caption “—Groundwater—General.”
- ⁽²⁾ Recycled water production projected to increase approximately 2% per annum.
- ⁽³⁾ Decrease from Fiscal Year 2014 reflects effects of drought. See the caption “—Drought Declaration.”

Source: The District.

Set forth below is a comparison of the District’s sources of supply for Fiscal Year 2014 as compared to other neighboring agencies supplying water for Fiscal Year 2013.

**TABLE 13
IRVINE RANCH WATER DISTRICT
Water Supply Comparison by Source**

	<i>Imported Water</i>	<i>Groundwater</i>	<i>Surface Water</i>	<i>Recycled Water</i>
Irvine Ranch Water District⁽¹⁾	23%	56%	0%	21%
City of Anaheim	46	54	0	0
South Coast Water District ⁽²⁾	77	13	0	10
City of Orange	50	45	5	0
Santa Margarita Water District ⁽²⁾	83	0	0	17
City of Tustin ⁽³⁾	37	63	0	0

⁽¹⁾ Approximately 32% of the District’s water demand is from areas outside of OCWD’s jurisdictional boundaries.

⁽²⁾ These agencies are not located within OCWD’s jurisdictional boundaries.

⁽³⁾ The City of Tustin owns several groundwater projects that are exempt from the BEA.

Source: Municipal Water District of Orange County Water System Operations and Financial Information (August 2013); the District.

THE WATER SYSTEM

General

Through the issuance of general obligation waterworks bonds and other indebtedness, the District has constructed, purchased or acquired capacity in, or connections to, various transmission, pumping, storage and distribution facilities to convey water into the District, including several major facilities built in cooperation with other water districts and cities.

The development of water supplies and the construction and acquisition of facilities are being carried out under a master plan formulated by the District in 1972 and most recently updated in 2009. Existing uses and planned development within the District will necessitate a projected combined total annual water supply of approximately 124,800 acre feet by 2035.

The District anticipates meeting all of its water supply needs using the above-mentioned water importation and storage facilities, groundwater production facilities and recycled water facilities. The combination of the District’s facilities and sources of supply is expected to provide the District with a reliable water supply sufficient to permit the ultimate development as presently planned. Reliability of water supply is further enhanced by the District’s storage facilities, which currently provide more than a seven-day supply.

At June 30, 2014, the District had approximately 2,100 miles of water mains in its potable and recycled water systems and storage capacity of approximately 30,200 acre feet, including the District’s share of Irvine Lake, a 25,000 acre feet untreated water reservoir, and the District’s Sand Canyon, Rattlesnake Canyon, Syphon and San Joaquin Reservoirs, which are recycled water reservoirs with capacities of 750 acre feet, 1,100 acre feet, 450 acre feet and 2,900 acre feet respectively. See the caption “WATER SUPPLY.”

See the caption “WATER SUPPLY—Water Banking” for information with respect to the District’s water banking programs, which constitute additional sources of water that are not reflected in the discussion of the District’s storage facilities above.

In Fiscal Year 2009, the District commenced the engineering design for the Baker WTP. Construction began in January 2014 and is anticipated to be completed in July 2016.

When constructed, the Baker WTP is expected to treat to drinking water standards approximately 28 mgd of raw imported water purchased from MWD. During emergencies and planned raw imported water outages, water from Irvine Lake is expected to be supplied to the Baker WTP for treatment to drinking water standards. The Baker WTP will utilize microfiltration and ultraviolet disinfection as the primary treatment processes. Although the plant will be owned and operated by the District, approximately 76% of capacity in the Baker WTP is expected to be held by other participating water agencies located in southern Orange County. The facility will provide an operational source of supply to the District and participating agencies and, in the event of a short-term water shortage emergency, provide regional water reliability to other neighboring water agencies. The project construction cost is estimated at approximately \$107.2 million, which is to be borne by the District and the other participating water agencies in proportion to their participation in the project. The District will finance its 24% share of the costs from the proceeds of bonds.

See the caption “THE IRVINE RANCH WATER DISTRICT—Current Investments” for a description of an investment made by the District relating to the Baker WTP.

Historic Water Connections

The following table shows the number of water connections in the District for the five most recent Fiscal Years.

TABLE 14
IRVINE RANCH WATER DISTRICT
Historic Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2010	97,023	0.74%
2011	98,637	1.66
2012	99,465	0.84
2013	101,020	1.56
2014	102,990	1.95

⁽¹⁾ Excludes recycled water connections.
Source: The District.

Projected Water Connections

The following table shows the number of water connections projected by the District for the current and next four Fiscal Years.

**TABLE 15
IRVINE RANCH WATER DISTRICT
Projected Water Connections⁽¹⁾**

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2015	105,320	2.26%
2016	108,871	3.37
2017	112,099	2.96
2018	115,582	3.11
2019	118,402	2.44

⁽¹⁾ Excludes recycled water connections. Increases in connections reflect District estimates of increased development activity.
Source: The District.

Connection Fees

The District collects a water connection fee for each new connection to finance District facilities. Connection fees vary by Improvement District and range from \$1,330 to \$3,557 for each residential unit and \$5,608 to \$30,062 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as water sources and production facilities, transmission mains, pumping stations, reservoirs and appurtenances and capacity necessary for each Improvement District.

Historic Water Deliveries

The following table presents a summary of historic water deliveries for the District in acre feet per year for the five most recent Fiscal Years. Historic water deliveries vary from historic water supply as a result of losses in the water system and the timing of billing. Revenues from the sale of recycled water are accounted for as part of the District’s sewer system.

**TABLE 16
IRVINE RANCH WATER DISTRICT
Historic Water Deliveries in Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Potable and Untreated</i>	<i>Recycled</i>	<i>Total</i>	<i>Percentage Change</i>
2010 ⁽¹⁾	70,102	20,848	90,950	(12.35)%
2011 ⁽¹⁾	70,112	20,284	90,396	(0.61)
2012 ⁽¹⁾	65,564	20,602	86,166	(4.68)
2013 ⁽²⁾	70,118	22,983	93,101	8.05
2014	77,523	21,038	98,561	5.86

⁽¹⁾ Reduced deliveries resulted from the District’s conservation efforts in response to drought conditions and economic factors affecting the District’s service area.

⁽²⁾ Increase in water deliveries reflects new development and the economic recovery within the District’s service area.
Source: The District.

Projected Water Deliveries

The District estimates that water system deliveries for the current and next four Fiscal Years will be as set forth in the following table. The District currently projects that water deliveries will increase as a result of an increase in connections, as set forth in the table under the caption “—Projected Water Connections,” and improved economic conditions in the District’s service area. Revenues from the sale of recycled water are accounted for as part of the District’s sewer system.

**TABLE 17
IRVINE RANCH WATER DISTRICT
Projected Water Deliveries in Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Potable and Untreated</i>	<i>Recycled</i>	<i>Total</i>	<i>Percentage Change</i>
2015	73,036	21,143	94,179	(4.45)%
2016	74,228	21,566	95,794	1.71
2017	75,385	21,997	97,382	1.66
2018	76,538	22,437	98,975	1.64
2019	77,683	22,886	100,569	1.61

Source: The District.

Historic Water Sales and Service Charge Revenues

The following table shows annual water sales and service charge revenues for the five most recent Fiscal Years. The following table does not include revenues from the sale of recycled water, which is accounted for as part of the District’s sewer system.

**TABLE 18
IRVINE RANCH WATER DISTRICT
Historic Water Sales and Service Charge Revenues
(Dollars in Thousands)**

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2010	\$51,268	0.64%
2011	54,796	6.88
2012	57,558	5.04
2013	62,565	8.70
2014	66,321	6.00

⁽¹⁾ Includes late payment charges and other penalty revenues.
Source: The District.

Projected Water Sales and Service Charge Revenues

The following table projects annual water sales and service charge revenues for the current and next four Fiscal Years.

TABLE 19
IRVINE RANCH WATER DISTRICT
Projected Water Sales and Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2015	\$68,035	2.58%
2016	73,478	8.00
2017	78,621	7.00
2018	84,125	7.00
2019	90,013	7.00

⁽¹⁾ Reflects projected increases in water connections and deliveries described under the captions “—Projected Water Connections” and “—Projected Water Deliveries,” respectively, as well as projected increases in rates described under the caption “—Water System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Water Customers

The following table sets forth the ten largest water customers of the District for Fiscal Year 2014, as determined by annual payments.

TABLE 20
IRVINE RANCH WATER DISTRICT
Ten Largest Water Customers
Fiscal Year 2014

<i>Customer</i>	<i>Fiscal Year 2014 Payment</i>	<i>Percentage of Total Water Sales Revenues</i>
1. The Irvine Company	\$ 2,695,226	4.06%
2. University of California, Irvine	1,243,724	1.88
3. Jazz Semiconductor	765,756	1.15
4. B. Braun Medical Inc.	603,321	0.91
5. Woodbridge Village Association	422,656	0.64
6. City of Irvine	360,461	0.54
7. Heritage Fields, LLC	296,884	0.45
8. Allergan Sales, LLC	275,341	0.42
9. ERP Operating LP	238,963	0.36
10. City of Lake Forest	236,595	0.36
TOTAL	<u>\$7,138,927</u>	<u>10.77%</u>

Source: The District.

These ten largest customers accounted for approximately 10.77% of water sales revenues in Fiscal Year 2014.

Water System Rates and Charges

Water system rates and charges (other than connection fees) are generally uniform throughout the District. Pumping surcharges apply in higher elevations, and different rates and charges apply in certain areas added to the District by consolidation and annexation since 1998. The average monthly service charge for residential water meters is \$10.50. The monthly service charges for commercial and industrial water meters range from \$10.50 to \$2,992.50 based on meter size. Quantity charges are set according to a water conservation oriented allocation-based ascending block rate structure with rates ranging from \$0.88 to \$12.60 per 100 cubic feet (“ccf”). Recycled water rates for irrigation are set at 90% of the potable rate. Set forth below is a comparison of the District’s water bill for a typical residential customer as compared to neighboring communities. Since Fiscal Year 2006, the District has increased its water system rates and charges by an average of approximately 6.5% each year for an average residential customer using approximately 18 ccf of water per month.

The projected water system revenues set forth under the captions “—Projected Water Sales and Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect projected water rate increases of between 4% and 6% in Fiscal Years 2015 through 2019, including a projected rate increase of 2% beginning July 1, 2015 that is expected to be brought before the Board of Directors in spring 2015. Such water rate increases are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

TABLE 21
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Water Bills⁽¹⁾

<i>Water Service Provider</i>	<i>Charge⁽²⁾</i>
City of Newport Beach	\$72.71
City of Costa Mesa	67.33
City of Santa Ana	55.25
City of Huntington Beach	43.76
City of Tustin	43.76
City of Anaheim	44.62
City of Orange	40.71
District	30.94

⁽¹⁾ Based on 18 ccf (for the District first 8 ccf at low volume rate of \$0.91 and next 10 ccf at \$1.34).

⁽²⁾ As of July 1, 2014. Excludes *ad valorem* assessments levied by the District.

Source: The District.

THE SEWER SYSTEM

General

The District, following voter approval in 1965, is authorized by law to acquire, construct, operate and furnish facilities and services for the collection, treatment, reclamation and disposal of wastewater and may contract with others for such purposes. The District has an extensive network of gravity sewers, force mains, wastewater lift stations and siphons that convey wastewater to two District-owned treatment plants. At June 30, 2014, the District had approximately 1,009 miles of sewer mains and treatment plant capacity of

approximately 35.5 mgd at the MWRP and the Los Alisos Water Reclamation Plant (“LAWRP”). More than 8.6 billion gallons of sewage were treated by the District during Fiscal Year 2014.

During Fiscal Year 1986, the District cooperated with Orange County Sanitation District (“OCSD”) to form Sanitation District 14 (functionally replaced by “Revenue Area 14” of OCSD, upon the consolidation of the several sanitation districts comprising OCSD’s predecessor, the County Sanitation Districts of Orange County, in 1998), which overlays a substantial portion of the District’s territory. Under an agreement entered into between the District and OCSD in connection with such formation, the District paid approximately \$34 million for an approximately 6% interest in OCSD’s sewage processing facilities (such percentage of interest will vary over time pursuant to a formula set forth in the agreement between OCSD and the District). This agreement currently provides treatment capacity (in addition to the capacity at District-owned facilities, such as the MWRP and the LAWRP) of up to 15 mgd. The agreement also provides for the purchase by the District of certain additional capacity in OCSD sewage processing facilities determined from annual flows. In Fiscal Year 2014, the District utilized approximately 1.3 billion gallons of capacity pursuant to its agreement with OCSD. Currently, approximately 87% of the District’s wastewater is treated by the MWRP and LAWRP operated by the District, and approximately 13% is treated by OCSD. A small portion of the wastewater (less than 1%) from the District’s service area that is adjacent to the Santa Margarita Water District is treated by the Santa Margarita Water District pursuant to contract.

Currently, approximately 71% of all wastewater collected by the District is treated as described above and recycled or stored in seasonal storage reservoirs for later treatment and recycling. The remainder of the wastewater collected by the District is diverted to OCSD for treatment and ultimate disposal into the Pacific Ocean through OCSD’s two ocean outfall pipelines or recharge into the Orange County groundwater basin through OCWD’s Groundwater Replenishment System.

Ultimately, the District plans to expand capacity for its treatment facilities to approximately 40.5 mgd in order to: (i) increase recycled water production and utilization; (ii) decrease exposure to external treatment costs and operational constraints; and (iii) decrease dependencies on imported water supplies. See the caption “FUTURE CAPITAL IMPROVEMENTS.”

The District has evaluated alternative approaches to handling its wastewater solids. In May 2013, the District began construction of a facility for handling MWRP solids, which are currently conveyed to OCSD, as well as solids from the District’s LAWRP and other potential participating agencies. New capital facilities constructed at the MWRP to dewater and dispose of solids from this facility are estimated to cost \$210 million. Construction of the solids handling facility at the MWRP is anticipated to be completed in Fiscal Year 2017.

OCSD faces various challenges in the continued treatment of sewage. A description of these challenges as well as a variety of other operating information with respect to OCSD is included in certain disclosure documents prepared by OCSD. OCSD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OCSD has also entered into certain continuing disclosure agreements pursuant to which OCSD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “OCSD Information”) are filed with EMMA at <http://emma.msrb.org>. The OCSD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OCSD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2011A-1 BONDS TO PROVIDE OCSD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS.

OCSD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN,

INCLUDING INFORMATION WITH REGARD TO OCSD. OCSD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS UNDER RULE 15c2-12.

Historic Sewer System and Recycled Water Connections

The following table shows the number of sewer and recycled water connections in the District for the five most recent Fiscal Years.

**TABLE 22
IRVINE RANCH WATER DISTRICT
Historic Sewer and Recycled Water Connections**

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2010	92,407	0.77%
2011	93,992	1.72
2012	94,983	1.05
2013	96,643	1.75
2014	97,482	0.87

Source: The District.

Projected Sewer and Recycled Water Connections

The following table shows the projected number of sewer and recycled water connections for the current and next four Fiscal Years.

**TABLE 23
IRVINE RANCH WATER DISTRICT
Projected Sewer and Recycled Water Connections**

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2015	100,967	3.58%
2016	104,518	3.52
2017	107,746	3.09
2018	111,229	3.23
2019	114,712	3.13

⁽¹⁾ Increases in connections beginning in Fiscal Year 2015 reflect District estimates of increased development activity.
Source: The District.

Connection Fees

The District collects a sewer connection fee for each new connection to finance District sewer facilities. Connection fees vary by Improvement District and range from \$2,166 to \$24,868 for each residential unit and \$9,616 to \$61,757 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as transmission mains, pumping stations, treatment facilities and appurtenances and capacity necessary to serve each Improvement District.

Historic Sewer Daily Average Flow

The following table shows the daily average sewer flow in millions of gallons per day for the five most recent Fiscal Years.

**TABLE 24
IRVINE RANCH WATER DISTRICT
Historic Sewer Daily Average Flow**

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2010	27.7	4.90%
2011	27.8	0.36
2012	28.3	1.80
2013	28.1	(0.71) ⁽²⁾
2014	27.3	(2.85) ⁽²⁾

⁽¹⁾ Includes District flow treated by OCSD.

⁽²⁾ Reduction in flows reflects reduced water use, including as a result of conservation efforts.

Source: The District.

Projected Sewer Daily Average Flow

The following table shows the projected daily average sewer flow in millions of gallons per day for the current and next four Fiscal Years.

**TABLE 25
IRVINE RANCH WATER DISTRICT
Projected Sewer Daily Average Flow**

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2015	27.8	1.83%
2016	28.4	2.16
2017	29.0	2.11
2018	29.6	2.07
2019	30.1	1.69

⁽¹⁾ Includes flow treated by OCSD.

Source: The District.

Historic Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the recycled water sales and sewer service charge revenues for the five most recent Fiscal Years.

TABLE 26
IRVINE RANCH WATER DISTRICT
Historic Recycled Water Sales and Sewer Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues</i>	<i>Percentage Change</i>
2010	\$45,343	10.17%
2011	45,375	0.07
2012	49,234	8.50 ⁽¹⁾
2013	53,085	7.82 ⁽²⁾
2014	58,109	9.46 ⁽³⁾

⁽¹⁾ Reflects 2.37% increase in fixed service charge in Fiscal Year 2012 to cover increased operating costs, replacements, and capital enhancements and 1.83% increase in commodity rate in Fiscal Year 2012.

⁽²⁾ Reflects increase in sewer daily average flow described under the caption “—Historic Sewer Daily Average Flow” as well as increase in recycled water and sewer rates described under caption “—Sewer System Rates and Charges.”

⁽³⁾ Reflects increase of approximately 7% in fixed monthly service charge in Fiscal Year 2014 to cover increased operating costs, replacements and capital enhancements. See the caption “—Sewer System Rates and Charges.” Also reflects increased recycled water sales.

Source: The District.

Projected Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the projected recycled water sales and sewer service charge revenues for the current and next four Fiscal Years.

TABLE 27
IRVINE RANCH WATER DISTRICT
Projected Recycled Water Sales and Sewer Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2015	\$64,925	11.73%
2016	70,119	8.00
2017	74,326	6.00
2018	78,786	6.00
2019	83,513	6.00

⁽¹⁾ Reflects increases in projected sewer connections and daily average sewer flow described under the captions “—Projected Sewer and Recycled Water Connections” and “—Projected Sewer Daily Average Flow,” respectively, as well as projected increases in recycled water and sewer rates described under the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Sewer Service Customers

The following table sets forth the ten largest sewer service customers of the District for Fiscal Year 2014, as determined by annual payments.

TABLE 28
IRVINE RANCH WATER DISTRICT
Ten Largest Sewer Service Customers
Fiscal Year 2014

<i>Customer</i>	<i>Fiscal Year 2014 Payment</i>	<i>Percentage of Total Recycled Water and Sewer Service Revenues</i>
1. The Irvine Company	\$3,096,888	5.33%
2. City of Irvine	2,135,707	3.68
3. University of California, Irvine	1,684,231	2.90
4. California Department of Transportation, District 12	918,254	1.58
5. B. Braun Medical Inc.	543,502	0.94
6. Irvine Unified School District	535,744	0.92
7. Heritage Fields, LLC	373,192	0.64
8. Los Olivos Apartments	278,100	0.48
9. Royalty Carpet Mills	316,847	0.55
10. Allergan Sales, LLC	312,114	0.54
TOTAL	<u>\$10,194,579</u>	<u>17.54%</u>

Source: The District.

These ten largest customers accounted for approximately 17.54% of total sewer revenues for Fiscal Year 2014.

Sewer System Rates and Charges

Residential users pay a fixed monthly service charge which ranges from \$15.40 to \$20.50. Commercial and industrial users pay \$20.50 for the first ten ccf of water use and from \$2.35 to \$2.465 per ccf thereafter. Set forth below is a comparison of the District's sewer bills for a typical residential customer as compared to other neighboring communities. Since Fiscal Year 2006, the District has increased its fixed monthly service charge by an average of approximately 10.0% each year.

The projected sewer system and recycled water sales revenues set forth under the captions "—Projected Recycled Water Sales and Sewer Service Charge Revenues" and "WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage" reflect projected sewer rate increases of between 3.5% to 6% in Fiscal Years 2015 through 2019 and projected recycled water rate increases of between 2% and 5% in Fiscal Years 2015 through 2019, including projected increases in sewer rates and recycled water rates effective July 1, 2015 that are expected to be brought before the Board of Directors in spring 2015. Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218." There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

TABLE 29
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Sewer Bill

<i>Sewer Service Provider</i>	<i>Charge⁽¹⁾</i>
City of Tustin	\$44.29
City of Santa Ana	40.36
City of Newport Beach	37.49
City of Huntington Beach	37.38
City of Orange	26.69
City of Costa Mesa	26.69
City of Anaheim	26.69
District	15.40 – 20.50

⁽¹⁾ As of July 1, 2014. Excludes *ad valorem* assessments levied by District.
Source: The District.

FUTURE CAPITAL IMPROVEMENTS

The District anticipates spending approximately \$408,628,141 on future water, recycled water and sewer system improvements during the current and the next four Fiscal Years. The District anticipates financing such improvements through a combination of bonds, District revenues and fund balances in Fiscal Years 2015 through 2019. The District anticipates that approximately \$300,000,000 of such improvements will be financed from proceeds of bonds, some of which have already been issued, and that approximately \$108,628,141 of such improvements will be financed from funds on hand and District revenues. The following table sets forth the District's projected capital improvement projects for the current and next four Fiscal Years:

TABLE 30
IRVINE RANCH WATER DISTRICT
Projected Water, Recycled Water and Sewer Systems Capital Improvements
For Fiscal Years 2015 through 2019

<i>Project</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
MWRP and Solids Handling	\$100,789,454	\$23,355,403	\$15,901,767	\$ 4,957,331	\$ 527,044	\$145,530,999
OCSD / CORF	2,527,922	3,138,031	3,592,675	5,098,258	5,441,963	19,798,849
Water Supply Reliability	15,496,096	16,030,802	6,768,486	5,008,402	14,788,735	58,092,521
Development-Related Expansion	17,172,862	7,673,755	22,957,039	33,072,215	25,655,764	106,531,635
Replacement and Refurbishment	20,552,552	19,362,241	9,057,916	1,944,897	3,156,153	54,073,759
Operational Improvements	<u>6,953,832</u>	<u>13,159,537</u>	<u>3,461,781</u>	<u>926,308</u>	<u>98,920</u>	<u>24,600,378</u>
Total	\$163,492,718	\$82,719,769	\$61,739,664	\$51,007,411	\$49,668,579	\$408,628,141

MWRP and Solids Handling

The Phase 2 expansion of the MWRP, which was substantially completed in 2014, increases treatment capacity from 18 to 28 mgd. Primary components of the expansion include new influent sewers; influent flow metering facilities; centralized headworks facilities; primary clarification facilities; primary effluent pumping station; flow equalization basin modifications; nitrification/denitrification membrane bioreactor facilities; high rate clarification facilities; ultraviolet disinfection facilities; rehabilitation of existing chlorine contact chambers; effluent pumping station modifications; chemical storage and feed facilities; associated electrical, instrumentation and controls and telemetry improvements; demolition work; site work and driven pile foundations; yard piping and grading modifications; and site paving and restoration work.

The solids handling capital project includes the design and construction of facilities for thickening, acid-phase anaerobic digestion, dewatering, drying and pelletization, energy generation, and use of pellets as a fertilizer or e-fuel. It also includes a solids receiving station to allow processing of dewatered sludge from the Los Alisos Water Recycled Water Plant for drying and pelletization. In addition, facilities for the receipt and transfer of fats, oil and grease to the digesters is being designed and will be constructed to increase methane and energy production capabilities. The solids handling capital project is anticipated to be completed in Fiscal Year 2018.

OCSD CORF

OCSD's Capital Outlay Revolving Fund ("CORF") funds OCSD projects such as plant upgrades for secondary treatment and the Groundwater Replenishment System. The District funds its share of the CORF based on the District's percentage share of OCSD's total wastewater flow. Wastewater flows from the District presently comprise approximately 2% – 3% of OCSD flows and are expected to comprise approximately 4% – 5% in future years. See the caption "THE SEWER SYSTEM—General—OCSD" above.

Water Supply Reliability

Water supply reliability projects include the acquisition and construction of water banking facilities in Kern County and the Baker WTP, expansion of Syphon Reservoir and other projects, including, but not limited to, booster pump stations and interagency pipeline construction. See the captions "WATER SUPPLY" and "THE WATER SYSTEM—General."

Development-Related Expansion

Development-related expansion improvements include construction of new water, recycled water and sewer improvements to serve new developments.

Replacement and Refurbishment

Replacement and refurbishment improvements consist of repairs and restoration to existing water, recycled water and sewer system facilities.

Operational Improvements

Operational improvements consist of optimizing District facilities and include improvements to the District's water and wastewater Operations Center, adding water quality mixing systems to existing reservoirs, expanding the reliability of the Supervisory Control and Data Acquisition system, and relocating District facilities as required by interagency projects.

WATER AND SEWER SYSTEM FINANCIAL INFORMATION

Financial Statements

A copy of the most recent financial statements of the District audited by Mayer Hoffman McCann P.C., Certified Public Accountants (the "Auditor"), are included as Appendix B (the "Financial Statements") and should be read in their entirety. The Auditor's letter concludes that the Financial Statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Auditor has not reviewed the contents of this Remarketing Statement, and the District has not sought the Auditor's consent to the inclusion of the Auditor's report in the Financial Statements in this Remarketing Statement.

Reduction in BAB Credits

On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, including reductions in Build America Bond (“BAB”) interest subsidy payments (“BAB Credits”). The originally scheduled BAB Credit was reduced by 8.7% in federal fiscal year 2013 (which ended September 30, 2013), by 7.2% in federal fiscal year 2014 and by 7.3% in federal fiscal year 2015. Under a federal budget bill enacted in December 2013, the reduction of BAB Credits will continue through federal fiscal year 2023.

As set forth under the captions “—Historic Operating Results and Debt Service Coverage” and “—Projected Operating Results and Debt Service Coverage,” the District’s Series 2010B Bonds are BABs and the operating results for Fiscal Year 2014 and projected operating results for Fiscal Years 2015 through 2019 shown therein reflect the announced reduction in BAB Credits. While the District continues to monitor the effects of the reduction in BAB Credits on District finances, the District does not currently expect such reduction to have a material adverse effect on the ability of the District to make payments of principal of and interest on the Series 2010B Bonds or the Series 2011A-1 Bonds from Net Revenues.

Historic Operating Results and Debt Service Coverage

The following summary of operating results of the District for the last five Fiscal Years is derived from the Financial Statements and audited financial statements of the District for prior Fiscal Years and excludes certain non-cash items and includes certain other adjustments. Such summary operating results are qualified in their entirety by reference to such statements, including the notes thereto.

TABLE 31
IRVINE RANCH WATER DISTRICT
Historic Operating Results and Debt Service Coverage
Fiscal Years 2010 through 2014
(in Thousands)

	2010	2011	2012	2013	2014
REVENUES					
Water sales and service charges	\$ 51,268	\$ 54,796	\$ 57,558	\$ 62,565	\$ 66,321
Recycled water sales and sewer service charges	45,344	45,375	49,234	53,085	58,109
Connection fees	5,818	10,572	9,030	17,314	22,429
Net real estate income	5,624	5,649	6,736	6,566	7,760
Interest income	2,191	2,599	1,738	1,549	1,671
Net earnings on JPA ⁽¹⁾	4,196	12,444 ⁽¹¹⁾	11,927	20,294 ⁽¹²⁾	12,356
Available 1% Property Tax Revenues ⁽²⁾	19,346	22,396	25,858	25,719	26,432
Other ⁽³⁾	10,706	7,987	6,141	8,323	10,974
Total Revenues	<u>\$ 144,493</u>	<u>\$ 161,818</u>	<u>\$ 168,222</u>	<u>\$ 195,415</u>	<u>\$ 206,052</u>
OPERATION AND MAINTENANCE EXPENSES					
Water services	\$ 40,103	\$ 42,383	\$ 40,593	\$ 48,911	\$ 57,624
Sewer services	27,804	30,787	26,817	36,688 ⁽¹⁶⁾	37,715
Administrative and general	22,904	21,332	27,182 ⁽¹⁴⁾	22,667 ⁽¹⁶⁾	22,272
Customer accounts ⁽⁴⁾	3,772	3,737	3,737	3,753	0
Other	1,286	989	10,713 ⁽¹⁵⁾	6,110 ⁽¹⁷⁾	7,163
Total Operation & Maintenance Expenses	<u>\$ 95,869</u>	<u>\$ 99,228</u>	<u>\$ 109,042</u>	<u>\$ 118,129</u>	<u>\$ 124,774</u>
NET REVENUES	\$ 48,624	\$ 62,590	\$ 59,180	\$ 77,286	\$ 81,278
ASSESSMENT PROCEEDS⁽¹¹⁾	\$ 0	\$ 0	\$ 5,816	\$ 5,877	\$ 8,509
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	<u>\$ 48,624</u>	<u>\$ 62,590</u>	<u>\$ 64,996</u>	<u>\$ 83,163</u>	<u>\$ 89,787</u>
PARITY OBLIGATIONS					
Series 2011A-1/A-2 Bonds	\$ 0	\$ 35	\$ 2,284	\$ 2,306	\$ 2,360
Series 2010B Bonds ⁽⁵⁾	0	4,080	7,533	7,519	7,825
2010 Installment Sale Agreement ⁽⁶⁾	3,119	7,680	7,977	8,300	8,665
Certificates of Participation ⁽⁷⁾	2,827	0	0	0	0
1997 State Loan #3	0	226	226	226	227
Prior Reimbursement Agreements	0	0	0	0	0
Total Parity Debt Service	<u>\$ 5,946</u>	<u>\$ 12,021</u>	<u>\$ 18,020</u>	<u>\$ 18,351</u>	<u>\$ 19,077</u>
PARITY OBLIGATION COVERAGE⁽⁸⁾	8.2x	5.2x ⁽¹³⁾	3.6x	4.5x	4.7x
Revenues Available For Subordinate Debt Service	\$ 42,678	\$ 50,569	\$ 46,976	\$ 64,812	\$ 70,710
SUBORDINATE OBLIGATIONS					
Swap Payments ⁽⁹⁾	\$ 7,391	\$ 7,734	\$ 7,734	\$ 7,452	\$ 7,555
State Loans and SCWD Debt ⁽¹⁰⁾	381	308	308	308	308
1986 Certificates of Participation ⁽⁷⁾	2,605	0	0	0	0
Total Subordinate Debt Service	<u>\$ 10,377</u>	<u>\$ 8,042</u>	<u>\$ 8,042</u>	<u>\$ 7,760</u>	<u>\$ 7,863</u>
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 32,301	\$ 42,527	\$ 38,934	\$ 57,052	\$ 62,847
1% Pledged Property Tax Revenues ⁽¹¹⁾	7,804	4,593	3,292	3,546	3,013
<i>Ad valorem</i> Assessments	11,244	11,875	6,060	5,940	4,797
Total Funds Available for <i>Ad Valorem</i> Assessment Bonds	\$ 51,349	\$ 58,995	\$ 48,286	\$ 66,538	\$ 70,657
<i>Ad Valorem</i> Assessment Bond Debt Service	(21,179)	(16,899)	(16,899)	(17,129)	(10,501)
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 30,170</u>	<u>\$ 42,096</u>	<u>\$ 31,387</u>	<u>\$ 49,409</u>	<u>\$ 60,156</u>

- (1) Reflects earnings from investment of proceeds of taxable bonds issued by Irvine Ranch Water District Joint Powers Agency in excess of payments of principal of and interest on such obligations. Such obligations matured in Fiscal Year 2014 and the Irvine Ranch Water District Joint Powers Agency was thereupon terminated in accordance with its joint powers agreement.
- (2) Represents 1% Property Tax Revenues available to pay debt service on Parity Obligations after payment of debt service on bonds of the District secured by a pledge of the District's share of the Orange County 1% general *ad valorem* property tax pursuant to Resolution No. 1992-48, adopted by the Board of Directors of the District on November 23, 1992, or Resolution 2002-10, adopted by the Board of Directors of the District on April 8, 2002 (collectively, the "Secured Bonds") from 1% Property Tax Revenues and *ad valorem* assessments.
- (3) Other Revenues includes golf course lease, cell site leases, conservation revenue, penalty revenue, grants and Allen-McColloch pipeline income.
- (4) In Fiscal Year 2014, the District began recording Customer Accounts expenses in the Water Services and Sewer Services line items.
- (5) Debt Service net of BAB Credit on Series 2010B Bonds. Fiscal Year 2013 amount reflects announced reductions in BAB Credits. See the caption "—Reduction in BAB Credits."
- (6) Entered into in February 2010 in connection with the prepayment of the 2008 Certificates of Participation and the 1986 Certificates of Participation.
- (7) Prepaid in February 2010.
- (8) Total Net Revenues and Assessment Proceeds divided by Total Parity Debt Service.
- (9) Net swap payments made.
- (10) Santiago County Water District was consolidated into the District as of July 1, 2006.
- (11) Represents District's share of 1% Property Tax Revenues which, together with the *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds. Decreases reflect scheduled mandatory sinking fund payments and redemption of approximately \$3.1 million in Secured Bonds.
- (12) Refunding of Irvine Ranch Water District Joint Powers Agency bonds described in Footnote 1 in Fiscal Year 2010 resulted in a savings of approximately \$32.0 million, of which a portion was realized in each of Fiscal Years 2011, 2013 and 2014.
- (13) Reduced Parity Obligation coverage beginning in Fiscal Year 2011 reflects scheduled increases in Parity Obligation debt service.
- (14) Increase from Fiscal Year 2011 reflects expenses related to increased solids handling capacity at OCSD, which is expected to continue until December 2016, when the District expects to complete construction of its own facility to treat and dispose of solids. See the caption "THE SEWER SYSTEM—General."
- (15) Increase from Fiscal Year 2011 reflects capital improvement project writeoffs in accordance with GASB Statement 51 (Accounting and Financial Reporting for Intangible Assets) in the total amount of approximately \$10.3 million.
- (16) Increase from Fiscal Year 2012 amount in Fiscal Year 2013 reflects recording of OCSD expenses, which were previously treated as an administrative and general line item, in the sewer services line item. See the caption "THE SEWER SYSTEM—General."
- (17) Decrease from Fiscal Year 2012 amount in Fiscal Year 2013 reflects significant reduction in capital improvement project reclassifications and writeoffs. See Footnote 15.

Source: The District.

Projected Operating Results and Debt Service Coverage

The District's estimated projected operating results for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the District's assumptions, including the assumptions in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

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TABLE 32
IRVINE RANCH WATER DISTRICT
Five-Year Debt Service Coverage Forecast
Fiscal Years 2015 through 2019
(in Thousands)

	2015	2016	2017	2018	2019
REVENUES					
Water sales and service charges ⁽¹⁾	\$ 68,035	\$ 73,478	\$ 78,621	\$ 84,125	\$ 90,013
Recycled water sales and sewer service charges ⁽²⁾	64,925	70,119	74,326	78,786	83,513
Connection fees ⁽³⁾	17,000	22,000	22,000	23,000	22,000
Net real estate income ⁽⁴⁾	8,406	8,588	8,749	8,913	9,081
Interest income ⁽⁵⁾	1,366	2,603	3,477	3,610	5,361
Available 1% Property Tax Revenues ⁽⁶⁾	25,611	27,206	28,071	29,051	30,527
Other ⁽⁷⁾	11,523	12,099	12,704	13,339	14,006
Total Revenues	<u>\$ 196,866</u>	<u>\$ 216,092</u>	<u>\$ 227,948</u>	<u>\$ 240,824</u>	<u>\$ 254,501</u>
OPERATION AND MAINTENANCE EXPENSES					
Water services ⁽⁸⁾	\$ 62,234	\$ 67,213	\$ 71,245	\$ 75,520	\$ 80,051
Sewer services ⁽⁹⁾	39,978	42,377	44,919	47,614	50,471
Administrative and general ⁽⁹⁾	23,608	25,025	26,526	28,118	29,805
Other ⁽¹⁰⁾	5,000	5,100	5,202	5,306	5,412
Total Operation & Maintenance Expenses	<u>\$ 130,820</u>	<u>\$ 139,714</u>	<u>\$ 147,893</u>	<u>\$ 156,558</u>	<u>\$ 165,740</u>
NET REVENUES	\$ 66,046	\$ 76,378	\$ 80,055	\$ 84,265	\$ 88,761
ASSESSMENT PROCEEDS⁽¹¹⁾	\$ 5,723	\$ 4,719	\$ 4,972	\$ 5,274	\$ 4,285
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	<u>\$ 71,769</u>	<u>\$ 81,097</u>	<u>\$ 85,027</u>	<u>\$ 89,540</u>	<u>\$ 93,047</u>
PARITY OBLIGATIONS⁽¹²⁾					
Series 2011A-1/A-2 Bonds ⁽¹³⁾	\$ 3,213	\$ 3,682	\$ 4,168	\$ 4,219	\$ 4,098
Series 2010B Bonds ⁽¹⁴⁾	7,829	7,829	7,829	7,829	7,829
2010 Installment Sale Agreement ⁽¹⁵⁾	9,098	9,487	9,812	3,995	4,094
1997 State Loan #3 ⁽¹⁵⁾	227	227	227	227	227
Prior Reimbursement Agreements	0	0	0	0	0
Total Parity Debt Service	<u>\$ 20,367</u>	<u>\$ 21,224</u>	<u>\$ 22,035</u>	<u>\$ 16,270</u>	<u>\$ 16,248</u>
PARITY OBLIGATION COVERAGE⁽¹⁶⁾	3.5x	3.8x	3.9x	5.5x	5.7x
Revenues Available For Subordinate Debt Service	\$ 51,402	\$ 59,874	\$ 62,993	\$ 73,269	\$ 76,799
SUBORDINATE OBLIGATIONS⁽¹²⁾					
Swap Payments ⁽¹⁷⁾	\$ 7,475	\$ 7,085	\$ 6,435	\$ 5,915	\$ 5,294
State Loans and SCWD Debt ⁽¹⁵⁾	308	308	308	308	308
Total Subordinate Debt Service	<u>\$ 7,783</u>	<u>\$ 7,393</u>	<u>\$ 6,743</u>	<u>\$ 6,223</u>	<u>\$ 5,602</u>
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 43,619	\$ 52,481	\$ 56,250	\$ 67,046	\$ 71,197
1% Pledged Property Tax Revenues ⁽¹⁸⁾	2,889	2,194	2,129	2,049	1,573
Ad valorem Assessments ⁽¹⁹⁾	5,277	6,881	7,128	7,426	8,415
Total Funds Available for Ad Valorem Assessment Bonds	\$ 51,786	\$ 61,556	\$ 65,506	\$ 76,522	\$ 81,185
Ad Valorem Assessment Bond Debt Service ⁽²⁰⁾	(10,940)	(13,391)	(14,619)	(16,226)	(21,531)
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 40,846</u>	<u>\$ 48,164</u>	<u>\$ 50,887</u>	<u>\$ 60,296</u>	<u>\$ 59,654</u>

⁽¹⁾ Projected to increase approximately 2.6% from Fiscal Year 2014 amount in Fiscal Year 2015, 8% from Fiscal Year 2015 amount in Fiscal Year 2016 and 7% per annum thereafter. See the caption "THE WATER SYSTEM—Projected Water Sales and Service Charge Revenues."

- (2) Projected to increase approximately 11.7% from Fiscal Year 2014 amount in Fiscal Year 2015, 8% from Fiscal Year 2015 amount in Fiscal Year 2016 and 6% per annum thereafter. See the caption “THE SEWER SYSTEM—Projected Recycled Water Sales and Sewer Service Charge Revenues.”
- (3) Based on District projections of development.
- (4) Based on existing and expected leases. See the captions “THE IRVINE RANCH WATER DISTRICT—Current Investments” and “THE IRVINE RANCH WATER DISTRICT—Projected Net Real Estate Income.”
- (5) Assumes interest rates increasing from 0.45% in Fiscal Year 2015 to 2.00% in Fiscal Year 2019.
- (6) Represents 1% Property Tax Revenues available to pay Debt Service on Parity Obligations after payment of debt service on Secured Bonds from 1% Property Tax Revenues and applicable *ad valorem* assessments. Projected fluctuation in 1% Property Tax Revenues is a result of uneven debt service on Secured Bonds. See the caption “THE IRVINE RANCH WATER DISTRICT—1% Property Tax Revenues.”
- (7) Includes, golf course lease, cell site leases, conservation revenue, penalty revenue, grants and Allen-McColloch pipeline income. Projected to increase 5% per annum from Fiscal Year 2014 amount.
- (8) Projected to increase 8% per annum from Fiscal Year 2014 amount in Fiscal Year 2015 and 2016 and 6% per annum thereafter.
- (9) Projected to increase 6% per annum from Fiscal Year 2014 amount.
- (10) Projected to increase 2% from Fiscal Year 2015 budgeted amount.
- (11) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *Ad Valorem* Assessment Bonds. Assessment Proceeds are only available to pay debt service on Series 2010B Bonds, Series 2011A-1 Bonds and Series 2011A-2 Bonds and are not available to pay other Parity Obligations which are not general obligation bonds secured by *ad valorem* assessments.
- (12) Does not reflect the issuance of additional debt to finance future capital improvements. See the caption “FUTURE CAPITAL IMPROVEMENTS.”
- (13) Projected at SIFMA rates increasing from 0.15% in Fiscal Year 2015 to 2.00% in Fiscal Year 2019. Assumes that the purchase price of Series 2011A-1 Bonds and Series 2011A-2 Bonds is paid from remarketing proceeds.
- (14) Debt Service net of BAB Credit on Series 2010B Bonds. Reflects announced reductions in BAB Credits. See the caption “—Reduction in BAB Credits.”
- (15) Reflects scheduled Debt Service, including scheduled reductions in principal payments on 2010 Installment Sale Agreement beginning in Fiscal Year 2018.
- (16) Total Net Revenues and Assessment Proceeds divided by Total Parity Debt Service.
- (17) Net swap payments. Assumes 5-year average of LIBOR rate with respect to swaps of 0.97%, increasing from 0.20% in Fiscal Year 2015 to 1.90% in Fiscal Year 2019. See the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”
- (18) Represents District’s share of 1% Property Tax Revenues which, together with the applicable *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds.
- (19) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *ad valorem* assessment bonds and Series 2010B Bonds, Series 2011A-1 Bonds and Series 2011A-2 Bonds.
- (20) *Ad Valorem* Assessment Bonds debt projection assumes annual sinking fund payments, SIFMA rates ranging from 0.15% in Fiscal Year 2015 to 2.00% in Fiscal Year 2019 and letter of credit fees equal to 0.35% of principal. Does not include Series 2010B Bonds, Series 2011A-1 Bonds or Series 2011A-2 Bonds, which are Parity Obligations. Assumes \$150 million of new variable rate *ad valorem* assessment bonds issued in Fiscal Years 2016 and 2019.

Source: The District.

THE IMPROVEMENT DISTRICTS

General

The District contains seven water Improvement Districts and ten sewer Improvement Districts covering specific areas within the District’s boundaries, some of them overlapping and each of which is governed by the Act. The District formed the Improvement Districts in order to allocate funding responsibility for capital facilities to the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development so that capital facilities construction can be matched to the development approval decisions of the respective local agency that makes them. Some of the Improvement Districts share in the funding of the District’s regional facilities which the Improvement Districts will use in common, such as major water importation facilities or sewer treatment plants.

Each Improvement District has a respective plan of works and a certain amount of authorized general obligation bonded indebtedness. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness.” The *Ad Valorem* Assessment Bonds issued pursuant to such authorization are sold in each instance by the District on the respective Improvement District’s behalf. The obligation for repayment of bonds issued on behalf of an Improvement District is secured in each instance by the power of the District to levy and collect within such Improvement District *ad valorem* assessments without limitation as to rate or amount on land only (enforceable by

customary rights to foreclose and sell property for delinquent assessments) or, in lieu of assessments, in the District's discretion, charges for water or sewer service, as applicable, all within the subject Improvement District. These powers and functions are exercised for each Improvement District by the Board of Directors of the District. Although the respective funding obligations of each Improvement District are separate and independent, the Improvement Districts are not operated as separate or independent governmental entities, nor do they have governing boards or any staff. The Improvement Districts are geographical subdivisions of the District through which the District funds capital improvements.

As a result of the District's discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District vary from year to year and generally do not result in revenues that correspond with debt service requirements on the *Ad Valorem* Assessment Bonds. The annual tax rates set by the District may vary from year to year for other reasons as well. The District has covenanted under the Indenture that, to the extent necessary to pay debt service on the Series 2011A-1 Bonds, it will impose and collect Bond Assessments and Charges. See the caption "SECURITY FOR THE SERIES 2011A-1 BONDS—General—Covenant to Collect Bond Assessments and Charges" in the forepart of this Remarketing Statement.

The California Water Code allows the Board of Directors, in a noticed hearing process, to reorganize its improvement district boundaries and to consolidate coterminous improvement districts. As development progresses to completion in improvement districts and the need for having separate improvement districts to match capital facilities construction timing for different geographic areas diminishes, consolidation of various improvement districts can produce efficiencies for the District. Under the California Water Code provisions, certain improvement districts of the District are the consolidated successors to previously separate water improvement districts or previously separate sewer improvement districts, respectively. In 2013, following studies carried out by the District to identify further opportunities to implement such consolidations and reorganizations of its improvement districts, the District implemented improvement district consolidation that reduced the number of its improvement districts from 33 to 17. The statutory provisions for the consolidation of improvement districts specify that a consolidated improvement district may levy and collect the assessments and charges necessary to satisfy the obligations of its predecessor improvement districts, and that the authorized and unissued bonds of the predecessor improvement districts may be issued and sold as the bonds of the consolidated improvement district. The District believes that its actions to reorganize and/or consolidate improvement districts will not impair the District's obligation to pay debt service on the outstanding bonds of such improvement districts or the security therefor. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District Nos. 105 and 250 into Improvement District Nos. 125 and 225, respectively.

The following is a general description of each of the Improvement Districts as to which the Series 2011A-1 Bonds constitute consolidated, several general obligations:

Improvement District Nos. 125 and 225

General. At the time of their initial issuance on April 15, 2011, the Series 2011A-1 Bonds constituted the consolidated, several general obligations of Improvement District Nos. 105, 113, 213 and 250. Improvement District Nos. 125 and 225 are the legal successors to Improvement District Nos. 105 and 250, respectively. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District Nos. 105 and 250 into Improvement District Nos. 125 and 225, respectively.

Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement

District Nos. 125 and 225 consists of developed residential and commercial properties. The District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2020. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 125 is \$29,578,638,615, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 105 before its consolidation into Improvement District No. 125 was \$7,099,866,552. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 225 is \$24,757,488,949, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 250 before its consolidation into Improvement District No. 225 was \$6,776,400,622.

Set forth below is information with respect to Improvement District Nos. 125 and 225 for Fiscal Years 2014 and 2015 and their respective predecessor Improvement Districts for prior Fiscal Years.

The *ad valorem* assessments levied by the District in Improvement District Nos. 125 and 225 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2011A-1 Bonds will be levied on land only. See Table 3 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness" for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District Nos. 125 and 225 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 105 for the Fiscal Years ended June 30, 2011 through June 30, 2013 and the assessed valuations of land in Improvement District No. 125 for the Fiscal Year ended June 30, 2014 and the Fiscal Year ending June 30, 2015. Assessed valuations of land in Improvement District No. 125 are not available for Fiscal Years prior to Fiscal Year 2014 because Improvement District No. 125 did not exist prior to November 11, 2013.

TABLE 33
IRVINE RANCH WATER DISTRICT
Improvement District No. 105/125
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2011 ⁽²⁾	\$ 5,753,773,845	\$26,979,470	\$ 5,780,753,315
2012 ⁽²⁾	6,309,579,342	6,491,171	6,316,070,513
2013 ⁽²⁾	6,602,927,949	5,728,927	6,608,656,876
2014 ⁽³⁾	27,277,013,090	404,065 ⁽⁴⁾	27,277,417,155
2015 ⁽³⁾	29,578,234,550	404,065 ⁽⁴⁾	29,578,638,615

- (1) Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
- (2) Reflects assessed valuations for Improvement District No. 105. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 105 into Improvement District No. 125.
- (3) Reflects assessed valuations for Improvement District No. 125. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 105 into Improvement District No. 125.
- (4) Certain secured values that were omitted from the secured tax roll and allocated to the unsecured tax roll by the County Assessor in Fiscal Years 2014 and 2015 have been omitted from the table.

Source: California Municipal Statistics, Inc.

The following table presents the assessed valuations of land in Improvement District No. 250 for the Fiscal Years ended June 30, 2011 through June 30, 2013 and the assessed valuations of land in Improvement District No. 225 for the Fiscal Year ended June 30, 2014 and the Fiscal Year ending June 30, 2015. Assessed valuations of land in Improvement District No. 225 are not available for Fiscal Years prior to Fiscal Year 2014 because Improvement District No. 225 did not exist prior to November 11, 2013.

TABLE 34
IRVINE RANCH WATER DISTRICT
Improvement District No. 250/225
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured</i> ⁽¹⁾	<i>Total</i>
2011 ⁽²⁾	\$ 5,432,737,954	\$26,636,942	\$ 5,459,374,896
2012 ⁽²⁾	5,997,217,214	6,210,415	6,003,427,629
2013 ⁽²⁾	6,288,670,201	5,529,610	6,294,199,811
2014 ⁽³⁾	22,829,136,845	404,065 ⁽⁴⁾	22,829,540,910
2015 ⁽³⁾	24,757,084,884	404,065 ⁽⁴⁾	24,757,488,949

- ⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
- ⁽²⁾ Reflects assessed valuations for Improvement District No. 250. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 250 into Improvement District No. 225.
- ⁽³⁾ Reflects assessed valuations for Improvement District No. 225. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 250 into Improvement District No. 225.
- ⁽⁴⁾ Certain secured values that were omitted from the secured tax roll and allocated to the unsecured tax roll by the County Assessor in Fiscal Years 2014 and 2015 have been omitted from the table.

Source: California Municipal Statistics, Inc.

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The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 125 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2015:

TABLE 35
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2015 Assessed Valuation</i> ⁽¹⁾	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 213,641,323	0.72%	210	0.20%
Commercial/Office	2,767,280,638	9.36	1,416	1.37
Industrial	1,503,414,737	5.08	1,106	1.07
Government/Social/Institutional	290,790	0.00	124	0.12
Miscellaneous	<u>42,758,286</u>	<u>0.14</u>	<u>12</u>	<u>0.01</u>
Subtotal Non-Residential	\$ 4,527,385,774	15.31%	2,868	2.77%
Residential:				
Single Family Residence	\$17,063,649,198	57.69%	34,644	33.42%
Condominium	7,417,246,018	25.08	28,086	27.09
2+ Residential Units/Apartments	494,206,077	1.67	220	0.21
Timeshare Interests	<u>75,747,483</u>	<u>0.26</u>	<u>37,847</u>	<u>36.51</u>
Subtotal Residential	\$25,050,848,776	84.69%	100,797	97.23%
Total	<u>\$29,578,234,550</u>	<u>100.00%</u>	<u>103,665</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

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The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 225 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2015:

TABLE 36
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2015 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 192,808,794	0.78%	188	0.29%
Commercial/Office	2,694,003,749	10.88	1,368	2.11
Industrial	1,492,087,704	6.03	1,083	1.67
Government/Social/Institutional	268,687	0.00	120	0.19
Miscellaneous	<u>42,163,128</u>	<u>0.17</u>	<u>11</u>	<u>0.02</u>
Subtotal Non-Residential	\$ 4,421,332,062	17.86%	2,770	4.42%
Residential:				
Single Family Residence	\$12,777,123,640	51.61%	33,895	52.36%
Condominium	7,029,333,371	28.39	27,841	43.01
2+ Residential Units/Apartments	<u>529,295,811</u>	<u>2.14</u>	<u>227</u>	<u>0.35</u>
Subtotal Residential	\$20,335,752,822	82.14%	61,963	95.72%
Total	<u>\$24,757,084,884</u>	<u>100.00%</u>	<u>64,733</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 125 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2015:

**TABLE 37
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Largest Local Secured Taxpayers**

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2015 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 929,089,958	3.14%
2.	Irvine Apartment Communities LP	Apartments	117,419,366	0.40
3.	Heritage Fields El Toro LLC	Commercial	100,721,156	0.34
4.	Shea/Baker Ranch Associates LLC	Residential Properties	57,412,460	0.19
5.	ABS CA-O DCI LLC	Commercial	51,549,777	0.17
6.	PPC Irvine Center Investment LLC	Commercial	32,921,388	0.11
7.	Kia Motors America Inc.	Commercial	32,857,794	0.11
8.	Avalon Baker Ranch LP	Undeveloped	31,643,009	0.11
9.	Oakley Inc.	Industrial	31,241,813	0.11
10.	Ryland Homes of California Inc.	Residential Properties	<u>29,560,397</u>	<u>0.10</u>
	TOTAL		<u>\$1,414,417,118</u>	<u>4.78%</u>

⁽¹⁾ Fiscal Year 2015 Local Secured Assessed Valuation (Land Only): \$29,578,234,550.
Source: California Municipal Statistics, Inc.

The following table lists the major taxpayers in Improvement District No. 225 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2015:

**TABLE 38
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Largest Local Secured Taxpayers**

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2015 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 860,942,208	3.48%
2.	Irvine Apartment Communities LP	Apartments	117,419,366	0.47
3.	Heritage Fields El Toro LLC	Commercial	100,721,156	0.41
4.	Shea/Baker Ranch Associates LLC	Residential Properties	57,412,460	0.23
5.	ABS CA-O DCI LLC	Commercial	51,549,777	0.21
6.	PPC Irvine Center Investment LLC	Commercial	32,921,388	0.13
7.	Kia Motors America Inc.	Commercial	32,857,794	0.13
8.	Avalon Baker Ranch LP	Undeveloped	31,643,009	0.13
9.	Oakley Inc.	Industrial	31,241,813	0.13
10.	Ryland Homes of California Inc.	Residential Properties	<u>29,560,397</u>	<u>0.12</u>
	TOTAL		<u>\$1,346,269,368</u>	<u>5.44%</u>

⁽¹⁾ Fiscal Year 2014 Local Secured Assessed Valuation (Land Only): \$24,757,084,884.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “Debt Reports–I.D. 125/225”) for Improvement District Nos. 125 and 225, respectively, prepared by California Municipal Statistics, Inc. and effective December 31, 2014. The Debt Reports–I.D.

125/225 were prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Reports–I.D. 125/225 generally include long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 125 and No. 225 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 125 and No. 225 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 125 and No. 225. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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TABLE 39
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Direct and Overlapping Debt Statement

Fiscal Year 2015 Land Only Assessed Valuation: \$29,578,638,615

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/14</u>
Metropolitan Water District	2.472%	\$ 3,269,838
Coast Community College District	5.095	31,059,054
Rancho Santiago Community College District	0.975	2,703,582
Laguna Beach Unified School District	14.764	4,034,263
Newport Mesa Unified School District	14.263	32,982,353
Saddleback Valley Unified School District	32.615	39,868,576
Tustin Unified School District School Facilities Improvement District No. 2002-1	4.023	2,128,743
Tustin Unified School District School Facilities Improvement District No. 2008-1	4.116	2,901,574
Tustin Unified School District School Facilities Improvement District No. 2012-1	32.883	10,698,484
Irvine Ranch Water District Improvement District No. 125	100.000	188,789,150⁽²⁾
Irvine Ranch Water District Improvement District No. 225	94.479	223,932,398
Irvine Ranch Water District Improvement District No. 240	99.993	23,926,504
Community Facilities Districts	0.737-100.000	867,238,424
County 1915 Act Bonds	100.000	78,315,000
City 1915 Act Bonds	Various	<u>775,850,944</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,287,698,887
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	12.147%	\$ 15,146,823
Orange County Pension Obligations	12.147	31,294,878
Orange County Board of Education Certificates of Participation	12.147	1,882,785
Orange Unified School District Certificates of Participation and Benefit Obligations	2.040	2,418,790
City of Lake Forest Certificates of Participation	80.255	7,439,639
City of Newport Beach Certificates of Participation	23.175	27,020,891
Municipal Water District of Orange County Water Facilities Corporation	14.534	<u>779,022</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$ 85,982,828
Less: MWDOC Water Facilities Corporation (100% supported)		<u>779,022</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$ 85,203,806
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)		\$ 6,218,282
 GROSS COMBINED TOTAL DEBT		\$2,379,899,997⁽³⁾
NET COMBINED TOTAL DEBT		\$2,379,120,975

Ratios to Fiscal Year 2015 Land Only Assessed Valuation:

Direct Debt (\$186,246,070)0.64%
Total Direct and Overlapping Tax and Assessment Debt.....7.73%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt.....4.16%
Net Combined Total Debt4.16%

Ratios to Redevelopment Incremental Valuation \$(342,589,524):

Total Overlapping Tax Increment Debt.....1.82%

⁽¹⁾ Based on all property assessed valuation of \$57,232,813,776.

⁽²⁾ Improvement District No. 125 was formed by consolidating former Improvement District Nos. 105, 106, 120, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TABLE 40
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Direct and Overlapping Debt Statement

Fiscal Year 2015 Land Only Assessed Valuation: \$24,757,488,949

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/14</u>
Metropolitan Water District	2.133%	\$ 2,821,426
Coast Community College District	0.318	1,938,524
Rancho Santiago Community College District	0.022	61,004
Newport Mesa Unified School District	3.247	7,508,498
Saddleback Valley Unified School District	31.933	39,034,899
Tustin Unified School District School Facilities Improvement District No. 2002-1	5.793	3,065,327
Tustin Unified School District School Facilities Improvement District No. 2008-1	5.933	4,182,468
Tustin Unified School District School Facilities Improvement District No. 2012-1	34.100	11,094,435
Irvine Ranch Water District Improvement District No. 125	79.087	149,307,675
Irvine Ranch Water District Improvement District No. 225	100.000	237,018,171⁽²⁾
Community Facilities Districts	0.737-100.000	834,512,683
County 1915 Act Bonds	2.729	171,518
City 1915 Act Bonds	Various	<u>773,124,729</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,063,841,357
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	10.483%	\$ 13,071,882
Orange County Pension Obligations	10.483	27,007,838
Orange County Board of Education Certificates of Participation	10.483	1,624,865
Orange Unified School District Certificates of Participation and Benefit Obligations	0.045	53,355
City of Lake Forest Certificates of Participation	78.375	7,265,363
City of Newport Beach Certificates of Participation	4.054	4,726,761
Municipal Water District of Orange County Water Facilities Corporation	12.542	<u>672,251</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$ 54,422,315
Less: MWDOC Water Facilities Corporation (100% supported)		<u>672,251</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$ 53,750,064
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)		 \$ 6,218,282
 GROSS COMBINED TOTAL DEBT		 \$2,124,481,954⁽³⁾
NET COMBINED TOTAL DEBT		\$2,123,809,703

Ratios to Fiscal Year 2015 Land Only Assessed Valuation:

Direct Debt (\$237,018,171)0.96%
Total Direct and Overlapping Tax and Assessment Debt.....8.34%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt.....4.30%
Net Combined Total Debt4.30%

Ratios to Redevelopment Incremental Valuation \$(342,589,524):

Total Overlapping Tax Increment Debt.....1.82%

⁽¹⁾ Based on all property assessed valuation of \$49,389,510,321.

⁽²⁾ Improvement District No. 225 was formed by consolidating former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District Nos. 113 and 213

General. Improvement District No. 113 (water) and Improvement District No. 213 (sewer) are coterminous and are located in portions of the Cities of Tustin and Irvine, California. Improvement District No. 113 and Improvement District No. 213 are comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District No. 113 and Improvement District No. 213 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial, institutional and recreational uses. The District expects development in Improvement District No. 113 and Improvement District No. 213 to continue through at least approximately 2020. The District expects that future development will consist of approximately 4,800 dwelling units and approximately 12,100,000 square feet of commercial, institutional and recreational uses.

Set forth below is information with respect to Improvement District No. 113 and Improvement District No. 213.

The *ad valorem* assessments levied by the District in Improvement District Nos. 113 and 213 to pay such Improvement Districts’ respective Included Amounts of debt service on the Series 2011A-1 Bonds will be levied on land only. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District Nos. 113 and 213 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 113 and Improvement District No. 213 for the Fiscal Years ended June 30, 2011 through June 30, 2015.

TABLE 41
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2011	\$651,328,825	\$588,355	\$651,917,180
2012	552,924,477	533,680	553,458,157
2013	535,648,801	720,289	536,369,090
2014	561,601,211	637,882	562,239,093
2015	673,958,777	637,562	674,596,339

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases. Source: California Municipal Statistics, Inc.

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The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 113 and Improvement District No. 213 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2015:

TABLE 42
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2015 Assessed Valuation</i> ⁽¹⁾	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Commercial/Office	\$ 98,818,646	14.66%	1,368	37.77%
Government/Social/Institutional	<u>0</u>	<u>0.00</u>	<u>166</u>	<u>4.58</u>
Subtotal Non-Residential	\$ 98,818,646	14.66%	1,534	42.35%
Residential:				
Single Family Residence	\$ 276,026,094	40.96%	730	20.15%
Condominium	292,972,192	43.47	1,357	37.47
2+ Residential Units/Apartments	<u>6,141,845</u>	<u>0.91</u>	<u>1</u>	<u>0.03</u>
Subtotal Residential	\$ 575,140,131	85.34%	2,088	57.65%
Total	<u>\$ 673,958,777</u>	<u>100.00%</u>	<u>3,622</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes tax-exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table lists the major taxpayers in Improvement District No. 113 and Improvement District No. 213 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2015:

TABLE 43
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2015 Assessed Valuation</i>	<i>% of Total</i> ⁽¹⁾
1.	Vestar/Kimco Tustin LP	Commercial	\$ 73,533,283	10.91%
2.	Costco Wholesale Corporation	Commercial	12,817,414	1.90
3.	Lowes HIW Inc.	Commercial	10,768,854	1.60
4.	Tustin Coventry Seniors LP	Apartments	6,141,845	0.91
5.	Liang Inc.	Residential	975,913	0.14
6.	Rakesh Bhatia	Residential	778,615	0.12
7.	Rachel Yeng Chen	Residential	684,542	0.10
8.	Viay and Rupali Pai	Residential	659,263	0.10
9.	Chih-Ling Chang	Residential	649,538	0.10
10.	Piyush and Ambica Garg	Residential	<u>621,657</u>	<u>0.09</u>
	TOTAL		<u>\$ 107,630,924</u>	<u>15.97%</u>

⁽¹⁾ Fiscal Year 2015 Local Secured Assessed Valuation (Land Only): \$673,958,777.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “Debt Report–I.D. 113/213”) for Improvement District No. 113 and Improvement District No. 213 prepared by California Municipal Statistics, Inc. and effective December 31, 2014. The Debt Report–I.D. 113/213 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 113/213 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 113 and Improvement District No. 213 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 113 and Improvement District No. 213 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 113 and Improvement District No. 213. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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TABLE 44
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Direct and Overlapping Debt Statement

Fiscal Year 2015 Land Only Assessed Valuation: \$674,596,339

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/14</u>
Metropolitan Water District	0.066%	\$ 87,302
Rancho Santiago Community College District School Facilities Improvement District No. 1	0.001	706
Santa Ana Unified School District	0.001	2,820
Tustin Unified School District School Facilities Improvement District No. 2002-1	5.049	2,671,644
Tustin Unified School District School Facilities Improvement District No. 2008-1	1.789	1,261,156
Tustin Unified School District School Facilities Improvement District No. 2012-1	1.199	390,095
Tustin Unified School District Community Facilities District No. 06-1	100.000	13,465,000
City of Irvine Community Facilities District No. 2005-2	99.263	16,497,511
Irvine Ranch Water District Improvement District No. 113	100.000	13,900,000
Irvine Ranch Water District Improvement District No. 213	100.000	21,487,500
City of Tustin Community Facilities District Nos. 04-1, 06-1 and 07-1	60.350-100.000	<u>72,277,885</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$142,041,619
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	0.324%	\$ 404,015
Orange County Pension Obligation Bonds	0.324	834,736
Orange County Board of Education Certificates of Participation	0.324	50,220
Santa Ana Unified School District Certificates of Participation	0.001	750
Municipal Water District of Orange County Water Facilities Corporation	0.388	<u>20,797</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$ 1,310,518
Less: MWDOC Water Facilities Corporation (100% supported)		<u>20,797</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$ 1,289,721
 <u>OVERLAPPING TAX INCREMENT DEBT</u>		
Tustin Redevelopment Agency Housing Bonds	46.740%	\$10,287,474
Tustin Redevelopment Agency Marine Corps Air Station Project	88.698	<u>36,401,659</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$46,689,133
 GROSS COMBINED TOTAL DEBT		\$190,041,270⁽²⁾
NET COMBINED TOTAL DEBT		\$190,020,473

Ratios to Fiscal Year 2015 Land Only Assessed Valuation:

Direct Debt (\$35,387,500).....5.25%
Total Direct and Overlapping Tax and Assessment Debt.....21.06%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt12.43%
Net Combined Total Debt.....12.43%

Ratios to Redevelopment Incremental Valuation (\$420,819,302):

Overlapping Tax Increment Debt11.09%

⁽¹⁾ Based on all property assessed valuation of \$1,528,817,346.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIID. Article XIID defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIID further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it.

In July 2006, the California Supreme Court held, in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (“*Bighorn*”), that the initiative power described in Article XIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIC and XIID. Article XIID defines “fee” or “charge” to mean a levy (other than *ad valorem* or special taxes or assessments) imposed by a local government “upon a parcel or upon a person as an incident of property ownership,” including a user fee for a “property related service.” The Court also found that charges for water delivery are charges for a property-related service and, therefore, constitute “fees” or “charges” within the meaning of both Article XIID and section 3 of Article XIIC. In accordance with Article XIID and the decision in *Bighorn*, the District has conducted notice and hearing proceedings to comply with requirements of Article XIID with respect to proposed increases of rates and charges and commenced since Fiscal Year 2007. See the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.”

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” In light of *Bighorn* and as discussed above under “Article XIID,” the terms “fee” and “charge” as used in Article XIIC include, at a minimum, all of the fees and charges within the “property related” qualification set forth in Article XIID. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. Therefore, in the absence of other limitations, provisions of Article XIIC could be applicable to the water and sewer rates charged by the District. The District and its general counsel do not believe that Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Series 2011A-1 Bonds. Remedies available to beneficial owners of the Series 2011A-1 Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 will affect its ability to levy rates and charges for water, recycled water or sewer service.

Article XIII A

General. On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution (“Article XIII A”). Article XIII A limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by the voters voting on such indebtedness. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by each California county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon the location of reappraised property and the value of property within each taxing agency. Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B

An initiative to amend the California Constitution entitled “Limitation of Government Appropriations” was approved on November 6, 1979 thereby adding Article XIII B to the California Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys that are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriations of moneys that are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District is of the opinion that its rates and charges for water, sewer and recycled water services do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B, and that tax revenues and other revenues received by the District which may constitute the “proceeds of taxes” are appropriated for debt service or qualified capital outlay projects and are not subject to the limits of Article XIII B.

Proposition 1A

Proposition 1A, which was approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in fiscal years 2004-05 and 2005-06. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two thirds of both houses and certain other conditions are met. See the caption “THE IRVINE RANCH WATER DISTRICT—1% Property Tax Revenues” above.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218, Proposition 1A and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting ability of the District to collect or expend Revenues.

APPENDIX B
AUDITED FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

[TO COME FROM BOND COUNSEL]

APPENDIX D

CO-BOND COUNSEL OPINIONS

Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel to the District, rendered the following final approving opinions dated April 15, 2011 (the "2011 Opinions") in connection with the initial issuance of the Series 2011A-1 Bonds. Co-Bond Counsel have made no attempt to update or reaffirm the 2011 Opinions in connection with this Remarketing Statement or the remarketing of the Series 2011A-1 Bonds.

[SEE ATTACHED]

APPENDIX E

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2011A-1 Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to on the Series 2011A-1 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2011A-1 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, acts as securities depository for the Series 2011A-1 Bonds. The Series 2011A-1 Bonds are fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond was issued for each maturity of the Series 2011A-1 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2011A-1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A-1 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011A-1 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011A-1 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 2011A-1 Bonds, except in the event that use of the book-entry system for the Series 2011A-1 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A-1 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2011A-1 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Series 2011A-1 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A-1 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2011A-1 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011A-1 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2011A-1 Bond documents. For example, Beneficial Owners of Series 2011A-1 Bonds may wish to ascertain that the nominee holding the Series 2011A-1 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011A-1 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2011A-1 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2011A-1 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Series 2011A-1 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2011A-1 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2011A-1 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2011A-1 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2011A-1 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2011A-1 Bonds are transferred by Direct Participants or DTC's records and followed by book-entry credit of tendered Series 2011A-1 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2011A-1 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2011A-1 Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2011A-1 Bonds will be printed and delivered.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

The District entered into a Continuing Disclosure Certificate in the following form in connection with the initial issuance of the Series 2011A-1 Bonds on April 15, 2011:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Irvine Ranch Water District (the “District”) in connection with the execution and delivery of \$60,545,000 Bonds of Irvine Ranch Water District, Refunding Series 2011A-1 (the “Series 2011A-1 Bonds”) and the \$40,370,000 Bonds of Irvine Ranch Water District, Refunding Series 2011A-2 (the “Series 2011A-2 Bonds,” and together with the Series 2011A-1 Bonds, the “Series 2011A Bonds”) constituting the consolidated, several general obligations of Improvement District Nos. 105, 113, 213 and 250 (collectively, the “Improvement Districts”). The Series 2011A-1 Bonds are being issued pursuant to an Indenture of Trust, dated as of April 1, 2011 (the “Series 2011A-1 Indenture of Trust”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, and the Series 2011A-2 Bonds are being issued pursuant to an Indenture of Trust, dated as of April 1, 2011 (the “Series 2011A-2 Indenture of Trust,” and together with the Series 2011A-1 Indenture of Trust, the “Indentures of Trust”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee. The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indentures of Trust, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement of the District dated April 12, 2011 delivered in connection with the issuance of the Bonds.

Participating Underwriter. The term “Participating Underwriter” means the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with the Fiscal Year 2011) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in substantially the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the District for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Bonds outstanding.

(c) An update of the information in the following tables and/or captions in Appendix A—"IRVINE RANCH WATER DISTRICT" in the Official Statement:

1. "Outstanding Indebtedness" on page A-7;
2. IRVINE RANCH WATER DISTRICT Historic Water Supply In Acre Feet Per Year" under the caption "WATER SUPPLY—Historic and Projected Water Supply" on page A-19;
3. "THE WATER SYSTEM—Historic Water Connections" on page A-21;
4. "THE WATER SYSTEM—Historic Water Deliveries" on page A-22;
5. "THE WATER SYSTEM—Water System Rates and Charges" on page A-24;
6. "THE SEWER SYSTEM—Historic Sewer and Recycled Water Connections" on page A-26;
7. "THE SEWER SYSTEM—Historic Sewer Daily Average Flow" on page A-27;
8. "THE SEWER SYSTEM—Sewer System Rates and Charges" on page A-30;
9. "WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Historic Operating Results and Debt Service Coverage" on page A-33; and
10. An update of the following tables for each Improvement District:
 - (i) Assessed Valuations (Land Only); provided that only the total assessed values shall be updated;

- (ii) Assessed Valuation and Parcels by Land Use; and
- (iii) Largest Local Secured Taxpayers.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- 1. principal and interest payment delinquencies;
- 2. unscheduled draws on debt service reserves reflecting financial difficulties;
- 3. unscheduled draws on credit enhancements reflecting financial difficulties;
- 4. substitution of credit or liquidity providers, or their failure to perform;
- 5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
- 6. defeasances;
- 7. tender offers;
- 8. ratings changes; and
- 9. bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- 1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- 2. appointment of a successor or additional trustee or the change of the name of a trustee;

3. non-payment related defaults;
4. modifications to the rights of Bondholders;
5. notices of redemption; and
6. release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event described in subsection (b), the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Cash and Investments. Upon request, the District shall provide on a quarterly basis to any person the most recently available Cash and Investment Summary as prepared for the Finance and Personnel Committee of the Board of Directors of the District.

7. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

8. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indentures of Trust, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 15, 2011

IRVINE RANCH WATER DISTRICT

By: _____
Its: Treasurer

Exhibit "B"

Stradling Yocca Carlson & Rauth
Draft of 2/2/15

REOFFERING – NOT A NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See the caption "RATINGS"

On April 15, 2011, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel to the District, delivered their respective opinions in connection with the issuance of the Series 2011A-2 Bonds. Such opinions stated that, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2011A-2 Bonds was excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and was exempt from State of California personal income taxes. Further, the opinions of Co-Bond Counsel stated that interest on the Series 2011A-2 Bonds was not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observed that such interest was included in adjusted current earnings when calculating corporate alternative minimum taxable income. Co-Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2011A-2 Bonds. Co-Bond Counsel have not taken and do not intend to take any action to update such opinions or to determine if interest on the Series 2011A-2 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes. See the caption "TAX MATTERS" herein.

[IRWD LOGO]

\$36,400,000
BONDS OF IRVINE RANCH WATER DISTRICT
REFUNDING SERIES 2011A-2
CUSIP[†]: 4636324R7

Date of Initial Delivery: April 15, 2011 **Scheduled Mandatory Tender Date: March 15, 2016** **Due: October 1, 2037**
Price: 100% **Call Protection Date: September 15, 2015**

This Remarketing Statement replaces the Remarketing Statement dated February 10, 2014, as supplemented on February 12, 2014, in its entirety.

Pursuant to the provisions of the Indenture of Trust, dated as of April 1, 2011, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the Series 2011A-2 Bonds, as amended, the District has exercised its option to effect an Unscheduled Mandatory Tender of the Series 2011A-2 Bonds on February 20, 2015.

Upon the purchase of the Series 2011A-2 Bonds pursuant to such Unscheduled Mandatory Tender, the Series 2011A-2 Bonds: (i) will be remarketed in the Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date on March 15, 2016; and (ii) will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period). Promptly after the Remarketing Agent determines the Index Spread for the Tender Period commencing on February 20, 2015, the District will publish it by supplementing this Remarketing Statement and posting the supplement on the EMMA system.

The Purchase Price of the tendered Series 2011A-2 Bonds will be paid on February 20, 2015 from moneys held by the Trustee, consisting of immediately available funds on deposit in the Remarketing Proceeds Account, as more fully described herein.

The Series 2011A-2 Bonds were issued by the Irvine Ranch Water District and constitute the consolidated, several general obligations of Improvement District Nos. 113, 125, 213 and 225, which are geographical subdivisions of the District through which the District funds capital improvements. The Series 2011A-2 Bonds are payable from the following sources: (i) Assessment Proceeds of each Improvement District, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal, Purchase Price and Redemption Price of, and interest on, all Outstanding Series 2011A-2 Bonds; (ii) Net Revenues of the District, consisting of water, sewer and reclaimed water rates and charges imposed by the District remaining after payment of Operation and Maintenance Expenses; and (iii) certain monies and investment earnings in certain funds and accounts created under the Indenture. See the caption "SECURITY FOR THE SERIES 2011A-2 BONDS—Pledge of Assessment Proceeds and Revenues." The obligation of the District to pay the principal, Purchase Price upon the Scheduled Mandatory Tender and Redemption Price of, and interest on, the Series 2011A-2 Bonds from Net Revenues is payable on a parity with certain Parity Obligations described under the caption "SECURITY FOR THE SERIES 2011A-2 BONDS—Limitations on Parity and Superior Obligations—Obligations on a Parity with the Series 2011A-2 Bonds."

See the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" and Appendix A under the caption "THE IMPROVEMENT DISTRICTS—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District Nos. 105 and 250, the Assessment Proceeds of which were pledged to payment of the Series 2011A-2 Bonds at the time of their initial issuance, into Improvement District Nos. 125 and 225, respectively.

The Series 2011A-2 Bonds were issued pursuant to the Indenture for the purposes of: (i) providing a portion of the funds to refund the then-outstanding Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2008B; and (ii) paying costs of issuance with respect to the Series 2011A-2 Bonds.

The Series 2011A-2 Bonds were issued in fully registered form and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 2011A-2 Bonds will not receive physical certificates representing their beneficial ownership in the Series 2011A-2 Bonds purchased. The principal, Purchase Price and Redemption Price of, and interest on, the Series 2011A-2 Bonds are payable by the Trustee to Cede & Co. and such principal, Purchase Price, Redemption Price and interest payments are to be disbursed to the beneficial owners of the Series 2011A-2 Bonds through their nominees.

While the Series 2011A-2 Bonds are in the Index Mode, interest on the Series 2011A-2 Bonds will be payable on the first Business Day of each month. The Series 2011A-2 Bonds will be subject to a Scheduled Mandatory Tender on March 15, 2016. The failure of the District to pay the Purchase Price of the Series 2011A-2 Bonds upon any Scheduled Mandatory Tender would constitute an Event of Default under the Indenture. See the caption "THE SERIES 2011A-2 BONDS—Mandatory Tender for Purchase—Scheduled Mandatory Tender for Purchase." The Series 2011A-2 Bonds are also

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subject to mandatory tender on an Unscheduled Mandatory Tender Date at the option of the District as described herein. The failure of the District to pay the Purchase Price of the Series 2011A-2 Bonds upon such Unscheduled Mandatory Tender would not constitute an Event of Default under the Indenture. See the caption “THE SERIES 2011A-2 BONDS—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase.” While in the Index Mode, individual purchases of Series 2011A-2 Bonds will be made in principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof.

This Remarketing Statement describes the Series 2011A-2 Bonds while in the Index Mode and for the Tender Period commencing on February 20, 2015 and ending on the Scheduled Mandatory Tender Date set forth above. There are significant differences in the terms of the Series 2011A-2 Bonds while they bear interest in a Mode other than an Index Mode. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-2 Bonds bearing interest in a Mode other than the Index Mode or in another Tender Period. Owners and prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information in connection with any Change in Mode, but should look solely to the offering document to be used in connection with any such Change in Mode.

This Remarketing Statement describes the Series 2011A-2 Bonds for the Tender Period ending on the Scheduled Mandatory Tender Date set forth above only. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-2 Bonds for any other Tender Period. Owners and prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-2 Bonds during any other Tender Period, but should look solely to the offering document to be used in connection with such Tender Period.

Concurrently with the reoffering of the Series 2011A-2 Bonds, the District anticipates reoffering its Series 2011A-1 Bonds. Owners or prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-1 Bonds but should look instead to the most current Remarketing Statement prepared by the District for the Series 2011A-1 Bonds.

The Series 2011A-2 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described under the caption “THE SERIES 2011A-2 BONDS—Redemption of Series 2011A-2 Bonds.”

THE SERIES 2011A-2 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUNDS OF THE DISTRICT OR THE IMPROVEMENT DISTRICTS, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, ARE LIABLE FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-2 BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-2 BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2011A-2 Bonds. Investors are advised to read the entire Remarketing Statement to obtain information essential to the making of an informed investment decision. Capitalized terms have the meanings given such terms in this Remarketing Statement.

Certain legal matters in connection with the reoffering of the Series 2011A-2 Bonds will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Co-Bond Counsel to the District, by Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel to the District and general counsel to the District, and for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation. The Series 2011A-2 Bonds are available through the facilities of The Depository Trust Company. Morgan Stanley & Co. LLC is serving as Remarketing Agent and will remarket the Series 2011A-2 Bonds on February 20, 2015 following their mandatory tender.

Morgan Stanley

Series 2011A-2 Bonds Remarketing Agent

Dated: February __, 2015

No dealer, broker, salesperson or other person has been authorized by the District or the Remarketing Agent to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Remarketing Agent. This Remarketing Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2011A-2 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Remarketing Statement is not to be construed as a contract with the purchasers of the Series 2011A-2 Bonds. Statements contained in this Remarketing Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Statement:

The Remarketing Agent has reviewed the information in this Remarketing Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The information set forth in this Remarketing Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Remarketing Agent. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Remarketing Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011A-2 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CERTAIN STATEMENTS CONTAINED IN THIS REMARKETING STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS REMARKETING STATEMENT. THE PROJECTIONS CONTAINED IN THIS REMARKETING STATEMENT WILL NOT BE UPDATED AS PART OF THE DISTRICT’S CONTINUING DISCLOSURE OBLIGATIONS FOR THE SERIES 2011A-2 BONDS.

THE SERIES 2011A-2 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2011A-2 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented there is not part of this Remarketing Statement and should not be relied upon in making an investment decision with respect to the Series 2011A-2 Bonds.

IRVINE RANCH WATER DISTRICT
Orange County, California

Board of Directors

Steven E. LaMar, *President*
Mary Aileen Matheis, *Vice President*
Douglas J. Reinhart
Peer A. Swan
John B. Withers

Management

Paul A. Cook, *General Manager*
Cheryl Clary, *Executive Director of Finance and Administration*
Robert Jacobson, *Treasurer*
Leslie Bonkowski, *Secretary*

District General Counsel

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Co-Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

[REGIONAL MAP]

[MAP OF WATER IMPROVEMENT DISTRICTS]

[MAP OF SEWER IMPROVEMENT DISTRICTS]

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REMARKETING STATEMENT

\$36,400,000 BONDS OF IRVINE RANCH WATER DISTRICT REFUNDING SERIES 2011A-2

INTRODUCTION

This Remarketing Statement replaces the Remarketing Statement dated February 10, 2014, as supplemented on February 12, 2014, in its entirety.

Pursuant to the provisions of the Indenture of Trust, dated as of April 1, 2011 (the “Original Indenture”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended by the First Supplemental Indenture of Trust, dated as of February 1, 2014 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), by and between the District and the Trustee, relating to the Bonds of Irvine Ranch Water District Refunding Series 2011A-2 (the “Series 2011A-2 Bonds”), the Irvine Ranch Water District (the “District”) has exercised its option to effect an Unscheduled Mandatory Tender of the Series 2011A-2 Bonds on February 20, 2015.

Upon the purchase of the Series 2011A-2 Bonds pursuant to such Unscheduled Mandatory Tender, the Series 2011A-2 Bonds: (i) will be remarketed in the Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date on March 15, 2016; and (ii) will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period), all as more fully described herein.

Promptly after the Remarketing Agent determines the Index Spread for the Tender Period commencing on February 20, 2015, the District will publish it by supplementing this Remarketing Statement and posting the supplement with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System (“EMMA”).

The Purchase Price of the tendered Series 2011A-2 Bonds will be paid on February 20, 2015 from moneys held by the Trustee, consisting of immediately available funds on deposit in the Remarketing Proceeds Account, as more fully described herein.

This Introduction is subject in all respects to the more complete information contained and referenced elsewhere in this Remarketing Statement. The remarketing of the Series 2011A-2 Bonds to potential investors is made only by means of the entire Remarketing Statement.

Purpose

The purpose of this Remarketing Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the District and Improvement District Nos. 113, 125, 213 and 225 (collectively, the “Improvement Districts” or individually, an “Improvement District”) which are geographical subdivisions of the District through which the District funds capital improvements, in connection with the remarketing of \$36,400,000 aggregate principal amount of the Series 2011A-2 Bonds, which Series 2011A-2 Bonds constitute the consolidated several general obligations of Improvement District Nos. 113, 125, 213 and 225. In addition, the District has pledged Revenues to the repayment of the Series 2011A-2 Bonds. See the caption “SECURITY FOR THE SERIES 2011A-2 BONDS—Pledge of Assessment Proceeds and Revenues.”

The Series 2011A-2 Bonds were issued pursuant to the Indenture for the purposes of: (i) providing a portion of the funds to refund the then-outstanding Bonds of Irvine Ranch Water District, Consolidated

Refunding Series 2008B; and (ii) paying costs of issuance with respect to the Series 2011A-2 Bonds. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

This Remarketing Statement describes the Series 2011A-2 Bonds while in the Index Mode and for the Tender Period described herein only. There are significant differences in the terms of the Series 2011A-2 Bonds while they bear interest in a Mode other than an Index Mode. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-2 Bonds bearing interest in a Mode other than the Index Mode or in another Tender Period. Owners and prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information in connection with any Change in Mode, but should look solely to the offering document to be used in connection with any such Change in Mode.

This Remarketing Statement describes the Series 2011A-2 Bonds for the Tender Period ending on the Scheduled Mandatory Tender Date of March 15, 2016. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-2 Bonds for any other Tender Period. Owners and prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-2 Bonds during any other Tender Period, but should look solely to the offering document to be used in connection with such Tender Period.

Concurrently with the reoffering of the Series 2011A-2 Bonds, the District anticipates reoffering its Bonds of Irvine Ranch Water District Refunding Series 2011A-1 (the “Series 2011A-1 Bonds”). Owners or prospective owners of the Series 2011A-1 Bonds should not rely on this Remarketing Statement for information relating to the Series 2011A-1 Bonds but should look instead to the most current Remarketing Statement prepared by the District for the Series 2011A-1 Bonds.

Although the District has the right under the Indenture to enter into a Liquidity Facility in connection with the Series 2011A-2 Bonds, the District has not elected to enter into a Liquidity Facility in connection with the remarketing of the Series 2011A-2 Bonds for the Tender Period commencing February 20, 2015. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-2 Bonds supported by a Liquidity Facility. Owners and prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information in connection with the Series 2011A-2 Bonds supported by a Liquidity Facility, but should look solely to the offering document to be used in connection with any future entry of the District into a Liquidity Facility with respect to the Series 2011A-2 Bonds.

The District

The District is a California water district, formed in 1961 under the authority of the California Water District Law, constituting Division 13 of the California Water Code (the “Act”). Currently there are seven water improvement districts and ten sewer improvement districts formed pursuant to the Act, which are geographical subdivisions of the District through which the District funds capital improvements. See Appendix A—“IRVINE RANCH WATER DISTRICT.”

The Series 2011A-2 Bonds

The Series 2011A-2 Bonds are being remarketed in an Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date of March 15, 2016 and will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period, all as more fully described under the caption “THE SERIES 2011A-2 BONDS”). While in the Index Mode, interest on the 2011A-2 Bonds will be payable on the first Business Day of each month. The Series 2011A-2 Bonds will be subject to a Scheduled Mandatory Tender on March 15, 2016. The failure of the District to pay the Purchase

Price of a Series 2011A-2 Bond upon any Scheduled Mandatory Tender would constitute an Event of Default under the Indenture. See the caption “THE SERIES 2011A-2 BONDS—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender—Consequences of a Scheduled Mandatory Tender Failure.” The Series 2011A-2 Bonds are also subject to mandatory tender on an Unscheduled Mandatory Tender Date established at the option of the District as described herein. See the caption “THE SERIES 2011A-2 BONDS—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase.” While in the Index Mode, individual purchases of Series 2011A-2 Bonds will be made in principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof.

Improvement Districts

Set forth below are brief descriptions of the Improvement Districts for which the Series 2011A-2 Bonds constitute the consolidated, several general obligations. For more complete information with respect to the Improvement Districts, see Appendix A—“IRVINE RANCH WATER DISTRICT” under the caption “THE IMPROVEMENT DISTRICTS.”

Improvement District Nos. 125 and 225. At the time of their initial issuance on April 15, 2011, the Series 2011A-2 Bonds constituted the consolidated, several general obligations of Improvement District Nos. 105, 113, 213 and 250. Pursuant to the Indenture, the District covenanted to fix and collect *ad valorem* assessments on taxable land within such improvement districts in amounts sufficient to pay principal of and interest on the Series 2011A-2 Bonds. See the caption “—Security for the Series 2011A-2 Bonds—Assessment Proceeds.”

Beginning in 2011, the District undertook a long-term review of its capital funding plan. As a result of such review, the Board of Directors of the District determined that it was in the District’s best interest to consolidate certain improvement districts to support differing capital infrastructure needs within developed and undeveloped areas of the District. Accordingly, by resolutions adopted on October 14, 2013, October 28, 2013 and November 11, 2013, the Board of Directors of the District undertook the following actions:

- Certain lands were annexed into Improvement District Nos. 105 and 250 in accordance with Section 36428 *et seq.* of the Act. The annexed lands were declared to be liable for debt service on the outstanding bonds of Improvement District Nos. 105 and 250, including each such Improvement District’s Included Amount (as such term is defined under the caption “—Security for the Series 2011A-2 Bonds—General”) of the Series 2011A-2 Bonds.
- Certain lands generally constituting large permanent open space parcels were detached from Improvement District Nos. 105 and 250 in accordance with Section 36442 *et seq.* of the Act. The detached lands were declared to be relieved of liability for debt service on the outstanding bonds of Improvement District Nos. 105 and 250, including each such Improvement District’s Included Amount of the Series 2011A-2 Bonds to the extent permitted by law.
- Improvement District No. 105 and ten other water improvement districts were consolidated into a new improvement district, Improvement District No. 125, in accordance with Section 36454 *et seq.* of the Act. Pursuant to Section 36454.1 of the Act, Improvement District No. 105’s Included Amount of the Series 2011A-2 Bonds was assumed by and became the liability of Improvement District No. 125.
- Improvement District No. 250 and nine other sewer improvement districts were consolidated into a new improvement district, Improvement District No. 225, in accordance with Section 36454 *et seq.* of the Act. Pursuant to Section 36454.1 of the Act, Improvement District No. 250’s Included Amount of the Series 2011A-2 Bonds was assumed by and became the liability of Improvement District No. 225.

As a result of the foregoing actions:

- The Series 2011A-2 Bonds currently constitute the consolidated, several general obligations of Improvement District Nos. 113, 125, 213 and 225. Pursuant to the Act, Improvement District Nos. 125 and 225 are authorized to levy and collect the assessments and charges necessary to satisfy the obligations of their predecessor improvement districts, including the assessments and charges necessary to satisfy payment of the Series 2011A-2 Bonds for Improvement District Nos. 105 and 250, respectively.

- As of December 31, 2014: (i) Improvement District No. 125 had \$322,089,600 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$188,789,150 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-2 Bonds; and (ii) Improvement District No. 225 had \$406,895,000 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$237,018,171 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-2 Bonds. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” in Appendix A.

Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement District Nos. 125 and 225 consists of developed residential property. However, the District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2020. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 125 is \$29,578,638,615, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 105 before its consolidation into Improvement District No. 125 was \$7,099,866,552. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 225 is \$24,757,488,949, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 250 before its consolidation into Improvement District No. 225 was \$6,776,400,622.

See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” in Appendix A for a description of the *ad valorem* assessment bonds, including the Series 2011A-2 Bonds, attributable to Improvement District Nos. 125 and 225, respectively.

Improvement District Nos. 113 and 213. Improvement District No. 113 (water) and Improvement District No. 213 (sewer) are coterminous and are located in portions of the Cities of Tustin and Irvine. Improvement District Nos. 113 and 213 are comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District Nos. 113 and 213 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial, institutional and recreational uses. The District expects development in Improvement District Nos. 113 and 213 to continue through at least 2020. The District expects that the total existing and future development will consist of 4,800 dwelling units and 12,100,000 square feet of commercial, institutional and recreational uses. The Fiscal Year 2015 assessed value of the land in Improvement District No. 113 is \$674,596,339. The Fiscal Year 2015 assessed value of the land in Improvement District No. 213 is \$674,596,339.

Security for the Series 2011A-2 Bonds

General. The Series 2011A-2 Bonds constitute the consolidated, several general obligations of the Improvement Districts payable from the following sources, each as further described under the caption “SECURITY FOR THE SERIES 2011A-2 BONDS”: (i) Assessment Proceeds collected from within each Improvement District and applied by the District to pay such Improvement District’s Included Amount (as

defined below) of the principal, Purchase Price and Redemption Price of, and interest on, all Outstanding Series 2011A-2 Bonds; (ii) Net Revenues of the District; and (iii) certain monies and investment earnings in certain funds and accounts created under the Indenture.

The principal amount of the Series 2011A-2 Bonds allocated to an Improvement District is referred to as such Improvement District’s “Included Amount” and an Improvement District’s Included Amount divided by the total principal amount of the Series 2011A-2 Bonds is referred to as such Improvement District’s “Included Percentage.”

Assessment Proceeds. The District has covenanted in the Indenture that, to the extent necessary to provide Assessment Proceeds sufficient to pay when due, together with the other funds available for such payment, the principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land within the applicable Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of the Series 2011A-2 Bonds of the applicable Improvement District; or (c) in its discretion, impose and collect, or cause the imposition and collection of, In Lieu Charges (which constitute charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments). See the caption “SECURITY FOR THE SERIES 2011A-2 BONDS—General—Covenant to Collect Assessment Proceeds.”

As among the Improvement Districts, Assessment Proceeds collected in any Improvement District will not be available to pay any other Improvement District’s share of debt service of the Series 2011A-2 Bonds. Each Improvement District’s Included Amount and Included Percentage will be as set forth below:

SERIES 2011A-2 BONDS

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
113	\$ 1,820,000	5.00%
125	16,998,800	46.70
213	2,293,200	6.30
225	<u>15,288,000</u>	<u>42.00</u>
Total	<u>\$ 36,400,000</u>	<u>100.00%</u>

The Included Amount for each Improvement District with respect to the Series 2011A-2 Bonds and any other outstanding or future District general obligation bonds issued for such Improvement District are equally secured by the *ad valorem* assessments and any charges for water or sewer service, as applicable, imposed and collected in lieu of *ad valorem* assessments, collected within such Improvement District. The *ad valorem* assessments are levied only on land and are based on the land value of parcels in the Improvement District without regard to the value of any improvements thereon. See Appendix A—“IRVINE RANCH WATER DISTRICT” under the captions “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 125 and 225” and “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 113 and 213.”

During the term of the Series 2011A-2 Bonds, the Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the purchase or redemption of Series 2011A-2 Bonds allocated to one or more Improvement Districts, pursuant to calculations made by the District and delivered to the Trustee pursuant to the Indenture, without need for any amendment of or supplement to the Indenture.

Net Revenues. The Series 2011A-2 Bonds are also payable from the Net Revenues of the District and are secured by a pledge of the Revenues of the District, subject to the application of the Revenues as provided in the Indenture. Net Revenues for any period consist of the Revenues of the District less the Operation and Maintenance Expenses of the District for such period, as such terms are defined under the caption

“SECURITY FOR THE SERIES 2011A-2 BONDS—Pledge of Assessment Proceeds and Revenues—Net Revenues.”

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2011A-2 Bonds.

The obligation of the District to pay the principal, Redemption Price and Purchase Price (other than the Purchase Price due on an Unscheduled Mandatory Tender) of, and interest on, the Series 2011A-2 Bonds from Net Revenues is payable on a parity with the District’s obligations under certain Parity Obligations. See the caption “SECURITY FOR THE SERIES 2011A-2 BONDS—Existing Parity Obligations.” The District may enter into additional Parity Obligations in accordance with the terms of the Indenture. See the caption “SECURITY FOR THE SERIES 2011A-2 BONDS—Limitations on Parity and Superior Obligations—Obligations on a Parity with the Series 2011A-2 Bonds.”

The District has covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to 125% of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant with respect to all outstanding Parity Obligations. See the caption “SECURITY FOR THE SERIES 2011A-2 BONDS—General—Revenue Rate Covenant.”

***Limited Obligations.* THE SERIES 2011A-2 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUNDS OF THE DISTRICT OR THE IMPROVEMENT DISTRICTS, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, ARE LIABLE FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-2 BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-2 BONDS.**

Professionals Involved in the Remarketing

The Bank of New York Mellon Trust Company, N.A. serves as Trustee under the Indenture. Certain legal matters in connection with the reoffering of the Series 2011A-2 Bonds will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Co-Bond Counsel to the District, by Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel to the District and general counsel to the District (“General Counsel”), and for Morgan Stanley & Co. LLC (the “Remarketing Agent”) by Stradling Yocca Carlson & Rauth, a Professional Corporation.

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture, documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture, and each such document, statute, report or instrument, respectively. Forward looking statements in this Remarketing Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material. The projections contained in this Remarketing Statement will not be updated as part of the District's continuing disclosure obligations for the Series 2011A-2 Bonds.

Additional Information

Copies of the Indenture and audited financial statements of the District are available for inspection at the offices of the District in Irvine, California, and will be available from the Trustee upon request and payment of costs. Additional information regarding this Remarketing Statement may be obtained by contacting the District, at the following address:

Treasurer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
(949) 453-5300

THE SERIES 2011A-2 BONDS

This Remarketing Statement describes the Series 2011A-2 Bonds while in the Index Mode and for the Tender Period described herein only. There are significant differences in the terms of the Series 2011A-2 Bonds while they bear interest in a Mode other than an Index Mode. This Remarketing Statement is not intended to provide information with respect to the Series 2011A-2 Bonds bearing interest in a Mode other than the Index Mode or in another Tender Period. Owners and prospective owners of the Series 2011A-2 Bonds should not rely on this Remarketing Statement for information in connection with any Change in Mode, but should look solely to the offering document to be used in connection with any such Change in Mode.

General

The Series 2011A-2 Bonds mature on October 1, 2037. The Series 2011A-2 Bonds are being remarketed in an Index Mode for a Tender Period commencing on February 20, 2015 with the Scheduled Mandatory Tender Date set forth on the front cover page hereof and will bear interest at an Index Tender Rate (which is equal to the sum of: (a) the SIFMA Average Index Rate calculated for each Index Rate Accrual Period; and (b) the applicable Index Spread for such Tender Period). Notice of the Index Spread for the Tender Period commencing on February 20, 2015 will be given as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-2 Bonds in Index Mode—Index Spread; Adjustment of Index Spread.” All Outstanding Series 2011A-2 Bonds will be in the same Mode. Any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner provided in the Indenture.

While in the Index Mode, the Series 2011A-2 Bonds will be subject to all of the terms of the Indenture relating to the Series 2011A-2 Bonds in the Index Mode, including provisions that require the Owners to tender their Series 2011A-2 Bonds for purchase on the Scheduled Mandatory Tender Date and on other dates as described in this Remarketing Statement, and provisions that permit the District to effect an Unscheduled Mandatory Tender (which Unscheduled Mandatory Tender is subject to rescission and successful remarketing as described under the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Rescission”). See the captions “—Mandatory Tender for Purchase” and “—Purchase of Series 2011A-2 Bonds.”

While in the Index Mode, the Series 2011A-2 Bonds are not subject to tender for purchase at the option of the Owners.

The Series 2011A-2 Bonds are in the form of fully registered bonds and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2011A-2 Bonds. While the Series 2011A-2 Bonds are in the Index Mode, individual purchases of Series 2011A-2 Bonds will be made in principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof. See the caption “—Book-Entry Only System” and Appendix E hereto.

Payment of Interest

Interest on the Series 2011A-2 Bonds in an Index Mode will be calculated on the basis of a 365/366-day year for the actual number of days elapsed. Interest on the Series 2011A-2 Bonds in an Index Mode and for the Tender Period commencing February 20, 2015 is payable on the first Business Day of each calendar month, commencing March 2, 2015, and on each Mandatory Purchase Date, Scheduled Mandatory Tender Date and Unscheduled Mandatory Tender Date on which all outstanding Series 2011A-2 Bonds are purchased (each, an “Interest Payment Date”).

During the Index Mode, payment will be made on each Interest Payment Date for unpaid interest accrued from and including each Interest Accrual Date, which is the first day of each Tender Period and each Interest Payment Date thereafter. The amount of interest payable on each such Interest Payment Date will be determined in accordance with the provisions described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-2 Bonds in Index Mode—Duration of Tender Period”) and, thereafter, the first Business Day of each month during such Tender Period (each, an “Interest Accrual Date”) to but excluding such Interest Payment Date. Notwithstanding any provision of the Indenture, at no time may the rate of interest on any Series 2011A-2 Bond exceed the Maximum Rate.

Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-2 Bonds in Index Mode

Determination of SIFMA Average Index Rate and Index Tender Rate. During each Tender Period, no later than 11:00 a.m.* on the Business Day immediately preceding each Interest Payment Date while the Series 2011A-2 Bonds bear interest in the Index Mode, the Trustee will deliver written notice to the District and the Remarketing Agent specifying the SIFMA Average Index Rate and the Index Tender Rate for, and the aggregate amount of interest that accrued during, the Index Rate Accrual Period ending on the day preceding such Interest Payment Date together with a detailed calculation of the foregoing. All percentages resulting from the calculation of the SIFMA Average Index Rate will be rounded, if necessary, to the nearest ten-thousandth of a percentage point with five hundred thousandths of a percentage point rounded upward, and all dollar amounts used in or resulting from such calculation of interest on the Series 2011A-2 Bonds while bearing interest in an Index Mode will be rounded to the nearest cent (with one-half cent being rounded upward).

Index Spread; Adjustment of Index Spread. Promptly after the Remarketing Agent determines the Index Spread for the Tender Period commencing on February 20, 2015, the District will publish it by supplementing this Remarketing Statement and posting the supplement with EMMA. With respect to subsequent Tender Periods, the Index Spread will be determined by the Remarketing Agent and adjusted as described under the captions “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender” and “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender.” During each Tender Period, the Index Spread with respect to such Tender Period will apply to all Series 2011A-2 Bonds.

* Unless otherwise expressly stated, all times referred to in this Remarketing Statement are New York City time.

Duration of Tender Period. A Tender Period will commence on February 20, 2015 and end on March 15, 2016. Thereafter, each Tender Period will commence on the first to occur of: (i) the Scheduled Mandatory Tender Date of the immediately preceding Tender Period; (ii) an Unscheduled Mandatory Tender Date in connection with any Unscheduled Mandatory Tender if all Series 2011A-2 Bonds are actually purchased as described under the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds;” and (iii) the effective date of a Change in Mode to an Index Mode. Each Tender Period will terminate on the first to occur of: (a) the Scheduled Mandatory Tender Date; (b) an Unscheduled Mandatory Tender Date in connection with any Unscheduled Mandatory Tender if all Series 2011A-2 Bonds are actually purchased as described under the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds;” (c) the first date on which the Series 2011A-2 Bonds bear interest in a Mode other than the Index Mode; or (d) the date on which all Series 2011A-2 Bonds are redeemed in accordance with the terms of the Indenture or all principal and accrued interest on all Series 2011A-2 Bonds are otherwise paid in full.

Mandatory Tender for Purchase

Scheduled Mandatory Tender for Purchase. Unless the Series 2011A-2 Bonds subject to a Tender Period have been purchased (including in connection with a Change in Mode or an Unscheduled Mandatory Tender) or redeemed prior to the Scheduled Mandatory Tender Date for such Tender Period, the Owners of all of the Series 2011A-2 Bonds will tender for purchase, and the District will purchase, all of the Series 2011A-2 Bonds on the Scheduled Mandatory Tender Date for such Tender Period. The Trustee will give notice of each Scheduled Mandatory Tender to the Owners of the Series 2011A-2 Bonds as provided in the Indenture not less than seven days prior to the Scheduled Mandatory Tender Date. With respect to the Tender Period commencing on February 20, 2015, the Scheduled Mandatory Tender Date is March 15, 2016 and, with respect to each subsequent Tender Period, the Scheduled Mandatory Tender Date will be determined as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-2 Bonds in Index Mode—Duration of Tender Period.” Failure of the District to pay the Purchase Price for the Series 2011A-2 Bonds on a Scheduled Mandatory Tender Date constitutes an Event of Default under the Indenture. See the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender—Consequences of a Scheduled Mandatory Tender Failure” below.

Unscheduled Mandatory Tender for Purchase. While the Series 2011A-2 Bonds bear interest in an Index Mode, at its option, the District may require, during each Tender Period, the Owners of all (but not less than all) of the Series 2011A-2 Bonds to tender their Series 2011A-2 Bonds to the District for purchase, from the source of funds described under the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds” on any Business Day from and after the Call Protection Date for such Tender Period. The Call Protection Date for the Tender Period commencing February 20, 2015 is set forth on the front cover page hereof. To exercise such option, the District will deliver to the Trustee at its Corporate Trust Office and the Remarketing Agent, no later than 10 days before the Unscheduled Mandatory Tender Date, the written notice of Unscheduled Mandatory Tender described under the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Effect of a Successful Remarketing.” The Trustee will give notice of each Unscheduled Mandatory Tender to the Owners of the Series 2011A-2 Bonds as provided in the Indenture not less than seven days prior to the Unscheduled Mandatory Tender Date. Except as provided under the captions “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Rescission” and “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Failure to Meet Conditions,” the Trustee will pay to the Owners of the Series 2011A-2 Bonds 100% of the principal amount of the Series 2011A-2 Bonds from the proceeds of the remarketing of such Series 2011A-2 Bonds as described under the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds.” If all outstanding Series 2011A-2 Bonds are purchased, the Unscheduled Mandatory Tender Date is

also an Interest Payment Date for the Series 2011A-2 Bonds and the District will pay the unpaid accrued interest on the Series 2011A-2 Bonds on such date. The failure to pay the purchase price of Series 2011A-2 Bonds in connection with an Unscheduled Mandatory Tender does not constitute an Event of Default under the Indenture and the purchase of the Series 2011A-2 Bonds subject to mandatory tender will be cancelled and the Index Mode Tender Period will continue. See the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Failure to Meet Conditions.”

Purchase of Series 2011A-2 Bonds

The Remarketing Agent has agreed to use its best efforts to remarket the Series 2011A-2 Bonds pursuant to the Indenture at the minimum interest rate available in the marketplace to permit the Remarketing Agent to remarket the Series 2011A-2 Bonds on the Purchase Date, Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, at the principal amount thereof; provided that the remarketing of the Series 2011A-2 Bonds in connection with a Scheduled Mandatory Tender or an Unscheduled Mandatory Tender will be as provided under the captions “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender” and “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender,” respectively. Series 2011A-2 Bonds subject to purchase on a Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date will be purchased from the Owners thereof at the Purchase Price which will be payable solely from the following sources in the order listed, except that the Purchase Price in connection with an Unscheduled Mandatory Tender is payable solely from the source described in clause (i) below:

- (i) Immediately available funds on deposit in the Remarketing Proceeds Account; and
- (ii) Immediately available funds on deposit in the District Purchase Account.

See Appendix C under the caption “DEFINITIONS” for a description of the Remarketing Proceeds Account and District Purchase Account.

At or before 3:00 p.m. on the Business Day immediately preceding each Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, the Remarketing Agent: (i) unless otherwise provided in a Representation Letter, is to deliver to the Trustee instructions for registration of Series 2011A-2 Bonds remarketed in accordance with the Indenture; and (ii) is to give Electronic Notice to the Trustee and the District, specifying the aggregate principal amount of Series 2011A-2 Bonds not remarketed, if any. If the Series 2011A-2 Bonds are registered in the name of a Bond Depository or its nominee, and if the amount of such remarketing proceeds is sufficient to pay the Purchase Price of all Series 2011A-2 Bonds to be purchased on the Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, the Remarketing Agent may apply such remarketing proceeds to the appropriate accounts of such Bond Depository to effect payment of the Purchase Price of Series 2011A-2 Bonds in accordance with the procedures established by such Bond Depository.

If the amount of proceeds from the remarketing delivered to the Trustee indicates that Series 2011A-2 Bonds are required to be purchased from moneys provided by the District, the Trustee will give Electronic Notice to the District at or prior to 11:30 a.m. on such date specifying the information set forth in the Indenture. Upon receipt of such notice, on each Mandatory Purchase Date and Scheduled Mandatory Tender Date, the District is to deposit with the Trustee in the District Purchase Account, by 2:00 p.m. on such date, immediately available funds in an amount together with the remarketing proceeds, to enable the Trustee to pay the Purchase Price of the tendered Series 2011A-2 Bonds. Unless otherwise provided in a Representation Letter, on each Mandatory Purchase Date, Scheduled Mandatory Tender Date and, if all Series 2011A-2 Bonds are purchased, each Unscheduled Mandatory Tender Date, all Series 2011A-2 Bonds which have been remarketed will be registered as directed by the Remarketing Agent.

The Trustee will pay from the funds specified in the Indenture, the Purchase Price for each tendered Series 2011A-2 Bond at or prior to 3:00 p.m. on the Mandatory Purchase Date, Scheduled Mandatory Tender Date or, if all Series 2011A-2 Bonds are purchased, the Unscheduled Mandatory Tender Date, as the case may be; provided that the Purchase Price of Series 2011A-2 Bonds in connection with an Unscheduled Mandatory Tender will be payable only from amounts in the Remarketing Proceeds Account. The Purchase Price of any Series 2011A-2 Bond so tendered is payable only upon surrender of such Series 2011A-2 Bond to the Trustee at its Corporate Trust Office for delivery of such Series 2011A-2 Bond, except that payment of the Purchase Price of any Series 2011A-2 Bond tendered for purchase or otherwise purchased pursuant to a Representation Letter will be made in immediately available funds and in such manner as the Bond Depository and the Trustee agree.

Notwithstanding any provision to the contrary contained in the Indenture, all tenders for purchase in connection with an Unscheduled Mandatory Tender are payable only from immediately available funds on deposit in the Remarketing Proceeds Account.

Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender

Remarketing of Series 2011A-2 Bonds. During each Tender Period in the Index Mode, upon establishing the Index Spread for the next succeeding Tender Period (as described below under the caption “—Determination of Index Spread”), the Remarketing Agent will offer for sale and use its best efforts to sell in accordance with the Remarketing Agreement all Series 2011A-2 Bonds at a price equal to the principal amount thereof, such that the Index Spread for the next Tender Period will be adjusted as described below under the caption “—Determination of Index Spread.” The Remarketing Agent will sell any Series 2011A-2 Bonds tendered pursuant to a Scheduled Mandatory Tender at the principal amount thereof; provided that if the District delivers a Favorable Opinion of Bond Counsel, the District has the right to direct the Remarketing Agent to sell any Series 2011A-2 Bonds tendered pursuant to a Scheduled Mandatory Tender at a discount or at a premium.

Determination of Scheduled Mandatory Tender Date. Unless the Series 2011A-2 Bonds subject to a Tender Period have been purchased (including in connection with a Change in Mode or an Unscheduled Mandatory Tender) or redeemed prior to the Scheduled Mandatory Tender Date for such Tender Period, the District, by direction to the other Notice Parties by Electronic Notice or telecopy not later than 10 days before the Scheduled Mandatory Tender Date for each Tender Period, is to determine the Scheduled Mandatory Tender Date for all Series 2011A-2 Bonds for the Tender Period immediately following the purchase of Series 2011A-2 Bonds pursuant to a Scheduled Mandatory Tender as provided in the Indenture. Such Scheduled Mandatory Tender Date may be any Business Day during the next Tender Period except that the Scheduled Mandatory Tender Date will not be a date that is earlier than three months after the commencement of the Tender Period. If the District is required to deliver a written direction as provided above but fails to do so, then the Scheduled Mandatory Tender Date for the Tender Period immediately following the purchase of Series 2011A-2 Bonds will be the date that is one year after the commencement of the Tender Period (unless such date is not a Business Day, in which case the Scheduled Mandatory Tender Date will be the first Business Day following such date).

Establishment of Call Protection Date. With respect to any Tender Period commencing on a Scheduled Mandatory Tender Date that the Series 2011A-2 Bonds are purchased pursuant to a Scheduled Mandatory Tender, the Call Protection Date will be the Tender Period Standard Date; provided that if the District delivers to the Trustee a Favorable Opinion of Bond Counsel and specifies such Call Protection Date in the direction as to the Scheduled Mandatory Tender Date, the District may determine that the Call Protection Date for such Tender Period will be any Business Day during the Tender Period. The Call Protection Date with respect to the Tender Period commencing on February 20, 2015 is September 15, 2015.

Determination of Index Spread. Unless the Series 2011A-2 Bonds subject to a Tender Period have been purchased (including in connection with a Change in Mode or an Unscheduled Mandatory Tender) or

redeemed prior to the Scheduled Mandatory Tender Date for such Tender Period, no later than 5:00 p.m. on the day that is two Business Days before the Scheduled Mandatory Tender Date for such Tender Period, the Remarketing Agent is to determine the Index Spread with respect to the Tender Period immediately following such Scheduled Mandatory Tender Date. The Index Spread determined by the Remarketing Agent is to be equal to the minimum fixed spread to SIFMA which, if borne by the Series 2011A-2 Bonds, would enable the Remarketing Agent to sell all Series 2011A-2 Bonds tendered or deemed tendered pursuant to the Scheduled Mandatory Tender on the Scheduled Mandatory Tender Date at a price equal to the principal amount thereof. With respect to all Series 2011A-2 Bonds sold with an Index Tender Rate based on an Index Spread determined by the Remarketing Agent pursuant to the Indenture, the determination of the Index Spread so determined by the Remarketing Agent will be conclusive and binding on the Notice Parties and the Owners of the Series 2011A-2 Bonds.

Purchase of Series 2011A-2 Bonds. Series 2011A-2 Bonds required to be purchased as described under caption “—Remarketing of Series 2011A-2 Bonds” will be purchased from the Owners thereof, on the Scheduled Mandatory Tender Date at the Purchase Price from the sources and in the order of priority described under the caption “—Mandatory Tender for Purchase—Scheduled Mandatory Tender for Purchase.”

The District is irrevocably obligated to pay the Purchase Price of all Series 2011A-2 Bonds on each Scheduled Mandatory Tender Date.

Consequences of a Scheduled Mandatory Tender Failure. Upon the occurrence of a Scheduled Mandatory Tender Failure on any Scheduled Mandatory Tender Date, the following will occur:

(i) The Trustee will promptly return all Series 2011A-2 Bonds to the Owners thereof together with notice of such failure and the Trustee and the Remarketing Agent will promptly return all remarketing proceeds to the persons providing such moneys without interest;

(ii) The Tender Period then in effect will terminate on such Scheduled Mandatory Tender Date and the Series 2011A-2 Bonds will bear interest at the last Index Tender Rate for the Tender Period so terminated from the applicable Scheduled Mandatory Tender Date to the earliest to occur of the purchase of the Series 2011A-2 Bonds by or on behalf of the District or the payment of the principal of the Series 2011A-2 Bonds; and

(iii) An Event of Default under the Indenture will occur.

Effect of a Successful Remarketing. If moneys on deposit with the Trustee are sufficient to pay the Purchase Price of Series 2011A-2 Bonds to be purchased as described under caption “—Remarketing of Series 2011A-2 Bonds” on a Scheduled Mandatory Tender Date, the following will occur:

(i) The Tender Period in effect immediately before such purchase will terminate on the Scheduled Mandatory Tender Date and a new Tender Period will commence on such date; and

(ii) The Index Spread with respect to the Series 2011A-2 Bonds for the new Tender Period will be the Index Spread determined as described above under the caption “—Determination of Index Spread.”

Notification of Scheduled Mandatory Tender Failure. On the date of a Scheduled Mandatory Tender Failure, the Trustee will deliver a notice by mail to: (i) the District; (ii) the respective Owners of any Series 2011A-2 Bonds at their addresses appearing on the Bond Register; (iii) the Remarketing Agent; and (iv) one or more Information Services, which will state: (A) that a Scheduled Mandatory Tender Failure occurred; (B) the Trustee will return all Series 2011A-2 Bonds tendered on the Scheduled Mandatory Tender Date to the Owners thereof; and (C) an Event of Default has occurred under the Indenture.

Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender

Remarketing of Series 2011A-2 Bonds. Upon receipt of notice of an Unscheduled Mandatory Tender from the District as described under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase,” the Remarketing Agent will offer for sale and use its best efforts to sell in accordance with the Remarketing Agreement all Series 2011A-2 Bonds at a price equal to the principal amount thereof, such that the Index Spread for the next Tender Period will be adjusted as described below under the caption “—Determination of Index Spread.” The Remarketing Agent will sell any Series 2011A-2 Bonds tendered pursuant to an Unscheduled Mandatory Tender at the principal amount thereof; provided that if the District delivers a Favorable Opinion of Bond Counsel, the District has the right to direct the Remarketing Agent to sell any Series 2011A-2 Bonds tendered pursuant to an Unscheduled Mandatory Tender at a discount or at a premium.

Determination of Scheduled Mandatory Tender Date. The District, by direction to the other Notice Parties by Electronic Notice or teletype not later than ten days before each Unscheduled Mandatory Tender Date, will determine the Scheduled Mandatory Tender Date for the Tender Period immediately following the purchase of Series 2011A-2 Bonds pursuant to an Unscheduled Mandatory Tender, as provided in the Indenture. Such Scheduled Mandatory Tender Date may be any Business Day, except that the Scheduled Mandatory Tender Date may not be a date that is earlier than three months after the commencement of the Tender Period.

Establishment of Call Protection Date. With respect to any Tender Period commencing on an Unscheduled Mandatory Tender Date that all Series 2011A-2 Bonds are purchased pursuant to an Unscheduled Mandatory Tender, the Call Protection Date will be the Tender Period Standard Date; provided that if the District delivers to the Trustee a Favorable Opinion of Bond Counsel and specifies such Call Protection Date in the direction as to the Scheduled Mandatory Tender Date, the District may determine that the Call Protection Date for such Tender Period will be any Business Day during such Tender Period. The Call Protection Date with respect to the Tender Period commencing on February 20, 2015 is September 15, 2015.

Determination of Index Spread. No later than 5:00 p.m. on the day that is two Business Days before each Unscheduled Mandatory Tender Date, the Remarketing Agent will determine the Index Spread with respect to the Tender Period immediately following such Unscheduled Mandatory Tender Date. The Remarketing Agent will determine the Index Spread which will be equal to the minimum spread to SIFMA which, if borne by the Series 2011A-2 Bonds, would enable the Remarketing Agent to sell all Series 2011A-2 Bonds tendered pursuant to the Unscheduled Mandatory Tender on the Unscheduled Mandatory Tender Date at a price equal to the principal amount thereof. With respect to all Series 2011A-2 Bonds sold with an Index Tender Rate based on an Index Spread determined by the Remarketing Agent pursuant to the Indenture, the determination of the Index Spread so determined by the Remarketing Agent will be conclusive and binding on the Notice Parties and the Owners of the Series 2011A-2 Bonds.

Purchase of Series 2011A-2 Bonds. Subject to the provisions described under the caption “—Rescission” and “—Failure to Meet Conditions,” the District will cause Series 2011A-2 Bonds required to be purchased in an Unscheduled Mandatory Tender to be purchased on each Unscheduled Mandatory Tender Date from the Owners thereof at the Purchase Price from the source indicated under the caption “—Purchase of Series 2011A-2 Bonds.”

Consequences of an Unscheduled Mandatory Tender Failure or a Rescission. If the District rescinds any Unscheduled Mandatory Tender as described under the caption “—Rescission” or if any of the conditions of any Unscheduled Mandatory Tender are not satisfied as described under the captions “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” and “—Failure to Meet Conditions,” then the District will not have any obligation to purchase any Series 2011A-2 Bonds and no purchase of Series 2011A-2 Bonds will occur. In such event, the following will occur:

(i) The Trustee will return all Series 2011A-2 Bonds to the Owners thereof together with notice of the basis for such return and the Trustee and the Remarketing Agent will return all remarketing proceeds to the persons providing such moneys without interest;

(ii) The Series 2011A-2 Bonds will continue to bear interest at the Index Tender Rate in effect during such Tender Period without change or modification and the Tender Period then in effect will continue until terminated in accordance with the provisions set forth under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-2 Bonds in Index Mode—Duration of Tender Period”; and

(iii) No Event of Default under the Indenture will have occurred.

Rescission. The District has the option to deliver to the Trustee at its Corporate Trust Office and the Remarketing Agent, on or prior to 5:00 p.m. on the Business Day immediately preceding the Unscheduled Mandatory Tender Date for an Unscheduled Mandatory Tender, a notice to the effect that the District elects to rescind such Unscheduled Mandatory Tender. If the District so rescinds an Unscheduled Mandatory Tender, then no purchase will occur, the Series 2011A-2 Bonds will continue to bear interest at the Index Tender Rate in effect during the Tender Period then in effect without change or modification and the Tender Period then in effect will continue until terminated as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-2 Bonds in Index Mode—Duration of Tender Period.”

Failure to Meet Conditions. Any Unscheduled Mandatory Tender, if not rescinded, will be conditioned upon: (a) amounts sufficient to pay the Purchase Price of such mandatory tender being on deposit from remarketing proceeds, as described under the caption “—Purchase of Series 2011A-2 Bonds,” with the Trustee on the Unscheduled Mandatory Tender Date; and (b) in connection with any change in the Call Protection Date for the next succeeding Tender Period from the Tender Period Standard Date, the delivery by the District of the Favorable Opinion of Bond Counsel described under the caption “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Establishment of Call Protection Date.” If on an Unscheduled Mandatory Tender Date the conditions described in the immediately preceding sentence are not satisfied, then no purchase of Series 2011A-2 Bonds will occur, the Series 2011A-2 Bonds will continue to bear interest at the Index Tender Rate in effect during the Tender Period then in effect without change or modification and the Tender Period then in effect will continue until terminated as described under the caption “—Determination of Index Tender Rates and Index Rate Accrual Periods for Series 2011A-2 Bonds in Index Mode—Duration of Tender Period.”

Failure by the District to pay or cause to be paid the Purchase Price of Series 2011A-2 Bonds tendered under the Unscheduled Mandatory Tender provisions of the Indenture for any reason does not constitute an Event of Default by the District under the Indenture. No such failure affects the District’s right to require Owners of Series 2011A-2 Bonds to tender their Series 2011A-2 Bonds as described under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” during the remainder of the Tender Period then in effect or during any subsequent Tender Period.

Effect of a Successful Remarketing. If moneys on deposit with the Trustee are sufficient to pay the Purchase Price of Series 2011A-2 Bonds to be purchased as described under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” and all other conditions are satisfied, the following will occur:

(i) The Tender Period in effect immediately before such tender will terminate on such Unscheduled Mandatory Tender Date and a new Tender Period will commence on such date; and

(ii) The Index Spread with respect to the Series 2011A-2 Bonds for the new Tender Period will be the Index Spread determined as described above under the caption “—Determination of Index Spread.”

Changes in Mode

Subject to the provisions of the Indenture, the District may effect a Change in Mode with respect to the Series 2011A-2 Bonds by delivering to the Trustee, with copies to the other Notice Parties, a Notice of Change in Mode stating: (A) the election to change the Mode to which the Series 2011A-2 Bonds are then subject (the “Current Mode”) to a different Mode (the “New Mode”), the type of which will be specified; (B) the date on which the Series 2011A-2 Bonds are required to be purchased pursuant to the provisions described below under the caption “—Mandatory Purchase of Series 2011A-2 Bonds,” which will be the date as of which the New Mode takes effect and a Business Day immediately following the end of an Adjustment Period or the last day of a Tender Period, or a Business Day on which the Series 2011A-2 Bonds would be subject to redemption at the option of the District; and (C) a form of notice of mandatory tender for purchase satisfying the requirements described below under the caption “—Mandatory Purchase of Series 2011A-2 Bonds.” In no event will a Change in Mode occur prior to the Call Protection Date set forth on the front cover page hereof.

Not less than seven days prior to a proposed Change in Mode, and in reliance upon a Notice of Change in Mode, the Trustee will give written notice, in the form prepared by the District and delivered to the Trustee pursuant to the immediately preceding paragraph, to the Owners of the mandatory tender for purchase of all Outstanding Series 2011A-2 Bonds as described below under the caption “—Mandatory Purchase of Series 2011A-2 Bonds” in connection with the Change in Mode.

The New Mode will take effect only if the following conditions are satisfied: (i) by 9:00 a.m. on the date of the proposed Change in Mode: (A) if a Liquidity Facility is to be in effect during the New Mode, the interest portion of the Liquidity Facility is in an amount equal to or greater than the Liquidity Facility Interest Amount for the applicable Mode; and (B) if the New Mode is the Fixed Rate Mode, the Trustee and the Remarketing Agent have received a Fixed Rate Terms Certificate; and (ii) the Trustee has received sufficient remarketing proceeds of the Series 2011A-2 Bonds in the New Mode to pay the Purchase Price of the Bonds subject to mandatory tender for purchase in connection with the Change in Mode. If such conditions are satisfied, then the New Mode will take effect on the date of the proposed Change in Mode. If such conditions are not satisfied, then: (a) all Outstanding Series 2011A-2 Bonds will be purchased on the Mandatory Purchase Date described below under the caption “—Mandatory Purchase of Series 2011A-2 Bonds;” (b) all Outstanding Series 2011A-2 Bonds will continue to be subject to the Index Mode; (c) the Tender Period for all Outstanding Series 2011A-2 Bonds will extend from and including the date on which the New Mode was to take effect to and including the date which is three months after such date (and if such date is not a Business Day, the next day which is followed by a Business Day); (d) the interest on the Series 2011A-2 Bonds for the Index Rate Accrual Period will be the last Index Tender Rate in effect during the immediately preceding Tender Period; and (e) the Trustee will, within five Business Days after the date of the proposed Change in Mode, send notice to the Notice Parties stating that the conditions to the Change in Mode have not all been satisfied and informing them of the consequences thereof, as described in the Indenture.

Mandatory Purchase of Series 2011A-2 Bonds

Except as otherwise provided under the captions “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Rescission” and “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Failure to Meet Conditions” with respect to an Unscheduled Mandatory Tender, each Series 2011A-2 Bond which is subject to mandatory tender for purchase on a Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date as a result of a Change in Mode or as otherwise provided in the Indenture will be purchased on such date at the applicable Purchase Price but solely from the sources of payment described under the captions “—Purchase of Series 2011A-2 Bonds,” “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds” or “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds,” as applicable. Subject to the provisions of the Indenture and unless otherwise provided in a Representation Letter, all Series 2011A-2 Bonds required to be purchased on a

Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date will be tendered for purchase by delivery to the Trustee at its Corporate Trust Office on or prior to the Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, and, except as otherwise provided under the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” with respect to an Unscheduled Mandatory Tender, will be purchased, but solely from the sources of payment described under the captions “—Purchase of Series 2011A-2 Bonds,” “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds” or “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Purchase of Series 2011A-2 Bonds,” as applicable.

Undelivered Bonds

Any Series 2011A-2 Bond which is subject to mandatory tender for purchase in accordance with the provisions described under the caption “—Mandatory Tender for Purchase” which is not tendered for purchase as required by the Indenture, will constitute an Undelivered Bond and will nonetheless be deemed to have been so tendered and, upon provision for payment of the Purchase Price thereof from the applicable funds specified under the caption “—Purchase of Series 2011A-2 Bonds,” will be deemed to have been purchased on the Mandatory Purchase Date, the Scheduled Mandatory Tender Date or the Unscheduled Mandatory Tender Date, as applicable, after which no interest will accrue on such Series 2011A-2 Bond for the benefit of the Owner required to tender such Series 2011A-2 Bond from and after such Mandatory Purchase Date, Scheduled Mandatory Tender Date or Unscheduled Mandatory Tender Date, as applicable, and such Owner will have no rights under the Indenture as the Owner of such Series 2011A-2 Bond except the right to receive the Purchase Price thereof from the funds available therefor, as described under the caption “—Purchase of Series 2011A-2 Bonds.”

Refinancing and Related Risks

No assurance can be given that the District will have sufficient remarketing proceeds or funds on hand on March 15, 2016 or any other Scheduled Mandatory Tender Date to pay the Purchase Price of the Series 2011A-2 Bonds upon the mandatory tender thereof on such date. The District has not currently provided for any Liquidity Facility to support the payment of the Purchase Price upon mandatory tender of the Series 2011A-2 Bonds. In the event that the District does not have sufficient funds to pay the Purchase Price of the Series 2011A-2 Bonds on such date from remarketing proceeds or other funds on hand, the District’s ability to pay such Purchase Price is dependent on the District’s ability: (i) to issue and sell refunding obligations to refund Series 2011A-2 Bonds prior to such date; or (ii) to provide for the conversion of such Series 2011A-2 Bonds to another Mode on or prior to such date and to receive sufficient remarketing proceeds upon such conversion to provide for payment of the Purchase Price of the Series 2011A-2 Bonds upon the mandatory tender thereof.

A variety of events could prevent access to the municipal securities market, prohibit the District from issuing such refunding obligations or remarketing such Series 2011A-2 Bonds or make the issuance of refunding obligations or the remarketing of such Series 2011A-2 Bonds prohibitively expensive. No assurance can be given that the District will be able to effect such a refinancing or remarketing on sufficiently favorable terms. Failure of the District to provide sufficient funds to pay the Purchase Price on the Scheduled Mandatory Tender Date constitutes an Event of Default under the Indenture. See the caption “THE SERIES 2011A-2 BONDS—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender—Consequences of a Scheduled Mandatory Tender Failure.”

The Series 2011A-1 Bonds are also subject to risks described in the preceding two paragraphs.

Redemption of Series 2011A-2 Bonds

Optional Redemption. The Series 2011A-2 Bonds in the Index Mode are subject to redemption at the option of the District in whole or in part, in Authorized Denominations, during any Tender Period, on any Business Day on or after the Call Protection Date for such Tender Period, at a Redemption Price equal to 100% of the principal amount of the Series 2011A-2 Bonds being redeemed plus unpaid accrued interest, if any, to such Redemption Date, without premium. See the captions “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Scheduled Mandatory Tender—Establishment of Call Protection Date” and “—Remarketing and Purchase of Series 2011A-2 Bonds in Connection with Unscheduled Mandatory Tender—Establishment of Call Protection Date.” The Call Protection Date for the Tender Period commencing on February 20, 2015 is September 15, 2015.

Mandatory Redemption. The Series 2011A-2 Bonds are subject to mandatory redemption in part on October 1, 2015 and on each October 1 thereafter, upon notice as described under the caption “—Notice of Redemption,” at a Redemption Price equal to 100% of the principal amount of the Series 2011A-2 Bonds to be redeemed, without premium, in the years and principal amounts as follows:

SERIES 2011A-2 BONDS DUE OCTOBER 1, 2037

<i>Mandatory Redemption Dates (October 1)</i>	<i>Principal Amount of Series 2011A-2 Bonds to be Redeemed</i>
2015	\$1,000,000
2016	1,040,000
2017	1,080,000
2018	1,120,000
2019	1,160,000
2020	1,200,000
2021	1,280,000
2022	1,320,000
2023	1,360,000
2024	1,400,000
2025	1,480,000
2026	1,520,000
2027	1,600,000
2028	1,640,000
2029	1,720,000
2030	1,800,000
2031	1,880,000
2032	1,920,000
2033	2,000,000
2034	2,080,000
2035	2,160,000
2036	2,280,000
2037 (maturity)	2,360,000

Upon any purchase and cancellation of Series 2011A-2 Bonds by the District or any redemption of Series 2011A-2 Bonds pursuant to the optional redemption provisions of the Indenture described under the caption “—Optional Redemption,” an amount equal to the aggregate principal amount of Series 2011A-2 Bonds so purchased or redeemed will be credited toward a part or all of any one or more yearly mandatory redemptions required by the Indenture, as directed in writing by the District, provided that such direction is received by the Trustee at least 45 days before the date of such mandatory redemption. Any such direction will state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts have been credited

toward the same) constitutes the unsatisfied balance of such mandatory redemption for the purpose of the calculation of payments due on October 1 in any future year.

Selection of Series 2011A-2 Bonds for Redemption

If not otherwise provided in the Indenture, whenever less than all Outstanding Series 2011A-2 Bonds of a maturity are to be redeemed on any one date, the Trustee will select the Series 2011A-2 Bonds of such maturity to be redeemed from the Outstanding Series 2011A-2 Bonds of such maturity by lot, or in such other manner as the Trustee deems fair.

Notice of Redemption

Notice of redemption will be given by Mail by the Trustee to the Remarketing Agent and the Owners of any Series 2011A-2 Bonds designated for redemption in whole or in part no less than 30 days nor more than 60 days prior to the Redemption Date. So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 2011A-2 Bonds, notices of redemption will be given to DTC. See the caption “—Book-Entry Only System” below.

Each notice of redemption will state the Redemption Date, the redemption place and the Redemption Price, the maturity dates of the Series 2011A-2 Bonds to be redeemed and designate the numbers of the Series 2011A-2 Bonds to be redeemed if less than all of the Outstanding Series 2011A-2 Bonds of a maturity are to be redeemed, will (in the case of any Series 2011A-2 Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and state that, if the Trustee holds sufficient available funds to pay the Redemption Price of the Series 2011A-2 Bonds to be redeemed on the Redemption Date, the interest thereon or portions thereof designated for redemption will cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on the Series 2011A-2 Bonds or portions thereof designated for redemption the Redemption Price thereon. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Series 2011A-2 Bonds.

With respect to any notice of any optional redemption of Series 2011A-2 Bonds, unless at the time such notice is given the Trustee holds sufficient available funds to pay the Redemption Price of the Series 2011A-2 Bonds to be redeemed, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of the Series 2011A-2 Bonds to be redeemed, and that if such moneys have not been so received said notice will be of no force and effect and the District will not be required to redeem such Series 2011A-2 Bonds. In the event that a notice of redemption of Series 2011A-2 Bonds contains such a condition and such moneys are not so received, the redemption of such Series 2011A-2 Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of redemption and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of Series 2011A-2 Bonds pursuant to such notice of redemption.

Any notice of redemption mailed as provided in the Indenture will be conclusively presumed to have been given, whether or not actually received by any Owner.

See the caption “—Mandatory Tender for Purchase—Unscheduled Mandatory Tender for Purchase” for information with respect to notice of Unscheduled Mandatory Tenders.

Allocation of Credits for Purchased or Redeemed Series 2011A-2 Bonds

Except as otherwise provided in the Indenture, the principal amount of any Series 2011A-2 Bonds purchased and cancelled by the District, or redeemed by the District, will be credited proportionally to all

Improvement Districts and the Included Amount for each Improvement District will be reduced by such Improvement District's Included Percentage (calculated immediately before such purchase or redemption) of the purchased or redeemed Series 2011A-2 Bonds.

In the event that Series 2011A-2 Bonds are purchased for cancellation or redeemed with funds provided by one or more Improvement Districts other than funds provided proportionately with all other Improvement Districts, the principal amount of any Series 2011A-2 Bonds purchased and cancelled by the District, or redeemed by the District, will be credited proportionally to all such contributing Improvement Districts and the Included Amount for each such Improvement District will be reduced by such Improvement District's proportional contribution to the purchase price of such purchased Series 2011A-2 Bonds and the Redemption Price of such redeemed Series 2011A-2 Bonds and the Included Percentage (calculated immediately before such purchase or redemption) of the purchased or redeemed Series 2011A-2 Bonds.

Immediately following each purchase of Series 2011A-2 Bonds by the District for cancellation and each redemption of Series 2011A-2 Bonds and the allocation of credits in connection with such purchase and redemption in accordance with the provisions of the Indenture, as applicable, the Included Percentages for all Improvement Districts will be recomputed for all purposes after such redemption in the following manner:

$$\frac{\text{Improvement District's Included Amount after purchase or redemption}}{\text{Total Amount of Outstanding Series 2011A-2 Bonds after purchase or redemption}} = \text{Included Percentage, as adjusted}$$

Book-Entry Only System

One fully-registered Series 2011A-2 Bond has been issued in the outstanding principal amount of the Series 2011A-2 Bonds. The Series 2011A-2 Bonds are registered in the name of Cede & Co. and have been deposited with DTC. So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 2011A-2 Bonds, all payments of principal, Purchase Price and Redemption Price of and interest on the Series 2011A-2 Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners of the Series 2011A-2 Bonds will be the responsibility of the DTC Participants as more fully described herein. See Appendix E—“BOOK-ENTRY SYSTEM.”

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for the Series 2011A-2 Bonds. In that event, the Series 2011A-2 Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal, Purchase Price, Redemption Price and interest and rights of exchange and transfer.

The District cannot and does not give any assurances that DTC Participants or others will distribute payments with respect to the Series 2011A-2 Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Remarketing Statement. See Appendix E hereto for additional information concerning DTC.

SECURITY FOR THE SERIES 2011A-2 BONDS

General

Sources of Payment. The Series 2011A-2 Bonds constitute the consolidated, several general obligations of the Improvement Districts payable from: (i) Assessment Proceeds collected from within each

Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal, Purchase Price and Redemption Price of, and interest on, Outstanding Series 2011A-2 Bonds; (ii) Net Revenues of the District; and (iii) certain monies and investment earnings in certain funds and accounts created under the Indenture. See the caption "—Pledge of Assessment Proceeds and Revenues." The District currently expects to pay a portion of scheduled debt service on the Series 2011A-2 Bonds from a combination of Assessment Proceeds and Net Revenues and, to the extent that remarketing proceeds are insufficient, to pay the Purchase Price of the Series 2011A-2 Bonds from Net Revenues.

Authority for Issuance. Elections were held in Improvement District Nos. 105, 113, 213 and 250 at which the qualified voters within each such improvement district authorized the District to incur an indebtedness and issue general obligation bonds for each respective improvement district. See Appendix A—"IRVINE RANCH WATER DISTRICT" for a discussion of the bond authorization, amount of outstanding bonds and remaining bond authorization for each of the Improvement Districts. The Series 2011A-2 Bonds are authorized for issuance pursuant to the Act and all laws of the State amendatory thereof or supplemental thereto.

Covenant to Collect Assessment Proceeds. The District has covenanted in the Indenture that, to the extent necessary to provide Assessment Proceeds sufficient to pay when due, together with the other funds available for such payment, the principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land within the applicable Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Series 2011A-2 Bonds of the applicable Improvement District; or (c) in its discretion, impose and collect, or cause the imposition and collection of In Lieu Charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments.

Revenue Rate Covenant. The District has also covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to 125% of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the foregoing requirements.

Notwithstanding the foregoing, so long as the Installment Sale Agreement, dated as of February 1, 2010 (the "2010 Installment Sale Agreement"), by and between the District and the Irvine Ranch Water District Water Service Corporation remains in effect, the District will need to comply with the requirements set therein regarding the rate covenant, which are identical to those set forth in the prior paragraph except that the Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) which are applied as a credit to Debt Service above are included as revenues for purposes of such calculation and the definition of Aggregate Debt Service in the 2010 Installment Sale Agreement does not provide an offset for debt service paid from Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) associated with Revenue Enhancement Agreements. In addition, certain of the Prior Reimbursement Agreements described under the caption "—Existing Parity Obligations" related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have covenants related to the setting of rates and charges with which the District is contractually obligated to comply.

Additional Covenants. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "CERTAIN COVENANTS" for a summary of additional covenants of the District under the Indenture.

Pledge of Trust Estate. Pursuant to the Indenture, the District has pledged the Trust Estate thereunder to secure the payment of the Series 2011A-2 Bonds issued thereunder. The “Trust Estate” under the Indenture consists of the following:

(A) The Bond Payment Fund (defined below) established under the Indenture, including all accounts in such fund, and all of the monies in such fund and accounts and the investments, if any, thereof, and all income and proceeds derived from such investments; and

(B) Subject to the application on the terms and conditions contained in the Indenture, Revenues of the District.

Pledge of Assessment Proceeds and Revenues

Subject to the application of the Revenues on the terms and conditions provided in the Indenture, Revenues have been irrevocably pledged to the payment when due of the principal, Purchase Price and Redemption Price of, and interest on, the Outstanding Series 2011A-2 Bonds, which pledge will be on a parity with any pledge of Revenues securing other Parity Obligations. Such pledge constitutes a pledge of and charge and lien upon the Revenues for the payment of the principal, Purchase Price upon the Scheduled Mandatory Tender and Redemption Price of, and interest on, the Outstanding Series 2011A-2 Bonds and all other Parity Obligations in accordance with the terms of the Indenture and the Series 2011A-2 Bonds after payment from the Revenues of the Operation and Maintenance Expenses, and the funding of contingency reserves therefor, as provided in the Indenture.

THE SERIES 2011A-2 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUNDS OF THE DISTRICT OR THE IMPROVEMENT DISTRICTS, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, ARE LIABLE FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-2 BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2011A-2 BONDS.

Assessment Proceeds. Assessment Proceeds means, with respect to any Improvement District: (i) *ad valorem* assessments on taxable land in such Improvement District levied pursuant to the Act; (ii) In Lieu Charges, consisting of water or sewer charges, as applicable, which in the discretion of the Board of Directors of the District are fixed and collected in an Improvement District in lieu of *ad valorem* assessments pursuant to the Act; and (iii) proceeds from the sale of property in such Improvement District for the enforcement of delinquent assessments pursuant to the Act.

The Included Amount for each Improvement District with respect to the Series 2011A-2 Bonds and any other outstanding or future District general obligation bonds issued for such Improvement District are equally secured by the *ad valorem* assessments and any charges for water or sewer service, as applicable, imposed and collected in lieu of *ad valorem* assessments, collected within such Improvement District. The *ad valorem* assessments are levied only on land and are based on the land value of parcels in the Improvement District without regard to the value of any improvements thereon. See Appendix A—“IRVINE RANCH WATER DISTRICT” under the captions “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 125 and 225” and “THE IMPROVEMENT DISTRICTS—Improvement District Nos. 113 and 213.”

Net Revenues. Net Revenues for any period consist of the Revenues of the District less the Operation and Maintenance Expenses of the District for such period. “Revenues” means:

(1) The water, sewer and reclaimed water rates and charges imposed by the District in connection with providing water, sewer and reclaimed water services to retail customers through the Operating Systems (as such term is defined in the Indenture), including commodity, service, standby, material treatment and connection charges, except: (i) such water, sewer and reclaimed water rates and charges levied in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act; and (ii) customer deposits (together, the “Utility Rates and Charges”); and

(2) Other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California 1% *ad valorem* property tax (to the extent not applied by the District to pay principal of and interest on Secured Bonds) and Investment Income;

but excluding in all cases: (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or *ad valorem* assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent *ad valorem* assessments so restricted; and (iii) water, sewer and reclaimed water rates and charges levied in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act.

“Operation and Maintenance Expenses” consist of the costs and expenses paid or incurred by the District for operating and maintaining the Operating Systems (as such term is defined in the Indenture) including, but not limited to: (a) all costs of water generated or purchased by the District for resale; (b) all costs and expenses of providing services and commodities through or with the Operating Systems; (c) all costs and expenses of management of the Operating Systems; (d) all costs and expenses of maintenance and repair of, and other expenses necessary or appropriate in the judgment of the District to maintain and preserve, any of the Operating Systems in good repair and working order; (e) all administrative and general expenses, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, retirement benefits and health care benefits; (f) all deposits to be made to a contingency reserve for Operation and Maintenance Expenses; (g) all deposits to be made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the tax-exempt status of interest on such Parity Obligations; (h) any cost or expense paid or incurred by the District to comply with requirements of law applicable to any of the Operating Systems or the ownership or operation thereof or any activity in connection therewith; and (i) any other cost or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as an expense of operating or maintaining any of the Operating Systems; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, and amortization of intangibles.

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2011A-2 Bonds. See the caption “SECURITY FOR THE SERIES 2011A-2 BONDS.”

Allocation of Monies Under the Indenture

Allocation of Revenues. In order to carry out and effectuate the pledge and lien on the Revenues contained in the Indenture, the District has agreed and covenanted in the Indenture that all Revenues received by it will be deposited when and as received in the Revenue Fund, which fund has been previously established by the District and which fund the District has agreed and covenanted to maintain as a special fund, separate and apart from other moneys of the District so long as any Series 2011A-2 Bond remains Outstanding. All Revenues will be applied in the following order of priority:

First: to the payment of Operation and Maintenance Expenses (other than the funding of contingency reserves for Operation and Maintenance Expenses) as they become due and payable.

Second: to the funding of contingency reserves for Operation and Maintenance Expenses.

Third: (i) two Business Days before each Interest Payment Date, to a deposit to the Bond Payment Fund in an amount equal to the transfer to the Interest Account and Principal Account to be made on such Interest Payment Date; and (ii) on each date, other than an Interest Payment Date, on which the principal of an Outstanding Series 2011A-2 Bond becomes due, whether by mandatory redemption, acceleration, or otherwise, to a deposit to the Bond Payment Fund in an amount equal to the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-2 Bonds coming due on such date. Notwithstanding the provisions of the immediately preceding sentence, no such deposit to the Bond Payment Fund need be made by the District to the extent that the Trustee then holds, or is concurrently receiving from the District from Assessment Proceeds or other sources that do not constitute Revenues, moneys for such purpose in the Bond Payment Fund, or being deposited in the Bond Payment Fund, available to pay the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-2 Bonds to be paid with such deposit. The District will also pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-2 Bonds), without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, on the dates specified in the proceedings relating to such Parity Obligations, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest (including purchase price) on Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2011A-2 Bonds) in accordance with the terms of such Parity Obligations.

Fourth: the District will transfer or cause to be transferred to any applicable reserve fund or account for any Parity Obligations for which a separate reserve has been funded, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, the sum or sums, if any, equal to the amount required to be deposited therein in accordance with the terms of such Parity Obligations.

Fifth: to any lawful purpose of the District, including the payment of any Subordinate Obligations in accordance with the instruments authorizing such Subordinate Obligations, which application will be free and clear of the pledge and lien on Revenues created by the Indenture.

Bond Payment Fund. There has been established and created a fund with the Trustee under the Indenture designated the “Bonds of Irvine Ranch Water District, Series 2011A-2 Bond Payment Fund” (the “Bond Payment Fund”). The Trustee will transfer money contained in the Bond Payment Fund to the accounts described below at the following times in the manner provided in the Indenture, which accounts the Trustee has agreed to establish and maintain so long as the Indenture is not discharged in accordance with the provisions thereof, and each such account constitutes a trust fund for the benefit of the Owners of the Series 2011A-2 Bonds, and the money in each such account will be disbursed only for the purposes and uses authorized in the Indenture.

Interest Account. The Trustee, on each Interest Payment Date, will deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account, will be sufficient to pay interest on the Outstanding Series 2011A-2 Bonds due on such Interest Payment Date. Money in the Interest Account will be used and withdrawn by the Trustee on each Interest Payment Date solely for the payment of interest on the Outstanding Series 2011A-2 Bonds then due.

Principal Account. The Trustee, on each Principal Payment Date, will deposit in the Principal Account from money in the Bond Payment Fund such amount as is sufficient to pay the principal of the Outstanding Series 2011A-2 Bonds due on such Principal Payment Date. Money in the Principal Account

will be used and withdrawn by the Trustee on each Principal Payment Date solely for the payment of the principal of Outstanding Series 2011A-2 Bonds then due.

Redemption Account. The Trustee will deposit in the Redemption Account amounts received from the District to pay the Redemption Price of Series 2011A-2 Bonds to be redeemed. Money in such Redemption Account will be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the Redemption Price of Outstanding Series 2011A-2 Bonds upon the redemption thereof.

Existing Parity Obligations

The District has entered into certain Parity Obligations described below. The reimbursement agreements described below relate to outstanding *ad valorem* assessment bonds:

(i) the Fifth Amended and Restated Reimbursement Agreement, dated as of April 1, 2011, by and between the District and Bank of America, N.A.;

(ii) the Reimbursement Agreement, dated as of June 1, 2012, by and between the District and The Bank of New York Mellon;

(iii) the two Reimbursement Agreements, each dated as of April 1, 2011, by and between the District and Sumitomo Mitsui Banking Corporation;

(iv) the Amended and Restated Reimbursement Agreement, dated as of April 1, 2011, by and between the District and U.S. Bank National Association;

(v) the State Revolving Loan Contract No. 6-817-550-0, dated June 26, 1997, by and between the District and the State Water Resources Control Board, as amended and supplemented, currently outstanding in the aggregate principal amount of \$970,726;

(vi) the 2010 Installment Sale Agreement, securing the District's Certificates of Participation, Irvine Ranch Water District Refunding Series 2010 currently outstanding in the aggregate principal amount of \$67,190,000;

(vii) the District's Series 2010B Bonds currently outstanding in the aggregate principal amount of \$175,000,000; and

(viii) the Series 2011A-1 Bonds currently outstanding in the aggregate principal amount of \$54,600,000.

The agreements described in clauses (i) through (iv) above are collectively referred to as the "Prior Reimbursement Agreements."

There are currently no reimbursement obligations outstanding under the Prior Reimbursement Agreements, although the District may incur reimbursement obligations under the Prior Reimbursement Agreements as provided therein.

For a summary of the stated amount of each letter of credit associated with the Prior Reimbursement Agreements, see Appendix A—"IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Parity Obligations."

Limitations on Parity and Superior Obligations

Obligations Superior to Series 2011A-2 Bonds. The District has covenanted in the Indenture that it will not create any pledge of, lien on or charge upon the Revenues with a priority prior to or senior to the pledge of the Revenues securing the Series 2011A-2 Bonds and the Parity Obligations.

Obligations on a Parity with the Series 2011A-2 Bonds. Under the Indenture, the District may at any time issue additional Parity Obligations; provided:

(a) The Net Revenues, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, for the Applicable Fiscal Year, as evidenced by both a calculation prepared by the District and a special report on such calculation prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on file with the District, are at least equal to 125% of the Aggregate Debt Service for the Applicable Fiscal Year; and

(b) Either of (1) or (2) below:

(1) The Net Revenues for the Applicable Fiscal Year, plus any adjustments to Net Revenues to give effect as of the first day of the Applicable Fiscal Year to increases or decreases in rates and charges of the District approved and in effect as of the date of calculation, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, produce an amount at least equal to 125% of the sum of: (i) the Aggregate Debt Service for such Applicable Fiscal Year; plus (ii) the Debt Service which would have accrued on any Parity Obligations issued since the end of the Applicable Fiscal Year assuming such Parity Obligations had been issued at the beginning of the Applicable Fiscal Year; plus (iii) the Debt Service which would have accrued had the additional Parity Obligations to be issued been issued at the beginning of the Applicable Fiscal Year; or

(2) The estimated Net Revenues for each Fiscal Year in the Test Period, plus an allowance for the estimated Net Revenues for each Fiscal Year in the Test Period arising from the completion of any uncompleted projects during the Test Period, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, plus any increase in the income, rents, fees, rates and charges estimated to be received by the District and which are economically feasible and reasonably considered necessary based on projected operations for the Test Period, produce an amount in each Fiscal Year in the Test Period which is at least equal to 125% of the sum of: (i) Aggregate Debt Service in each such Fiscal Year on all then Outstanding Parity Obligations; plus (ii) the Debt Service in each such Fiscal Year on the additional Parity Obligations to be issued; plus (iii) the Debt Service in each such Fiscal Year on any additional Parity Obligations estimated by the District to be required to complete all uncompleted projects for which Parity Obligations have been or are being issued, assuming that all such additional Parity Obligations to complete uncompleted projects (other than the Parity Obligations to be issued) have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Obligations then being issued.

(c) Notwithstanding the provisions of clauses (a) and (b), the District may at any time issue additional Parity Obligations to refund Outstanding Parity Obligations without satisfying any of the conditions set forth in such subsections if Aggregate Debt Service after the issuance of such additional Parity Obligations in each Fiscal Year in the Refunding Test Period is not greater than the Aggregate Debt Service in each such Fiscal Year before the issuance of such additional Parity Obligations.

(d) Notwithstanding the provisions of clauses (a) and (b), the District may at any time issue a Parity Obligation constituting a Credit Support Agreement securing a Parity Obligation without satisfying any of the conditions set forth in such subsections if such Credit Support Agreement: (i) replaces a Prior Reimbursement Agreement (or a successor to a Prior Reimbursement Agreement) and does not increase the principal of bonds secured by the letter of credit relating to such Prior Reimbursement Agreement; or (ii)

the Parity Obligations secured by the Credit Support Instrument relating to such Credit Support Agreement have been issued in accordance with clauses (a) and (b).

Notwithstanding the foregoing, so long as the 2010 Installment Sale Agreement remains outstanding, the District will need to comply with the requirements set therein for the issuance of Parity Obligations, which are identical to those set forth in clauses (a), (b) and (c) above except that the Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) which are applied as a credit to Debt Service in clauses (a) and (b) above are included as revenues for purposes of such calculation and the definition of Aggregate Debt Service in the 2010 Installment Sale Agreement does not provide an offset for debt service paid from Assessment Proceeds (and any assessment proceeds related to other Parity Obligations) associated with Revenue Enhancement Agreements. In addition, certain of the Prior Reimbursement Agreements related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have conditions precedent to the issuance of Parity Obligations that are more stringent than those listed above.

Obligations Subordinate to the Series 2011A-2 Bonds. Nothing in the Indenture prevents the District from issuing Subordinate Obligations or granting a pledge of, lien on or charge upon the Revenues in all respects junior and subordinate to the payment of amounts due with respect to Parity Obligations to secure any such Subordinate Obligations. Nothing in the Indenture limits the District's payment of the Operation and Maintenance Expenses prior to the payment of the Parity Obligations as provided in the Indenture.

Investment of Monies in Funds and Accounts Under the Indenture

So long as the Series 2011A-2 Bonds are Outstanding and no Event of Default has occurred and is continuing, monies on deposit to the credit of the funds held by the Trustee under the Indenture (except for the Remarketing Proceeds Account in the Purchase Fund) will, at the written request of the District, be invested by the Trustee in Permitted Investments. In the absence of written instruction from the District, the Trustee is directed to hold available funds uninvested. The Trustee is entitled to rely conclusively on said instructions for purposes of the Indenture and will have no duty to monitor the compliance thereof with the restrictions set forth in the Indenture. Subject to the limitations contained in Government Code Section 53601, monies in the funds held by the District will be invested by the District in Permitted Investments. All such investments will have maturity dates, or will be subject to redemption, at the option of the holder, on or prior to the dates the monies invested therein will be needed for the purposes of such funds. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "DEFINITIONS" for the definition of Permitted Investments under the Indenture.

The Trustee may commingle any of the moneys held by it under the Indenture. The Trustee may present for redemption or sell any such deposit or investment whenever necessary in order to provide money to meet any payment of the money so deposited or invested. Any interest or profits on deposits and investments in the Bond Payment Fund received by the Trustee will be deposited in the Interest Account as a credit against interest to come due on the Outstanding Series 2011A-2 Bonds.

See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "FUNDS AND ACCOUNTS—Investments."

THE IRVINE RANCH WATER DISTRICT

For a description of the District and each of the Improvement Districts see Appendix A—"IRVINE RANCH WATER DISTRICT."

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Certificate dated April 15, 2011 (the “Continuing Disclosure Certificate”) for the benefit of the Owners and beneficial owners of the Series 2011A-2 Bonds to provide certain financial information and operating data relating to the District (each an “Annual Report”) by not later than 270 days following the end of the District’s fiscal year (which fiscal year ends on June 30), commencing with the Annual Report for Fiscal Year 2012, and to provide notices of the occurrence of certain enumerated events. The Annual Reports will be filed by the District with EMMA for the purpose of S.E.C. Rule 15c2-12(b)(5) (the “Rule”). The notices of enumerated events will be filed by the District with EMMA. The specific nature of the information to be made available and to be contained in the notices of enumerated events is contained in Appendix F—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” hereto. These covenants have been made in order to assist the Remarketing Agent, as Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) in complying with the Rule. For the last five years the District has complied in all material aspects with its filing obligations pursuant to undertakings entered into pursuant to the Rule.

See the caption “INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225” for a discussion of the consolidation of Improvement District Nos. 105 and 250 into Improvement District Nos. 125 and 225, respectively. As a result of such consolidations, Improvement District Nos. 125 and 225 are the legal successors to Improvement District Nos. 105 and 250, respectively, and Improvement District Nos. 105 and 250 no longer exist. Accordingly, beginning in Fiscal Year 2014, the Annual Reports will contain information relating to Improvement District Nos. 125 and 225 rather than for Improvement District Nos. 105 and 250.

LITIGATION

There is no action, suit or proceeding known to be pending, or to the knowledge of the District, threatened, in any way contesting or affecting the validity of, the Series 2011A-2 Bonds or the Indenture. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the District’s water and sewer systems and related activities. In the view of the District’s management and General Counsel, there is no litigation, present or pending, or to the knowledge of the District, threatened, which will individually or in the aggregate materially impair the District’s ability to service its indebtedness or which will have a material adverse effect on the business operations of the District.

RATINGS

On April 12, 2011, Standard & Poor’s Ratings Group (“S&P”), Moody’s Investors Service (“Moody’s”) and Fitch Ratings (“Fitch”) assigned the Series 2011A-2 Bonds the short-term ratings of “A-1+”, “VMIG 1” and “F1+”, respectively, and Moody’s and Fitch assigned the Series 2011A-2 Bonds the long-term ratings of “Aa1” and “AAA”, respectively. S&P affirmed the short-term rating of the 2011A-2 Bonds of “A-1+” on December 18, 2014. Although S&P has not assigned a long-term rating to Series 2011A-2 Bonds, S&P affirmed the long-term rating of “AAA” on the District’s Series 2010B Bonds, which are Parity Obligations, on December 18, 2014. Fitch affirmed the short-term rating of “F1+” and the long-term rating of “AAA” for the Series 2011A-2 Bonds on March 13, 2013. The District has made no attempt to seek an update to or affirmation of such ratings from the rating agencies in connection with the remarketing of the Series 2011A-2 Bonds on February 20, 2015. Generally, rating agencies base their ratings on information and material furnished directly to them and on investigations, studies and assumptions made by them. The ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the applicable rating agency. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if, in the

judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2011A-2 Bonds.

TAX MATTERS

Original Opinions

On April 15, 2011, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel to the District (“Co-Bond Counsel”), in connection with the issuance of the Series 2011A-2 Bonds, delivered their respective opinions to the effect that, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2011A-2 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. It was the further opinion of Co-Bond Counsel, as of April 15, 2011, that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the opinions of Co-Bond Counsel delivered at the original issuance of the Series 2011A-2 Bonds is set forth in Appendix D hereto.

No Updated Co-Bond Counsel Opinions

Co-Bond Counsel have not taken, and do not intend to take, any action to update their respective original opinions or to determine if interest on the Series 2011A-2 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes.

General Considerations

Notwithstanding the foregoing, investors should be aware of the following information.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2011A-2 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2011A-2 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2011A-2 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2011A-2 Bonds. The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 2011A-2 Bonds assumed the accuracy of these representations and compliance with these covenants. Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel’s attention after the date of issuance of the Series 2011A-2 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2011A-2 Bonds. Accordingly, the opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 2011A-2 Bonds are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel have rendered opinions that interest on the Series 2011A-2 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2011A-2 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2011A-2 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Series 2011A-2 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2011A-2 Bonds. Prospective purchasers of the remarketed Series 2011A-2 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 2011A-2 Bonds were based on current legal authority existing as of April 15, 2011, covered certain matters not directly addressed by such authorities, and represented Co-Bond Counsel's judgment as to the proper treatment of the Series 2011A-2 Bonds for federal income tax purposes. They are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and have not given any opinion or assurance about the past or future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the Series 2011A-2 Bonds ended on April 15, 2011 with the original issuance of the Series 2011A-2 Bonds. Unless separately engaged, Co-Bond Counsel are not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2011A-2 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2011A-2 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2011A-2 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

REMARKETING AGENT

Morgan Stanley & Co. LLC has been appointed to serve as Remarketing Agent for the Series 2011A-2 Bonds. The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent under and in accordance with the provisions of the Indenture and the Remarketing Agreement, dated as of April 1, 2011, by and between the District and Morgan Stanley & Co. LLC.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the Remarketing Agent for the Series 2011A-2 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2011A-2 Bonds.

The Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and certain of its affiliates have, from time to time, performed, and may in the future perform, various

investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agent and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

APPROVAL OF LEGAL MATTERS

Certain legal matters in connection with the reoffering of the Series 2011A-2 Bonds will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Co-Bond Counsel to the District, by Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel to the District and general counsel to the District, and for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation.

INDEPENDENT ACCOUNTANTS

The financial statements of the District at June 30, 2014, included in Appendix B to this Remarketing Statement, have been audited by Mayer Hoffman McCann P.C., independent accountants (the "Auditor"), as set forth in their report dated December 1, 2014, which also appears in Appendix B. The Auditor has not reviewed the contents of this Remarketing Statement, and the District has not sought the Auditor's consent to the inclusion of the Auditor's audit letter attached to the District's financial statements in this Remarketing Statement.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Remarketing Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Remarketing Statement is not to be construed as a contract or agreement between the District and registered owners or beneficial owners of any of the Series 2011A-2 Bonds. The delivery and distribution of this Remarketing Statement have been duly authorized by the District.

IRVINE RANCH WATER DISTRICT

By: _____ /s/ Robert Jacobson
Treasurer

APPENDIX A
IRVINE RANCH WATER DISTRICT

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INTRODUCTION

The following sets forth certain information relating to the Irvine Ranch Water District (the “District”) and certain of its improvement districts.

The District’s projections in Tables 12, 15, 17, 19, 23, 25, 27, 30 and 32 of this Appendix A (the “Projections”) are derived from historic trends and experience and an internal financial model known as the “District Enterprise Model.” The District Enterprise Model is a capital planning and budgeting tool used by the District to identify future infrastructure funding requirements, and to aid in setting water and sewer rates, charges and connection fees. Key inputs utilized in the District Enterprise Model include assumptions based on historical experience and other factors regarding the District’s cost of borrowing, the rate of return on District investments, inflation, project costs, property tax receipts and the timing and amount of future bond sales, but the primary input is the pace and scope of real estate development activity within the District’s service area. The District is in regular contact with major Orange County (the “County”) real estate development companies to assess and update this information for use in the District Enterprise Model.

The Projections constitute forward-looking statements. No assurance can be given that the future results reflected in the Projections and otherwise discussed herein will be achieved, and actual results may differ materially from the Projections. As noted above, the Projections rely heavily on certain assumptions regarding the pace and scope of real estate development activity within the District’s service area. Such activity may be affected by a variety of factors, such as tighter lending standards for real estate loans generally. Real estate development activity also may be affected by general economic conditions, which currently reflect higher energy and commodity costs and volatile financial markets. The District has attempted to reflect such conditions in the Projections, but is unable to predict with certainty the level of future real estate development activity or the other factors affecting the Projections.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California (the “State”). The various opinions of counsel that were delivered with respect to such documents, including the opinions of Co-Bond Counsel (the forms of which are attached to the Remarketing Statement as Appendix E), were similarly qualified.

Unless the context otherwise requires, all defined terms used herein shall have the same meanings set forth in the Remarketing Statement, except that the term “Improvement Districts” as used in this Appendix A refers to all seven water improvement districts and ten sewer improvement districts of the District.

THE IRVINE RANCH WATER DISTRICT

General

The District was established in 1961 as a California Water District under the provisions of Section 34000 *et seq.* of the California Water Code (the “Act”). As a special district, the District focuses on four primary services – providing potable water, collecting and treating wastewater, producing and distributing recycled and other non-potable water, and implementing urban runoff treatment programs.

The District serves a 181-square-mile area, which includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange and Lake Forest, as well as certain unincorporated areas of the County. Extending from the Pacific Coast to the foothills, the District’s region is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The District serves a total estimated population of approximately 370,000 through approximately 102,990 water and approximately 97,482 sewer

service and recycled water connections. The number of service connections has increased by approximately 16% over the last decade.

The District builds and maintains significant capital infrastructure in order to serve its customers and is organized into Improvement Districts in order to allocate funding responsibility for capital facilities to the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development. This allows capital facilities construction to be matched to the development approval decisions of the respective local agencies that make them. Some of the Improvement Districts share in the funding of the District's regional facilities which such Improvement Districts use or will use in common, such as major water importation facilities and water and wastewater treatment plants. The District recently undertook a process to review its current capital funding plan, resulting in a master consolidation and combination of several Improvement Districts in November 2013. As a result of such consolidation, the District now has a total of seven water Improvement Districts and ten sewer Improvement Districts which cover specific areas within the District's boundaries, each of which is governed in accordance with the Act. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the effect on the Series 2011A-1 Bonds of the consolidation and combination of such Improvement Districts.

As of December 31, 2014: (i) Improvement District No. 125 had \$322,089,600 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$188,789,150 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-1 Bonds; and (ii) Improvement District No. 225 had \$406,895,000 aggregate principal amount of authorized but unissued *ad valorem* assessment bonds and \$237,018,171 aggregate principal amount of outstanding *ad valorem* assessment bonds, including the Series 2011A-1 Bonds. See Table 3 under the caption "—Outstanding Indebtedness—Improvement District Indebtedness."

The principal office of the District is located at 15600 Sand Canyon Avenue, Irvine, California 92618.

Board of Directors and General Manager

Pursuant to legislation chaptered in 1980, the District's Board of Directors consists of five Directors elected by resident voters for staggered four-year terms. The policies of the Board of Directors are administered by the General Manager of the District.

Board of Directors. The present Directors are:

Steven E. LaMar. Mr. LaMar was appointed to the District's Board of Directors in 2009 and has been elected to two subsequent terms. Mr. LaMar currently serves as President and he previously served as President in 2011 and 2014. He is a water policy and planning expert with more than 25 years of experience on statewide business and industry committees and has directly participated in many major water policy forums. Mr. LaMar currently serves on the District's Finance and Personnel Committee and Water Resources Policy and Communications Committee. Mr. LaMar has served on statewide task forces and advisory committees on drought planning, desalination, the California Bay-Delta, the California Water Plan and on landscape water conservation issues. Mr. LaMar is president and owner of LegiSight, LLC, located in Tustin, California. He has served as a water policy leader in the California Building Industry Association for over 20 years. He represents the District on the boards of the National Water Research Institute and the Nature Reserve of Orange County. Mr. LaMar holds a bachelor's degree in political science from Pittsburg State University (Kansas) and a certificate from the Environmental Management Institute, a U.S. Environmental Protection Agency environmental training program administered by the University of Southern California. Mr. LaMar's current term ends in November 2018.

Mary Aileen Matheis. Ms. Matheis was initially appointed to the District's Board of Directors in 1988 to fill a vacancy and has since been elected to subsequent terms. Ms. Matheis currently serves as Vice

President and previously served as President in 2001 and 2012 and as Vice President in 2005 and 2011. Ms. Matheis is a practicing lawyer and member of the California Bar and is also admitted to practice in the Supreme Court of the United States and the United States Tax Court. Ms. Matheis holds a bachelor's degree and master's degree in Communications and she received her Juris Doctorate from Western State University School of Law and was admitted to the California Bar in 1982. Ms. Matheis' activities in other water areas include service on the Legal Affairs Committee of the Association of California Water Agencies and as a member of Independent Special Districts of Orange County Executive Committee. Ms. Matheis is a member of the Colorado River Water Users Association and the Colorado River Foundation. Ms. Matheis is also the District representative to the Independent Special Districts of Orange County and a board member of the Water Education Foundation. Ms. Matheis is active in the Orange County Bar Association, a member of the Real Estate Section Executive Committee and the Probate and Estate Planning Section. Ms. Matheis is also on the Orange County Assessment Appeals Panel for Property Tax Appeals. Ms. Matheis' current term ends in November 2016.

Douglas J. Reinhart. Mr. Reinhart was appointed to the District's Board of Directors in 2004 to fill a vacancy and has since been elected to subsequent terms. Mr. Reinhart served as President in 2007, 2009, 2010 and 2013. He currently serves on the District's Engineering and Operations Committee and Water Banking Committee. Mr. Reinhart is a registered civil engineer with over 40 years of experience in the private sector directing projects in water, wastewater and other infrastructure. Mr. Reinhart was the president and an owner of ASL Consulting Engineers before its acquisition by Tetra Tech in 1999. Mr. Reinhart then served as the Divisional Executive Vice President for Tetra Tech for the western United States before starting a consulting business in 2004. Mr. Reinhart holds a bachelor's degree in civil engineering from the Missouri School of Mines and Metallurgy. Mr. Reinhart has served on the Board of Trustees of the Southern California Water Committee, the American Water Works Association Desalination Committee and the Association of California Water Agencies Groundwater Committee and is a past member of the Board of Directors of the National WaterReuse Association. In addition, Mr. Reinhart is a member of the American Society of Civil Engineers. Mr. Reinhart's current term ends in November 2018.

Peer Swan. Mr. Swan was elected to the District's Board of Directors in 1979 and has since been elected to subsequent terms. Mr. Swan currently serves as chairman of the Finance and Personnel Committee. He previously served as President from December 1981 until December 1995 and again in 2006. Mr. Swan's community and professional involvement includes service as President of the Board of San Joaquin Wildlife Sanctuary and member of the Steering Committee of the Southern California Water Dialogue Committee. Mr. Swan is active in the Association of California Water Agencies, where he serves on the Board of Directors and on several committees. Mr. Swan has also been active in the California Association of Sanitation Agencies and the Newport Chamber of Commerce. Mr. Swan was the Treasurer of the Pacific Scientific Company prior to its acquisition in 1998 and a member of the Board of Directors of the Southern California Bank and its parent SC Bancorp until its acquisition in 1997. He has also served as a board member of the YMCA of Orange County and the Orange Coast College Foundation, where he was the founding Treasurer of the Board. He served as a Director of the Orange County Sanitation District for 15 years and was Vice Chairman for six years. Mr. Swan was also a Founding Director of the Board of the National Water Research Institute and was Chairman for four years. He is a longtime member of both the National Audubon Society and its local chapter (Sea & Sage). He was also the President of the Board of the Water Advisory Committee of Orange County in 2007 and 2008. Mr. Swan's current term ends in November 2018.

John B. Withers. Mr. Withers was initially appointed to the District's Board of Directors in 1989 to fill a vacancy and has since been elected to subsequent terms. Mr. Withers currently serves as Director of the Board and previously served as Vice President in 2012 and President in 2004. He also serves on the Asset Management Committee and the Engineering and Operations Committee. Mr. Withers is a partner with California Strategies, a strategic government relations firm in Irvine. In past positions, Mr. Withers has served as Vice President of Community Development for Lewis Operating Corporation and as Director of Water Resources for Psomas & Associates, a civil engineering and planning firm based in Costa Mesa. Mr. Withers has served as Director of Governmental Affairs for the Orange County Region of the Building Industry

Association of Southern California and as a legislative advocate for Crocker Bank and a major trade association in Sacramento. Mr. Withers has served as Commissioner on the Orange County Local Agency Formation Commission since 1994. Mr. Withers also served as a member, including a term as chairman, of the Santa Ana Regional Water Quality Control Board, having been appointed by the Governor in 1992. Mr. Withers was a board member of the National Water Research Institute for six years and is the District's current representative. A native Southern Californian, Mr. Withers received his bachelor's degree from UCLA in economics with a specialization in urban studies in 1979 and received a master's degree in urban studies from Occidental College in 1988. Mr. Withers' current term ends in November 2016.

General Manager. Paul A. Cook, the General Manager of the District, heads a staff of approximately 324 employees. Mr. Cook was appointed General Manager in October 2011. Mr. Cook previously served as Interim General Manager from July to October 2011 and held the position of Assistant General Manager from 2004 to July 2011. Mr. Cook is a registered civil engineer with over 21 years of experience with water and wastewater systems in the public and private sectors. Prior to joining the District, he served as the Manager of Engineering for Central and West Basin Municipal Water Districts in Carson, California. He also served as the District Engineer for Los Alisos Water District in Lake Forest. In the private sector, Mr. Cook held engineering and project management positions with BFI Constructors and Turner Construction Company. He was elected to the Orange County Water District Board of Directors in 2002 and served for three years, representing communities in Irvine, Tustin and Newport Beach. Mr. Cook received his bachelor of science degree in Civil Engineering from the University of the Pacific, his master's of science degree in Civil Engineering from California State University of Long Beach and his master's in business administration from the University of California, Irvine.

Employees

The District currently employs approximately 324 persons, including full-time, part-time and temporary employees. On February 24, 2014, a Memorandum of Understanding (the "2014 MOU") between the District and the Irvine Ranch Water District Employee Association (the "Association") was adopted, signed and approved. The 2014 MOU expires on March 31, 2015. The Association currently represents 225 general employees of the District, of which 66 are voting members; supervisors and managers are unrepresented. The District has not experienced any strike or other labor actions.

Pension Benefits

This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The District has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The District cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

CalPERS Plan. The District contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan for all of the District's full-time and certain of its temporary employees that have worked for the District for a total of over 1,000 hours. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the District. Copies of CalPERS' annual financial report may be obtained from its Internet website at www.calpers.ca.gov. The textual reference to such Internet

website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein.

CalPERS plan benefit provisions and all other requirements are established by State statute and the District’s Board of Directors. Starting July 1, 2008, participants in the District’s CalPERS plan have been required to contribute up to 8% of their annual covered salary. In the fiscal year of the District ended June 30 (“Fiscal Year”), 2014, the District made up to 1.37% of the contributions required of District employees, while the District employees made up to 6.63% of such contribution. Beginning in Fiscal Year 2015, employees will contribute the entire 8% of their CalPERS plan contributions.

In addition to paying a percentage of the contributions required of District employees on their behalf, the District is required to contribute at an actuarially determined rate applied to annual covered payroll. The District’s contribution rates for Fiscal Year 2014 and 2015 were 16.795% and 17.737%, respectively. The District’s contribution rate for Fiscal Year 2016 has been established at 18.331%.

For Fiscal Years 2014 and 2013, the District’s annual pension cost, as determined by an actuarial valuation of the plan as of June 30, 2011 and 2010, was \$4,785,000 and \$4,297,000, respectively. The District currently expects its annual required contribution in Fiscal Years 2015 and 2016 to be approximately \$4,500,000 and \$4,900,000, respectively (assuming that the District elects the lump sum payment option in each of the respective years).

Under Governmental Accounting Standards Board (“GASB”) Statement 27, an employer reports an annual pension cost (the “APC”) equal to the annual required contribution (the “ARC”) plus an adjustment for the cumulative difference between the APC and the employer’s actual plan contributions for the year. The cumulative difference is called the net pension obligation (if negative) or net pension asset (if positive). The ARC for Fiscal Year 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011.

A summary of principal assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
<u>Actuarial Assumptions:</u>	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan’s accrued liability exceeds the actuarial value of plan assets, the amortization period may not be lower than the payment calculated over a 30 year amortization period.

Pension Benefits Trust. The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive

approach to address the issue by establishing a Pension Benefits Trust to fund its CalPERS unfunded liability, providing the District with an alternative to CalPERS that allows for investment by a professional fund management team selected and monitored by the District. The Pension Benefits Trust holds the funding contributions from the District pending future remittance to the CalPERS pension trust fund, which will pay all retiree benefit payments to employees associated with the District's plan. Future contributions will be transferred to CalPERS at the District's discretion. The funds held in the Pension Benefits Trust are legally protected from the claims of the general creditors of the District. Contributions to the Pension Benefits Trust and earnings on those contributions are irrevocable.

In Fiscal Year 2013, the District made a \$35.0 million contribution to the Pension Benefits Trust, bringing the District to a 94.6% funded ratio as of June 30, 2013. In Fiscal Year 2014, the District made an additional contribution of \$2.2 million to the Pension Benefits Trust. As of June 30, 2014, the fair market value of the assets in the Pension Benefits Trust was approximately \$42.6 million, further reducing the unfunded liability by an additional \$7.6 million. The moneys in the Pension Benefits Trust were invested in the Vanguard Institutional Index Fund, Fidelity Concord Spartan International Fund, Metropolitan West Total Return Bond Fund and Federated Government Obligations Money Market Fund. In Fiscal Year 2015, the District expects make an additional contribution of \$2.1 million to the Pension Benefits Trust. Additional information on the Pension Benefits Trust's investments can be found in Note 2 to the District's audited financial statements for Fiscal Year 2014 attached to the Remarketing Statement as Appendix B.

Funding of CalPERS Plan. The Schedule of Funding Progress (in thousands) below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

TABLE 1
IRVINE RANCH WATER DISTRICT
Schedule of Funding

<i>Valuation Date</i>	<i>Entry Age Normal Accrued Liability</i>	<i>Actuarial Value of Assets</i>	<i>Unfunded Actuarial Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/09	\$149,825	\$110,923	\$38,902	\$ 81,355	54.3%	\$24,307
06/30/10	158,904	124,553	34,351	100,110	63.0	24,929
06/30/11	170,392	140,176	29,676	128,816	75.6	24,379
06/30/12	183,096	151,193	31,902	129,953	71.0	24,203
06/30/13 ⁽¹⁾	197,685	186,955 ⁽²⁾	10,730	186,955 ⁽²⁾	94.6	25,499

⁽¹⁾ Includes Pension Benefits Trust assets of \$35.0 million, significantly reducing the District's unfunded liability to \$10.7 million as of June 30, 2013. In Fiscal Year 2014, the District made an additional contribution of \$2.2 million to the Pension Benefits Trust. As of June 30, 2014, the fair market value of the assets in the Pension Benefits Trust was approximately \$42.6 million, further reducing the District's unfunded liability by an additional \$7.6 million. See the caption "—Pension Benefits Trust."

⁽²⁾ Beginning with the June 30, 2013, valuation, the Actuarial Value of Assets is equivalent to the Market Value of Assets. The Actuarial/Market Value of Assets does not include contributions that the District made to the Pension Benefits Trust for years prior to Fiscal Year 2013.

Source: Irvine Ranch Water District Fiscal Year 2014 Comprehensive Annual Financial Report.

In the Statement of Net Position as of June 30, 2014, the District has a net pension asset of \$51.9 million, consisting of \$52.5 million in contributions in excess of the ARC and \$0.6 million of amortization. The District's APC and net pension asset, computed in accordance with GASB 27, for the year ended June 30, 2014, were as follows (in thousands):

ARC	\$ 4,337
Interest on Beginning Pension Asset	(3,761)
Adjustment to ARC	<u>4,209</u>
APC	4,785
Contribution Made	<u>6,574</u>
Increase (Decrease) in Pension Asset	1,789
Net Pension Asset (Beginning of Year)	<u>50,148</u>
Net Pension Asset (End of Year) ⁽¹⁾	\$51,937

⁽¹⁾ Includes Pension Benefits Trust contributions of \$37.2 million. See the caption “—Pension Benefits Trust.”
Source: The District.

The following table summarizes the District’s APC, the percentage of APC contributed to the District’s CalPERS plan, and the net pension asset (in thousands) for Fiscal Years 2010 through 2014:

TABLE 2
IRVINE RANCH WATER DISTRICT
Annual Pension Cost (Employer Contributions)

<i>Fiscal Year</i>	<i>Employer Contribution</i>	<i>District-Funded Employee Contribution</i> ⁽¹⁾	<i>Employee Contribution</i>	<i>Annual Pension Cost</i>	<i>Percentage of Annual Pension Cost Contributed</i>	<i>Net Pension Asset</i>
2010	\$4,797	\$1,709	\$ 243	\$2,982	160.9%	\$ 4,815
2011	9,480	1,728	249	3,012	314.7	11,283
2012	4,643	1,025	916	4,321	107.5	11,605
2013 ⁽²⁾	42,840	609	1,365	4,297	997.0	50,148
2014 ⁽²⁾	6,574	394	1,679	4,785	137.4	51,937

⁽¹⁾ Beginning in Fiscal Year 2015, the District will no longer fund any portion of the employee contribution. See the caption “—CalPERS Plan.”

⁽²⁾ These figures include contributions of \$35,000,000 and \$2,200,000 to the Pension Benefits Trust in Fiscal Years 2013 and 2014, respectively. See the caption “—Pension Benefits Trust.”

Source: Irvine Ranch Water District Fiscal Year 2014 Comprehensive Annual Financial Report.

In June 2012, GASB approved new standards with respect to pension accounting and financial reporting for state and local governments and pension plans. The changes will impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (currently, such unfunded liabilities are typically included as notes to the government’s financial statements); (ii) more components of full pension costs will be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates will be required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities will be required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. The reporting requirements for pension plans for government employers will take effect for Fiscal Year 2015. Based on the adoption of the new accounting standard, beginning with the Fiscal Year 2015, the ARC and the annual pension expense will be different. For additional information relating to the District’s plan, see Note 13 to the District’s audited financial statements for Fiscal Year 2014 attached to the Remarketing Statement as Appendix B.

Other Pension Benefits. The District enables all of its part-time and certain temporary employees to participate in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For Fiscal Year 2014, the District’s payroll covered by the

plan was \$483,248. The eligible employees contributed \$36,244 (the required 7.5% of current covered payroll). The District made no contributions to the defined contribution plan during such Fiscal Year.

All regular, full-time District employees are eligible to participate in the District's deferred compensation program pursuant to Section 457 of the Internal Revenue Code whereby they can voluntarily contribute a portion of their earnings into a tax-deferred fund administered by the District and invested through a third party provider. Pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001, effective January 1, 2002, employees may contribute the lesser of 100% of includible compensation or the maximum dollar amount allowable under Internal Revenue Code Section 457 in effect for the year. The dollar amount currently in effect for calendar year 2015 is \$18,000. Since 2008, the limit has been indexed to inflation in \$500 increments.

Effective January 1, 2008, for employees with one year or more of service, the District provides 100% matching of employee Section 457 plan contributions up to an annual maximum of 3% of the employee's base salary. Such employer contribution amounts are deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. During Fiscal Year 2014, the District contributed \$598,834 to employee accounts under the 401(a) plan.

The assets in both plans are held in trust for the exclusive benefit of the participants and their beneficiaries, and are therefore not reported in the financial statements of the District.

Other Post-Employment Benefits

GASB has issued two related pronouncements, known as GASB 43 and GASB 45, related to funding and accounting for Other Post-Employment Benefits ("OPEB") liabilities. OPEB liabilities consist of health care, insurance and all other retiree benefits that are not part of a pension plan. Under GASB 45, costs of OPEB must be matched to the current period in which employees are performing services for the District. In effect, there is an exchange between the employee and the District in which the employee renders services to the District and in exchange receives certain salaries and benefits, part of which are OPEB which they will not actually use until some point in the future. The accounting standards require the District to recognize the cost of the benefits in the periods when the employees' services are received by the District. GASB 45 also requires the District to provide information about the accrued actuarial liabilities for the promised benefits for past services, to what extent those have been funded, and to what extent there will be demands from OPEB on the District's future cash flows.

The District currently has three OPEB programs: the California Public Employees Medical and Hospital Care Act ("PEMHCA") premiums, a retiree health costs reimbursement plan, and a retiree death benefit life insurance program. Under the first program, the District pays the required healthcare coverage under PEMHCA, commonly referred to as "PERS Health." To qualify, employees must retire from the District and begin drawing CalPERS retirement benefits. Participation in PEMHCA is financed in part by the District through a contribution of \$112.00 per employee per month (at current rates). The contribution rate is scheduled to be indexed with medical inflation in future years, although contributions could increase in greater amounts at the direction of CalPERS Board. In addition, the District pays 0.37% of the PEMHCA premium to cover administrative fees. In Fiscal Year 2014, the District contributed \$99,157 on behalf of retirees participating in the PEMHCA program.

As part of its retiree health costs reimbursement plan, the District provides retirees who have attained age 55 and have completed at least 10 years of service with the District with reimbursement of eligible healthcare costs of \$300 per month for retirees with at least ten years of service up to a maximum of \$600 per month for retirees with at least 25 years of service, in each case for up to five years. In Fiscal Year 2014, the District contributed \$330,620 on behalf of retirees participating in the Retiree Health Costs Reimbursement Plan.

Finally, the retiree death benefit life insurance program provides retirees who were hired on or before December 31, 2008 with term life insurance benefits with a face amount equal to 100% of their annual salary in effect at the time of retirement. Insured group-term life benefits end for all participants at age 70. Thereafter, the District provides a self-insured \$10,000 death benefit for all participants already retired as of December 31, 2008 and for currently active Board members. To qualify, a retiree must have retired from the District, be at least 55 years old, have completed at least ten continuous years of service with the District, and must be drawing retirement benefits from CalPERS. In Fiscal Year 2014, the District contributed \$12,070 on behalf of retirees participating in this program.

OPEB costs have traditionally been accounted for and financed from the District's annual operating budget as part of its benefits expense on a pay-as-you-go basis. During Fiscal Year 2014, the District contributed \$441,847 on behalf of retirees participating in the OPEB programs. The budgeted amount for the District's OPEB in Fiscal Year 2015 is approximately \$453,000.

The District has been required to comply with the accounting and reporting requirements of GASB 45 since Fiscal Year 2008. According to an actuarial valuation prepared for the District by Demsey, Filliger & Associates, the unfunded liability for the District's OPEB as of July 1, 2012 was approximately \$6.7 million. The Annual Required Contribution (the "OPEB ARC") was \$666,835 in Fiscal Year 2014, of which the District contributed \$441,847. The OPEB ARC is calculated assuming that the accrued, unfunded liability will be amortized over the next 30 years, benefits will remain constant, and funding in excess of actual benefit costs will be invested at a 4.00% annual return, and with other assumptions regarding medical cost inflation.

For additional information relating to the District's OPEB obligations, see Note 14 to the District's audited financial statements for Fiscal Year 2014 attached to the Remarketing Statement as Appendix B.

Budget Process

Prior to July 1 of each year, the General Manager prepares a budget for the Fiscal Year commencing July 1 and ending on the succeeding June 30. Following the adoption of the operating budget, the Board of Directors approves a schedule of water, sewer and recycled water rates for such Fiscal Year based on the budget approved by the Board of Directors. See the caption "CONSTITUTIONAL LIMITS AND APPROPRIATIONS AND CHARGES—Proposition 218." The budget for Fiscal Year 2015 was approved on April 28, 2014.

Water and Sewer System Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions and natural disasters. The District utilizes a combination of self-insurance and third-party liability insurance to minimize loss exposures from property, third-party liability claims and workers compensation claims. The District self-insures the first \$25,000 per occurrence for property losses, \$100,000 per occurrence for third-party liability claims and \$125,000 per occurrence for workers compensation claims.

Property, boiler and machinery insurance is provided through participation in the California State Association of Counties Excess Insurance Authority ("CSAC-EIA"). Property insurance includes flood insurance but does not include earthquake insurance. General and excess liability coverage of \$35,000,000 and workers compensation insurance is provided through participation in CSAC-EIA. Pollution and legal liability coverage for the Irvine Desalter Project is provided by a policy with Indian Harbor Insurance Company. Settlements have not exceeded coverage for each of the past three Fiscal Years.

Collection Procedures

All charges for water and recycled water service and almost all charges for sewer service are billed monthly. If payment is not received 25 days after presentation, a one-time late charge of 10% of the unpaid balance plus 1.5% interest will be assessed for each month until the unpaid balance has been paid in full. A shut-off notice is mailed out in conjunction with an automated courtesy phone call when the unpaid balance exceeds \$150. If payment is not received within 15 days of the mailed shut-off notice, service is shut off as of the date specified on the notice. Service is not restored until all charges, including a restoration charge, have been paid in full. The District sends closed accounts to outside collection agencies and does not currently transfer such accounts to the County tax roll. A small number of accounts located in Newport Beach for which the District provides sewer service only are billed on the County tax rolls.

Outstanding Indebtedness

Improvement District Indebtedness. As of December 31, 2014, the District had \$507,300,000 aggregate principal amount of outstanding *ad valorem* assessment bonds (the “Ad Valorem Assessment Bonds”) on behalf of the Improvement Districts. The Ad Valorem Assessment Bonds are secured by *ad valorem* assessments on property within the respective Improvement District, and are not by their terms payable from Revenues, except for the Series 2011A-1 Bonds, the Bonds of the Irvine Ranch Water District, Series 2010B (the “Series 2010B Bonds”) and the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2 (the “Series 2011A-2 Bonds”), each of which is described below under the caption “—Parity Obligations.” The District’s practice has been to apply Net Revenues remaining after the payment of debt service on Parity Obligations and subordinate obligations to the principal and interest on the Ad Valorem Assessment Bonds. Pursuant to Section 35975 of the Act, the District also may levy certain rates and charges in lieu of *ad valorem* assessments to pay the Ad Valorem Assessment Bonds. The District does not currently levy in-lieu rates and charges. Any such in lieu rates and charges levied by the District in the future would not constitute Revenues. The following table illustrates a breakdown of outstanding Ad Valorem Assessment Bonds by Improvement District as of December 31, 2014.

TABLE 3
IRVINE RANCH WATER DISTRICT
Outstanding *Ad Valorem* Assessment Bonds By Improvement District

<i>Improvement District</i>	<i>Amount Authorized</i>	<i>Amount Issued</i>	<i>Remaining Unissued Bonds Authorized</i>	<i>Amount Outstanding as of December 31, 2014</i>
Waterworks Bonds				
112	\$ 28,512,300	\$ 5,740,000	\$ 22,772,300	\$ 5,470,500
113⁽¹⁾	25,769,500	14,800,000	10,969,500	13,900,000
125⁽¹⁾⁽²⁾	735,246,000	413,156,400	322,089,600	188,789,150
153	237,300,000	0	237,300,000	0
154	4,839,000	0	4,839,000	0
185 ⁽³⁾	13,500,000	0	13,500,000	0
188	8,174,000	4,437,000	3,737,000	1,462,000
Total Waterworks Bonds	<u>\$ 1,053,340,800</u>	<u>\$ 438,133,400</u>	<u>\$ 615,207,400</u>	<u>\$ 209,621,650</u>
Sewer Bonds				
1 ⁽⁴⁾	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 0
212	108,712,000	15,700,000	93,012,000	14,974,500
213⁽¹⁾	87,648,000	23,800,000	63,848,000	21,487,500
225⁽¹⁾⁽⁵⁾	856,643,000	449,748,000	406,895,000	237,018,171
240	117,273,000	48,476,500	68,796,500	23,928,179
252	0	0	0	0
253	122,283,000	0	122,283,000	0
256	0	0	0	0
285 ⁽⁶⁾	21,300,000	0	21,300,000	0
288	8,977,000	300,000	8,677,000	270,000
Total Sewer Bonds	<u>\$ 1,324,836,000</u>	<u>\$ 540,024,500</u>	<u>\$ 784,811,500</u>	<u>\$ 297,678,350</u>
Total District	<u>\$ 2,378,176,800</u>	<u>\$ 978,157,900</u>	<u>\$ 1,400,018,900</u>	<u>\$ 507,300,000</u>

⁽¹⁾ The Series 2011A-1 Bonds represent the consolidated, several general obligations of these Improvement Districts. See the Remarketing Statement under the caption "SECURITY FOR THE SERIES 2011A-1 BONDS—General—Assessment Proceeds and Pledge of Revenues."

⁽²⁾ Improvement District No. 125 was created on November 11, 2013. Reflects the consolidation of portions of former Improvement District Nos. 105, 106, 120, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ On March 4, 2014, *ad valorem* assessment bonds for Improvement District No. 185 in the maximum authorized principal amount of \$13,500,000 were approved at a special election.

⁽⁴⁾ Also referred to as Improvement District No. 210.

⁽⁵⁾ Improvement District No. 225 was created on November 11, 2013. Reflects the consolidation of portions of former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

⁽⁶⁾ On March 4, 2014, *ad valorem* assessment bonds for Improvement District No. 285 in the maximum authorized principal amount of \$21,300,000 were approved at a special election.

Source: The District.

Parity Obligations. In addition to the Series 2011A-1 Bonds, the District has the following Outstanding Parity Obligations:

- **1997 State Loan #3.** In 1997, the District entered into a loan contract with the State of California (the "1997 State Loan") to fund recycled water projects. The 1997 State Loan was outstanding as of December 31, 2014 in an aggregate principal amount of \$970,726 and matures in 2019. Pursuant to the terms of the 1997 State Loan, the District's obligation to pay debt service on the 1997 State Loan is payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations.
- **Prior Reimbursement Agreements.** In connection with the District's prior issuances of *ad valorem* assessment bonds, the District has entered into several reimbursement agreements (the "Prior Reimbursement Agreements") with various letter of credit banks (the "Prior Banks"). Pursuant to the terms of the Prior Reimbursement Agreements, the District's obligations to

reimburse the Prior Banks will be payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations. There are currently no reimbursement obligations outstanding, although the District may incur reimbursement obligations under such Prior Reimbursement Agreements as provided therein. The following table summarizes the stated amount of each letter of credit associated with the Prior Reimbursement Agreements.

TABLE 4
IRVINE RANCH WATER DISTRICT
Summary of Prior Reimbursement Agreements
As of December 31, 2014

<i>General Obligation Bonds</i>	<i>Outstanding Principal</i>	<i>Letter of Credit Bank</i>	<i>Expiration Date</i>	<i>LOC Stated Amount</i>	<i>Reimbursement Obligations Outstanding</i>
Series 1993 ⁽¹⁾	\$ 36,100,000	Bank of New York Mellon	06/02/15	\$ 36,593,367	\$ 0
Series 1995	16,200,000	Sumitomo Mitsui Banking Corp.	07/14/17	16,439,671	0
Series 2008A	54,600,000	Sumitomo Mitsui Banking Corp.	07/14/17	54,798,904	0
Series 2009A	67,500,000	U.S. Bank National Association	07/15/16	68,254,521	0
Series 2009B	<u>67,500,000</u>	Bank of America, N.A.	07/15/16	<u>68,254,521</u>	<u>0</u>
TOTAL	<u>\$ 241,900,000</u>			<u>\$ 244,340,984</u>	<u>\$ 0</u>

⁽¹⁾ The District is currently soliciting bids for an extension or replacement of this credit facility.
Source: The District.

- 2010 Installment Sale Agreement. In 2010, the District entered into an Installment Sale Agreement (the “2010 Installment Sale Agreement”) in connection with the execution and delivery of the District’s \$85,145,000 aggregate principal amount of Certificates of Participation Irvine Ranch Water District Refunding Series 2010. The 2010 Installment Sale Agreement was outstanding as of December 31, 2014 in the aggregate principal amount of \$67,190,000 and matures in 2032. The District’s obligation to make installment payments pursuant to the 2010 Installment Sale Agreement is on a parity with the Series 2011A-1 Bonds and other Parity Obligations.
- Series 2010B Bonds. In 2010, the District issued \$175,000,000 aggregate principal amount of Series 2010B Bonds. The Series 2010B Bonds were outstanding as of December 31, 2014 in the aggregate principal amount of \$175,000,000 and mature in 2040. In addition to Assessment Proceeds, the Series 2010B Bonds are payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations. See the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Reduction in BAB Credits” for a discussion of the effect of the federal sequester on the receipt of interest subsidy payments relating to the Series 2010B Bonds.
- Series 2011A-2 Bonds. In 2011, the District issued \$40,370,000 aggregate principal amount of Series 2011A-2 Bonds. The Series 2011A-2 Bonds were outstanding as of December 31, 2014 in the aggregate principal amount of \$36,400,000 and mature in 2037. In addition to Assessment Proceeds, the Series 2011A-2 Bonds are payable from Net Revenues on a parity with the Series 2011A-1 Bonds and other Parity Obligations.

Subordinate Debt.

- **Interest Rate Swap Transactions.** As of December 31, 2014, the District was also obligated under five interest rate swap transactions with a total notional amount of \$130 million and termination dates ranging from June 2019 to March 2029, pursuant to which the District is entitled to receive variable rate payments based on a floating rate index in return for the District's obligation to make payments at a fixed interest rate (the "Swaps").

The Swaps generally are evenly distributed, as to notional amount on a particular transaction date, between two swap counterparties – Merrill Lynch Capital Services, Inc. ("Merrill") and Citibank, N.A. ("Citibank") – except with respect to one Swap with a notional amount of \$30 million and a termination date of June 17, 2019, which was entered into only with Citibank. For additional information with respect to the payment terms and other information relating to the Swaps, see Note 3 to the District's financial statements attached as Appendix B to the Remarketing Statement. Regularly-scheduled and early termination payments with respect to the Swaps constitute unsecured general obligations of the District payable from legally-available funds. The Swaps are payable from certain Revenues, but are subordinate to the District's obligation to pay debt service on the Series 2011A-1 Bonds and other Parity Obligations. Any amounts received by the District pursuant to the Swaps also constitute Revenues and, as such, are pledged for the payment of the Series 2011A-1 Bonds and other Parity Obligations. As of December 31, 2014, the mark-to-market value of the total interest rate swaps with Citibank and Merrill exceeded the threshold amount (\$15,000,000) for each counterparty, requiring the District to post collateral in the amount of \$10,692,768. The funds are held in a separate trust account and earn interest at the Federal Funds Effective Rate.

All of the above-described interest rate swap transactions entail risk to the District. For example, the swap counterparties may fail or be unable to perform, interest rates may vary from assumptions, the District may be required to post collateral in certain circumstances, or the District may be required to make significant payments in the event of an early termination of one or more Swaps. The early termination of a Swap may not affect the obligations of the counterparties with respect to the other Swaps. The District cannot predict if any such event will occur with respect to one or more of the District's existing or future interest rate swap agreements. However, the District does not anticipate that any such event would have a material adverse effect on the District's ability to pay the debt service on the Series 2011A-1 Bonds.

- **Santiago County Water District Consolidation.** The District and Santiago County Water District ("SCWD") consolidated effective July 1, 2006. As successor to SCWD, the District is obligated to satisfy the following additional obligations: (i) a fiscal services agreement with the State of California Department of Water Resources, with a loan balance of approximately \$788,325 as of December 31, 2014 and final payment due in 2025; and (ii) a promissory note payable to Foothill/Eastern Transportation Corridor Agency for \$565,000, with no stated maturity or final payment date.

Variable Rate Debt Management

The Board of Directors of the District has adopted a policy to maintain a target amount of investment assets equal to 75% or more of the District's outstanding unhedged variable rate indebtedness. No assurance can be made that the Board of Directors of the District will not modify such policy in the future.

Current Investments

As of December 31, 2014, the District had investments of approximately \$294.2 million and real property investments as follows:

TABLE 5
IRVINE RANCH WATER DISTRICT
Summary of Investments

<i>Investment Type</i>	<i>Approximate Investment Amount in Millions⁽¹⁾</i>	<i>Percentage of Total Investments⁽¹⁾</i>
Federal Agency Securities	\$232.9	79.16%
Local Agency Investment Fund	47.3	16.08
Treasury Equivalents ⁽²⁾	10.7	3.64
Municipal Bonds – Installment Sale Agreement	<u>3.3</u>	<u>1.12</u>
Total	\$ 294.2	100.00%

⁽¹⁾ As of December 31, 2014. Rounded.

⁽²⁾ Includes collateral held with Citibank and Merrill pursuant to the Swaps. Although not held by the District, such collateral constitutes District moneys. See the caption “—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”

Source: The District.

In addition to the moneys invested in local agency municipal bonds and the Local Agency Investment Fund, the District has invested approximately \$72.6 million of its capital facilities replacement fund in real property. The District’s real property investments include a limited partnership interest in a 230-unit apartment complex (the “Wood Canyon Villas Apartments”), ownership of a 450-unit apartment complex (the “Sycamore Canyon Apartments”) and ownership of three commercial office buildings (the “Irvine Market Place,” the “Waterworks Business Park” and the “Sand Canyon Professional Center”), with market values well in excess of the original investment. Wood Canyon Villas Apartments, Sycamore Canyon Apartments, the Irvine Market Place, the Waterworks Business Park and the Sand Canyon Professional Center are all income-producing properties, the earnings and projected earnings from which are reflected in Tables 6 and 7 below.

In February 2014, the District and El Toro Water District (“ETWD”) entered into an Installment Sale Agreement (the “ISA”) pursuant to which the District agreed to fund ETWD’s share of the costs of construction of, and the acquisition of capacity rights in, the Baker Water Treatment Plant project (the “Baker WTP”) in exchange for quarterly installment payments from ETWD. See the caption “THE WATER SYSTEM—General” for a description of the Baker WTP. ETWD’s obligation to repay the District under the ISA is payable from net revenues of ETWD’s water system over a period of twenty years. The principal amount of ETWD’s obligations under the ISA will not exceed \$12,500,000. The amount outstanding under the ISA as of December 31, 2014 is \$3,300,000 and the applicable interest rate is 4.57%.

Historic Net Real Estate Income

The following table shows the net real estate income after expenses of the District for the five most recent Fiscal Years.

TABLE 6
IRVINE RANCH WATER DISTRICT
Historic Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income</i>
2010	\$5,624
2011	5,649
2012	6,736
2013	6,566
2014	7,760

Source: The District.

Projected Net Real Estate Income

The following table projects the net real estate income after expenses of the District for the current and next four Fiscal Years.

TABLE 7
IRVINE RANCH WATER DISTRICT
Projected Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income</i> ⁽¹⁾
2015	\$8,406
2016	8,588
2017	8,749
2018	8,913
2019	9,081

⁽¹⁾ Based on existing and expected leases. See the caption “—Current Investments.”
Source: The District.

1% Property Tax Revenues

Pursuant to the Act, the Board of Supervisors of the County is required to levy a “general assessment” on assessable property within the boundaries of the District sufficient to raise the amounts determined each year by the District’s Board of Directors to be necessary for the authorized purposes of the District. These provisions, however, have largely been superseded by the passage by the California electorate in June of 1978 of Article XIII A of the California Constitution (commonly known as “Proposition 13”), and by the legislation subsequently enacted by the California Legislature to implement Article XIII A. As a result of Article XIII A and its implementing legislation, the District receives as proceeds of the “general assessment” a share of the one percent *ad valorem* property tax collected by the County from assessable property within the boundaries of the District (the “1% Property Tax Revenues”).

From time to time legislation has been considered as part of the State budget to shift 1% Property Tax Revenues collected by each county from local agencies, including special districts such as the District, to

school districts or other governmental entities. However, Proposition 1A (“Proposition 1A”), proposed by the California Legislature in connection with the 2004-05 State Budget Act and approved by the voters in November 2004, restricted State authority to reduce major local tax revenues such as the tax shifts permitted to take place in legislation enacted in connection with the 2004-05 and 2005-06 State budgets, which shifted approximately 35% of many special districts’ shares of the countywide one percent *ad valorem* tax.

Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of 1% Property Tax Revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that, beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

The Amended 2009-10 Budget Act provided for the borrowing of 8% of property taxes from local jurisdictions, including the District, under Proposition 1A. Pursuant to this act, the State borrowed approximately \$2.1 million of the District’s 1% Property Tax Revenues for Fiscal Year 2010. As noted above, under Proposition 1A, the State was required to repay the property taxes with a 2% rate of interest within three years. The District received repayment of the shifted amount, plus interest, in August 2012.

There can be no assurance that the 1% Property Tax Revenues that the District currently expects to receive will not be temporarily shifted from the District pursuant to Proposition 1A in future fiscal years or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of 1% Property Tax Revenues by the District. See the Remarketing Statement under the caption “SECURITY FOR THE SERIES 2011A-1 BONDS—Pledge of Assessment Proceeds and Revenues” for a discussion of the extent to which 1% Property Tax Revenues are available to pay Debt Service on the Series 2011A-1 Bonds.

The table below sets forth the amount of 1% Property Tax Revenues received by the District for the five most recent Fiscal Years.

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TABLE 8
IRVINE RANCH WATER DISTRICT
1% Property Tax Revenues
(in Thousands)

<i>Fiscal Year</i>	<i>1% Property Tax Revenues</i>
2010 ⁽¹⁾	\$27,150
2011	26,989
2012	29,150
2013 ⁽¹⁾	29,265
2014	29,445

⁽¹⁾ Reflects shift of property tax revenues of approximately \$2.1 million to Educational Revenue Augmentation Fund in Fiscal Year 2010 as described above. Such moneys were received, with interest, in Fiscal Year 2013.
Source: The District.

Alternative Method of Tax Apportionment – “Teeter Plan”

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property assessments on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the assessment-levying or assessment-collecting agency.

The Teeter Plan for the County is applicable to all assessment levies for which the County acts as the assessment-levying or assessment-collecting agency, or for which the treasury of the County is the legal depository of assessment collections.

The *ad valorem* property assessments to be levied to pay the interest on and principal of the Series 2011A-1 Bonds will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property assessment levied on secured property to pay the Series 2011A-1 Bonds irrespective of actual delinquencies in the collection of the assessment by the County so long as the Teeter Plan remains in effect. The District’s share of 1% Property Tax Revenues is also subject to the Teeter Plan.

The Teeter Plan is to remain in effect for the County unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event that the Board of Supervisors of the County discontinues the Teeter Plan for the County, only those secured property assessments that are actually collected would be allocated to political subdivisions (including the District) for which the County acts as the assessment-levying or assessment-collecting agency.

Governmental Regulations

The District’s operations are subject to numerous environmental regulations enforced by multiple governmental entities. Programs are in place for compliance with drinking water regulations, water discharge regulations, underground and aboveground fuel storage tank regulations, hazardous materials management plans, hazardous waste regulations, air quality permitting requirements, wastewater discharge limitations, and employee safety issues relating to hazardous materials and other conditions. Also, the District aggressively pursues the investigation and, when appropriate, the implementation of alternative methods and technologies for meeting increasingly strict environmental regulations.

The District expects environmental regulation to increase, resulting in higher capital and operating costs in the future, which may have a material adverse effect on the finances of the District.

Although the District's Board of Directors establishes the schedules of water, sewer and reclaimed water rates for each Fiscal Year, such rates are subject to the requirements of Proposition 218, which are described further under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

WATER SUPPLY

The District was formed in 1961, with the purpose of obtaining a water supply for municipal and irrigation purposes. For the twelve month period ended June 30, 2014, of the water supplied by the District, approximately 23% was imported water, approximately 56% was groundwater and native stream flows and approximately 21% was recycled water.

The District operates a number of wells and reservoirs that produce or store local water for both potable and non-potable uses. Surface storage includes Irvine Lake, a 25,000 acre feet reservoir that is jointly owned by the District and Serrano Water District. Irvine Lake receives stream flow (native water) coming from the Santiago Creek watershed. The District's share of such water is used by the District primarily for agricultural and other irrigation purposes, and supplements the recycled water system during peak demand periods. In addition, the District has approximately 5,200 acre feet of recycled water storage capacity in its Sand Canyon, Rattlesnake, San Joaquin and Syphon Reservoirs and is currently evaluating additional recycled water storage projects.

Imported Water

In Fiscal Year 2014, the District purchased 20,485 acre feet of water imported from the Colorado River and northern California by The Metropolitan Water District of Southern California ("MWD"). MWD supplies water through its member agencies, including the member agency in which the District is situated, Municipal Water District of Orange County ("MWDOC"). The current cost of treated imported water from MWDOC is \$850.25 per acre foot. In addition, the District currently pays a fixed charge to MWDOC in the form of readiness to serve, capacity reservation and service connection charges. The readiness to serve and capacity reservation charges are paid monthly and currently total \$111,309, while the service connection charge is paid annually and is currently \$800,050.

MWD faces various challenges in the continued supply of imported water to MWDOC. A description of these challenges as well as a variety of other operating information with respect to MWD is included in certain disclosure documents prepared by MWD. MWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. MWD has also entered into certain continuing disclosure agreements pursuant to which MWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). Such official statements, other disclosure documents, annual reports and notices (collectively, the "MWD Information") are filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") at <http://emma.msrb.org>. The MWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. **MWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2011A-1 BONDS TO PROVIDE MWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS.**

MWD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR

COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO MWD. MWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS UNDER RULE 15c2-12.

Groundwater

General. The District's Water Resources Master Plan calls for a reliable water supply mix and includes developing sufficient groundwater production capacity to pump up to the District's basin production percentage (the "BPP") set by the Orange County Water District ("OCWD"), the agency responsible for managing the Orange County groundwater basin. District groundwater pumping is affected by policies of OCWD, including the setting of replenishment assessments, basin production percentages of total water demand by agencies pumping basin groundwater and basin equity assessments.

OCWD establishes and collects replenishment assessments as a means of purchasing water and funding projects for the purpose of replenishing the Orange County groundwater basin. The replenishment assessment is established annually by OCWD and applies to every acre foot of groundwater produced from the basin.

In addition, each year, OCWD sets the BPP for water to be extracted from the Orange County groundwater basin. The BPP is the amount of groundwater, as a percentage of the total water demands, that can be pumped from the Orange County groundwater basin during the year by a groundwater pumping agency without incurring the additional assessment described in the following paragraph. The amount of groundwater that an agency can pump without incurring the additional assessment is calculated by multiplying the total water use of such agency by the BPP (the "BPP formula"). Between Fiscal Years 2011 and 2015, the BPP has varied from 62% to 72%. In connection with the annexation of certain land by OCWD (as discussed in detail below), the District has agreed to a maximum BPP of 70% through June 20, 2025.

The additional assessment incurred by an agency that pumps non-exempt groundwater above the limit established by the BPP formula is called the basin equity assessment (the "BEA"). The BEA is established annually by OCWD for every acre foot of groundwater produced from the Orange County groundwater basin above the BPP formula (with exemptions described further below for pumping determined by OCWD to benefit water quality and other purposes) and is intended to discourage pumping of amounts above the BPP formula by raising the cost of producing groundwater so that it equals the cost of importing water, thereby encouraging groundwater pumping agencies to supplement their groundwater production with imported water for the portion of their water use that exceeds the BPP. The BEA is a surcharge to discourage, yet still allow for, the production of groundwater in excess of the BPP formula. One of the District's operating objectives is to produce the maximum amount of groundwater within the BPP formula and to avoid producing groundwater in excess of such maximum in order to avoid paying the BEA. In Fiscal Year 2014, the amount of groundwater that the District pumped from the Orange County groundwater basin was below its BPP or exempt from the BPP (as described below) and, accordingly, the District did not pay a BEA to OCWD.

OCWD has sought to enable groundwater producers to derive a larger percentage of their water supplies from local sources in times of Statewide drought so that such producers can reduce purchases of imported water at increased rates. For these reasons, OCWD has gradually increased the BPP in recent years. For Fiscal Years 2010, 2011, 2012 and 2013 the BPP was 62%, 62%, 65% and 68%, respectively. As a result of continued recharge of the Orange County groundwater basin, the BPP for Fiscal Year 2014 was raised to 70%, which allowed the District to pump approximately 54,000 acre feet from the Orange County groundwater basin without incurring any BEA. The BPP for Fiscal Year 2015 is 72%, although the District has agreed not to utilize water from the Orange County groundwater basin for more than 70% of its water supply in any year through June 20, 2025. The District pays OCWD a replenishment assessment of \$266 per acre foot for all

groundwater pumped and a BEA equal to an additional \$524 per acre foot for groundwater pumped in excess of the BPP formula.

For certain portions of the District's groundwater production, the application of OCWD's BPP and BEA varies from the above general description. The District's Dyer Road Well Field has a production amount established by contract with OCWD as described in the below paragraph. The District also has several projects through which groundwater is produced that are, by contract with OCWD, completely or partially exempt from the BEA. While this "BEA-exempt" groundwater typically requires treatment, the District's cost to produce and treat this groundwater is effectively capped at the cost for imported water. Additionally, as portions of the District currently lie outside of OCWD's jurisdictional boundary, water demands in those areas are not included by OCWD in the accounting of the basin production percentage for the District. In 2014, the Orange County Local Agency Formation Commission approved the annexation of approximately 6,482 acres of land within the District into OCWD. The majority of such land is open space and is not expected to be subject to additional water demand at this time. Currently, approximately 32% of the District's water demand is from outside the OCWD jurisdictional boundary.

The BPP formula for the District's Dyer Road Well Field is not adjusted annually by OCWD but is fixed by contract with OCWD at 28,000 acre feet per year of clear groundwater, subject to the requirement that the amount over 20,000 acre feet is matched by an equal amount of groundwater pumped from the District's Deep Aquifer Treatment System (the "DATS"), which treats water from a deep aquifer requiring treatment for removal of organic color. Like OCWD's general BPP, the Dyer Road Well Field's contractually fixed BPP formula discourages, but does not prohibit, production over such amount through the application of the BEA to any excess amount.

As discussed above, effective October 2, 2013, the District entered into an agreement with OCWD pursuant to which approximately 6,482 acres of the District's territory was annexed to OCWD upon the Orange County Local Agency Formation Commission's approval in July 2014. Under the annexation agreement, the District agreed to a specified termination date for its BEA exemption on the DATS, represented that the DATS wells would be used to supply the groundwater used in the annexed territory, and agreed that for a period of ten years from the effective date of the annexation agreement, the District will be deemed subject to a BPP equal to the lesser of OCWD's actual BPP or 70%.

The District also produces groundwater from its Irvine Desalter Project, which is described in greater detail under the caption "—Irvine Desalter Project." The Irvine Desalter Project removes salts and nitrates, for a combined total potable and non-potable production of an additional 7,300 acre feet per year that is exempt from the BPP. A combined additional 2,100 acre feet per year of production is available from three other wells, the Orange Park Acres well, Well 2 in Lake Forest and Well 115 in Irvine. Water from Well 115 is pumped and treated at the Irvine Desalter Project. However, such water is not accounted for as Irvine Desalter Project water because it was not part of the original Irvine Desalter Project. The Orange Park Acres well was taken out of service in Fiscal Year 2011 and is expected to return to service in or about March 2015. Well 115 was taken out of service in Fiscal Year 2011 and was returned to service in October 2014. Production from the Orange Park Acres well and Well 115 is subject to the BPP and the BEA, while production from Well 2 is exempt from the BPP and the BEA.

In addition, in April 2013, the District completed construction of the Wells 21 and 22 project, which is expected to add an additional 6,300 acre feet per year of groundwater. In Fiscal Year 2014, the Wells 21 and 22 facility produced approximately 6,935 acre feet of groundwater. These wells are exempt from the BPP and the BEA. The District plans to expand its groundwater production facilities further, and is currently evaluating potential well sites. The District also has rights to native water impounded in Irvine Lake and at the Harding Canyon Dam in the Santiago Canyon area. Such native water does not produce firm annual yields.

Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects. The Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects are groundwater development projects that

were constructed by the District in cooperation with OCWD, United States Departments of the Navy and Justice, MWD and MWDOC. The two projects commenced operations in early 2007.

The Irvine Desalter Potable Water Project consists of a potable water wellfield, pipelines and a purification plant. This project treats local groundwater to remove salts and nitrates caused by the natural geology and past agricultural use. The water is treated to drinking water standards through reverse osmosis and disinfection. The Irvine Desalter Potable Water Project was originally anticipated to pump approximately 5,100 acre feet of groundwater per year. However actual pumping may vary each year based on operational conditions. In Fiscal Years 2013 and 2014, the Irvine Desalter Potable Water Project produced 3,384 and 5,459 acre feet of groundwater, respectively. Reduced production in Fiscal Year 2013 was due to well rehabilitation activities.

The El Toro Groundwater Remediation Project is treating a plume of contaminated groundwater from the main aquifer of the Irvine sub-basin of the Orange County groundwater basin. The plume originated from the now-closed El Toro Marine Corps Air Station (“MCAS”). The El Toro Groundwater Remediation Project consists of a treatment system that removes volatile organic compounds in the groundwater from solvent degreasers previously used on the MCAS. The treatment plant removes contaminants from the groundwater using an air stripper and granular activated carbon absorption units. The treated water is used in the District’s recycled water system and is designed to supply a minimum of 3,400 acre feet of recycled water per year. In Fiscal Year 2014, the El Toro Groundwater Remediation Project produced 3,885 acre feet from non-potable wells. The United States Department of the Navy is compensating the District for this component of the project as part of the Settlement Agreement for Groundwater Remediation of the MCAS. The District expects that such compensation will cover the project costs until the plume of contaminated groundwater is cleaned up.

In addition to the two components described above, the Department of the Navy operates a number of wells on the former MCAS property. These wells pump contaminated groundwater from shallow basins located below the former base. Such water is treated by a treatment plant owned and operated by the District using an air stripper and granular activated carbon absorption units. These wells and the treatment plant, which are referred to as the Shallow Groundwater Unit (the “SGU”), are designed to treat approximately 640 acre feet per year of contaminated groundwater. The treated SGU water is disposed of via an existing ocean outfall. In Fiscal Year 2014, the SGU treated approximately 630 acre feet of water.

Historic Groundwater Supply. Set forth below is a summary of the District’s sources of groundwater supply in acre feet per year for the last five Fiscal Years.

**TABLE 9
IRVINE RANCH WATER DISTRICT
Historic Groundwater Supply In Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Dyer Road Well Field</i>	<i>Deep Aquifer Treatment System</i>	<i>Irvine Desalter Project</i> ⁽²⁾	<i>Irvine Sub-basin</i>	<i>Other</i> ⁽⁶⁾	<i>Total</i>
2010	27,744	8,696	7,009	1,064	715	45,228
2011	22,488 ⁽¹⁾	8,756	5,837 ⁽³⁾	611 ⁽⁴⁾	352	38,044
2012	19,917 ⁽¹⁾	8,916	5,796 ⁽³⁾	627 ⁽⁴⁾	0	35,256
2013	27,763	8,858	7,123	2,866 ⁽⁵⁾	281	46,891
2014	27,774	8,707	9,343	7,957	376	54,157

- ⁽¹⁾ Excludes 5,512 acre feet of water and 8,083 acre feet of water purchased at OCWD’s request in Fiscal Years 2011 and 2012, respectively, in lieu of pumping groundwater. In-lieu water was not purchased in Fiscal Years 2010, 2013 or 2014.
- ⁽²⁾ Excludes water pumped from the SGU, but includes non-potable water used in the District’s recycled water system.
- ⁽³⁾ Decrease from Fiscal Year 2010 amount reflects the fact that a groundwater well was taken out of service in Fiscal Year 2011. Such well was returned to service in October 2012. See the caption “—Irvine Desalter Project.”
- ⁽⁴⁾ Decrease from Fiscal Year 2010 amount reflects the fact that Well 115 was taken out of service in Fiscal Year 2011. Well 115 was returned to service in October 2014. See the caption “—General.”
- ⁽⁵⁾ Increase from Fiscal Year 2012 amount reflects completion of Wells 21 and 22. See the caption “—General.”
- ⁽⁶⁾ Includes the Orange Park Acres well, which was taken out of service in 2011. The Orange Park Acres well is expected to return to service in or about March 2015. Also includes Well 2 in Lake Forest. See the caption “—General.”

Source: The District.

OCWD. OCWD faces various challenges in managing its groundwater basin. A description of these challenges as well as a variety of other operating information with respect to OCWD is included in certain disclosure documents prepared by OCWD. OCWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OCWD has also entered into certain continuing disclosure agreements pursuant to which OCWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “OCWD Information”) are filed with EMMA at <http://emma.msrb.org>. The OCWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OCWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2011A-1 BONDS TO PROVIDE OCWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS.

OCWD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OCWD. OCWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS UNDER RULE 15c2-12.

Sustainable Groundwater Management Act. On September 16, 2014, the California Governor signed Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or “SGMA”) into law. The SGMA constitutes a legislative effort to regulate groundwater

on a Statewide basis. Under the SGMA, the California Department of Water Resources (“DWR”) is required to designate groundwater basins in the State as high, medium, low or very low priority for purposes of groundwater management by January 31, 2015. By January 31, 2017, local groundwater producers must establish or designate an entity (referred to as a groundwater sustainability agency, or “GSA”), subject to DWR’s approval, to manage each high and medium priority groundwater basin. Each GSA is tasked with submitting a groundwater sustainability plan for DWR’s approval by January 31, 2020. Alternatively, groundwater producers can submit a groundwater management plan under Part 2.75 of the California Water Code or an analysis for DWR’s review demonstrating that a groundwater basin has operated within its sustainable yield for at least 10 years. Such alternative plan must be submitted by January 31, 2017 and updated every five years thereafter.

If local groundwater producers do not create or nominate an entity to serve as a GSA, the SGMA authorizes DWR to assume management of a groundwater basin until such time as a GSA can perform such functions.

GSA’s must consider the interests of all groundwater users in the basin and may require registration of groundwater users, the installation of flow meters to measure groundwater extractions and annual reporting of extractions. In addition, GSA’s are authorized to impose spacing requirements on new wells, monitor, regulate and limit or condition groundwater production and establish production allocations among groundwater producers, among other powers. GSA’s are authorized to impose fees to fund such activities and to fine or issue cease and desist orders against producers that violate the GSA’s regulations. A local agency that manages groundwater pursuant to its principal act (such as OCWD) may not exercise such authority in a manner that is inconsistent with any prohibitions or limitations in its principal act unless the governing board of such local agency makes a finding that such local agency is unable to sustainably manage the groundwater basin without the prohibited authority. Groundwater sustainability plans must include sustainability goals and a plan to implement such goals within 20 years.

The District’s wells in the Orange County groundwater basin are presently metered. The SGMA specifically calls for OCWD, which regulates the Orange County groundwater basin, to serve as the GSA for such basin. See the caption “—General.” The District is studying the provisions of the SGMA, but does not currently expect its groundwater extraction rights or costs in the Orange County groundwater basin to change significantly as a result of the enactment of the SGMA.

[UPDATE AFTER JANUARY 31] [The District is unable to determine whether DWR will designate the Orange County groundwater basin as a high or medium priority groundwater basin for which a groundwater sustainability plan is required to be adopted. The District notes that, under the SGMA, the criteria that DWR will apply in assessing the priority of groundwater basins include the following: (i) the population overlying the basin; (ii) the rate of current and projected population growth; (ii) the number of wells in the basin; (iii) the irrigated acreage overlying the basin; (iv) the degree to which groundwater is the primary water source for the population overlying the basin; and (v) any documented impacts on the basin, including overdraft, subsidence, saline intrusion and water quality degradation.]

The District is unable at this time to determine the possible future effects on the District’s groundwater extraction rights or costs in the Orange County groundwater basin as a result of the SGMA. However, the District does not currently expect the enactment of the SGMA to have a material adverse effect on the District’s ability to make payments of principal of and interest on the Series 2011A-1 Bonds from Net Revenues. The District notes that *ad valorem* property assessments constitute an additional source of moneys available to pay the interest on and principal of the Series 2011A-1 Bonds. See the Remarketing Statement under the caption “SECURITY FOR THE SERIES 2011A-1 BONDS.”

Drought Declaration

Precipitation in the Santa Ana River Watershed and the State as a whole has been below average in recent years. On January 17, 2014, the California Governor declared a Statewide drought state of emergency (the “Declaration”) with immediate effect. The Declaration includes the following orders, among others: (a) local urban water suppliers, including the District, are encouraged to implement their local water shortage contingency plans; the District’s plan is discussed below; (b) local urban water suppliers, including the District, are encouraged to update their urban water management plans to prepare for extended drought conditions; (c) DWR and the State Water Resources Control Board (the “SWRCB”) are directed to expedite the processing of water transfers; (d) the SWRCB is directed to put water rights holders on notice that they may be required to cease or reduce water diversions in the future; (e) the SWRCB is directed to consider modifying requirements for reservoir releases or diversion limitations; and (f) DWR is directed to take necessary actions to protect water quality and supply in the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary, including the installation of temporary barriers or temporary water supply connections, while minimizing impacts to aquatic species.

In addition, on July 15, 2014, the SWRCB adopted emergency measures requiring water suppliers to implement mandatory Statewide water conservation actions, which are to remain in effect for 270 days.

Under the District’s water shortage contingency plan (the “WSCP”), the District responds to a drought in stages based upon four levels of supply cutbacks: Level One (supply reductions of up to 10%), Level Two (supply reductions of between 10% and 25%), Level Three (supply reductions of between 25% and 40%) and Level Four (supply reductions of over 40%). Each shortage level triggers a District response that is intended to reduce demand to the amount of available supply. Responses include public outreach, education and awareness of water waste and water leaks, the implementation of an allocation-based tiered rate structure and mandatory restrictions on water use (beginning with irrigation and other outdoor uses), together with enforcement actions.

In response to the Declaration and the SWRCB’s emergency measures, the District has taken the following actions pursuant to the implementation of Level One of the WSCP: (i) the Board has adopted a resolution asking all District customers to voluntarily reduce their water use by 20%; and (ii) runoff of potable water from outdoor landscapes, the use of hoses without shut-off nozzles, watering of paved areas and decorative water features are prohibited. In addition, in 2014, the District adjusted its existing allocation-based tiered rate structure to encourage greater water conservation. Under the District’s allocation-based tiered rate structure, customers are assigned a water allocation based on five residential tiers and four non-residential tiers. The water allocation for each customer is designed to allow a reasonable amount of water use for the customer’s needs and provide an economic incentive not to exceed such allocation. Customers that exceed the water allocation within their tier are subject to progressively higher water rates. See the caption “THE WATER SYSTEM—Water System Rates and Charges.” The District’s allocation-based tiered rate structure constitutes an alternative plan to the mandatory actions adopted by the SWRCB on July 15, 2014. The District’s alternative plan was approved by the SWRCB on August 29, 2014, making the District one of only two water agencies in the State that is permitted to deviate from the SWRCB-mandated emergency conservation measures.

In some cases, actions taken pursuant to the Declaration could result in additional water being made available to the District, while in other cases, actions taken pursuant to the Declaration could reduce water supplies. The District does not believe that the Declaration will have a material adverse effect on its ability to make payments of principal of and interest on the Series 2011A-1 Bonds from Net Revenues. The District notes that *ad valorem* property assessments constitute an additional source of moneys available to pay the interest on and principal of the Series 2011A-1 Bonds. See the Remarketing Statement under the caption “SECURITY FOR THE SERIES 2011A-1 BONDS.”

Water Banking

In addition to developing its local groundwater and recycled water systems, the District is diversifying its water supply portfolio by developing water banking projects in Kern County, California. These projects are known as the Strand Ranch Integrated Banking Project and the Stockdale Integrated Banking Project (collectively, the “Water Bank”). The District’s Strand Ranch and Stockdale West Ranch properties are situated on groundwater recharge lands that overlie the regional Kern County groundwater basin. The purpose of developing the Water Bank is to improve the District’s water supply reliability by capturing lower cost water available during wet hydrologic periods for use during dry periods. The Water Bank will enhance the District’s ability to respond to drought conditions and potential water supply interruptions and will enable the District to reduce the cost of water delivered under such conditions.

In 2009, the District entered into a 30-year water banking partnership with the Rosedale-Rio Bravo Water Storage District (“Rosedale”) in Kern County. This agreement provides for Rosedale to operate the Strand Ranch portion of the Water Bank on behalf of the District and permits the District: (i) to store up to 50,000 acre feet of water in the aquifer; (ii) to recharge up to 17,500 acre feet of water in the aquifer; and (iii) to recover up to 17,500 acre feet of water per year from the aquifer. The District has priority rights to use the recharge ponds when Rosedale is not recharging Kern River floodwaters. All other uses of the recharge ponds by Rosedale are on a second priority basis to the District’s use. The water that Rosedale stores on its own behalf does not count against the District’s 50,000 acre feet storage rights.

The Strand Ranch property has a major canal running through it that allows the movement of water onto and off of the property. The District has completed construction of 502 acres of groundwater recharge ponds and the facilities necessary to divert water from the canal and into ponds on the property. The recharge ponds allow available surface water to be infiltrated into the groundwater basin for later use. Seven groundwater wells that provide the ability to recover water have been constructed. Associated wellheads and pipelines have also been completed and the recovery facilities are available to recover banked water as necessary during drought conditions and potential water supply interruptions. The Strand Ranch Integrated Banking Project is now fully operational.

The District expects to enter into an agreement in February 2015 with Rosedale and Castaic Lake Water Agency (“CLWA”) that will provide for cost-sharing among the participants in the construction of wells and conveyance capacity. The District’s participation will consist of 50% of the recovery capacity of six wells and associated conveyance facilities constructed on Rosedale property adjacent to Strand Ranch for joint use by the District and CLWA. The 50% District share of the recovery capacity in the six offsite wells will fulfill the District’s right under the 2009 agreement with Rosedale (discussed above) to construct up to three offsite recovery wells, supplementing the onsite Strand Ranch recovery wells. The additional recovery capacity will not increase the District’s storage or annual recovery amounts under the 2009 agreement, but is expected by the District to allow increased peaking in its recoveries, thereby increasing flexibility in its delivery of recovered water.

Currently, the District is expanding the Water Bank onto the Stockdale West Ranch, which is adjacent to the Strand Ranch. The Stockdale West Ranch was purchased by the District in late 2010. These additional lands will allow the District to increase the District’s water banking recharge, storage and recovery capabilities by approximately 50%. The expansion of the Water Bank to the Stockdale West Ranch property will further increase the District’s dry year water supply reliability.

In 2011, the District implemented a pilot project on the Stockdale West Ranch and constructed 238 acres of recharge basins on the property. In addition, the District constructed water conveyance facilities to deliver water to the property.

In 2012, the District executed a development agreement with Rosedale that provides for sharing the costs of preparation of an environmental impact report for a joint banking project involving the District’s

Stockdale West Ranch and Rosedale's Stockdale East Ranch, both of which are adjacent to the Strand Ranch. This development agreement also outlines the terms and conditions of a long-term agreement for the operation of the joint project facilities which will comprise the Stockdale Integrated Banking Project. The development agreement commits the District and Rosedale to the preparation of a long-term agreement that can be executed concurrently with the certification of the environmental impact report. A draft of the environmental impact report is expected to be released for public review in February 2015, and the District currently expects that a final environmental impact report will be available for certification and execution in or about May 2015, immediately followed by the execution of the long-term agreement.

The District has secured water from a number of sources for recharge at the Water Bank. Pursuant to the District's agreement with Rosedale, Rosedale will divert a portion of its entitlement to floodwater flows on the Kern River to District-owned storage ponds for recovery in dry years. The District is entitled, at no cost, to 20% of all Kern River floodwaters recharged by the Water Bank recharge ponds.

The District has also secured access to State Water Project water that is stored in the Water Bank. Such water is available as a result of the District's acquisition of approximately 883 acres (the "Jackson Ranch") located within the Dudley Ridge Water District ("Dudley Ridge"), together with rights to use approximately 1,738 acre feet of Table A State Water Project water allocated to Dudley Ridge. The District will store up to 8,700 acre feet of such water in the Water Bank between 2014 and 2017. The District's ability to extract such water at any given time is dependent on annual State Water Project allocation decisions made by the State. Additionally, the Jackson Ranch land acquisition included certain participation rights in the Kern Water Bank to store approximately 9,495 acre feet of water.

In 2011, the District entered into a 28-year exchange program (the "Exchange Program") with Buena Vista Water Storage District ("BVWSD") that allows BVWSD to store a portion of its high-flow Kern River water at the Strand Ranch Integrated Banking Project in exchange for allocating to the District 50% of such stored water. BVWSD holds both State Water Project Table A water rights and pre-1914 rights to Kern River water. The pre-1914 water rights give BVWSD an average annual entitlement of 158,000 acre feet of Kern River water. Pursuant to the Exchange Program, BVWSD is entitled to deliver up to 17,500 acre feet of water to the Water Bank in any given year with a maximum cumulative capacity of 40,000 acre feet. The District and BVWSD are working together to expand the scope of the Exchange Program to provide for additional deliveries to the Stockdale West Ranch.

According to the schedule set forth in the Exchange Program, the District is entitled to keep an additional 10% of the water stored by BVWSD each calendar year after the fourth calendar year following the year of the recharge event, which amount increases by 10% each calendar year until nine calendar years after the year of the recharge event, at which time the District is entitled to keep all water transferred by BVWSD to the Water Bank. Pursuant to the terms of the Exchange Program, the District and BVWSD share equally in any water losses resulting from the exchange. BVWSD is responsible for all costs of delivering water to the Water Bank and the District is responsible for all costs of returning the water to BVWSD. The District is required to return water that BVWSD determines it will recover from the Water Bank at a maximum rate of 6,667 acre feet per year. The District is obligated to pay BVWSD for any water kept by the District in excess of 50% of the water transferred by BVWSD to the Water Bank at BVWSD's then current State Water Project Table A Variable Operations, Maintenance, Power and Replacement unit cost rate for water. The 28-year term of the Exchange Program coincides with the District's agreement with Rosedale relating to the Water Bank.

In 2012, the District entered into separate Pilot Exchange Agreements with the Central Coast Water Authority and the Antelope Valley-East Kern Water Agency (the "Pilot Exchange Agreements") that provided for such agencies to store portions of their 2012 allocation of State Water Project water at the Water Bank in exchange for the District's receipt of half of such water for its own use. At the end of calendar year 2014, a total of 6,400 acre feet of water was stored at the Water Bank through the Pilot Exchange Agreements.

The District has entered into a Coordinated Operating, Water Storage, Exchange and Delivery Agreement with MWD which allows the District to cause State Water Project water that is recovered from the Water Bank to be delivered to the District's service area. Through this agreement, the District can cause the delivery of State Water Project water from the Water Bank to the District's service area at any time. The District has also developed an additional agreement with MWD to have other waters recovered and delivered into the District's service area. Such additional agreement is expected to be used on an on-call basis when the District desires to move non-State Water Project water into southern California for use in the District's service area. The District recovered and delivered approximately 1,000 acre feet of water from the Strand Ranch Integrated Banking Project in 2014 pursuant to this additional agreement.

Since 2010, the District has delivered a total of approximately 37,000 acre feet of water to the Water Bank, including the Stockdale West Ranch. The District returned 2,500 acre feet of water to BVWSD in 2012 from BVWSD's share of the water stored in the Water Bank pursuant to the Exchange Program. In 2013, the District returned 281 acre feet of water to the Central Coast Water Authority in accordance with the applicable Pilot Exchange Agreement and 6,667 acre feet of water to BVWSD in accordance with the Exchange Program. In 2014, the District returned 208 acre feet of water to the Central Coast Water Authority and 2,229 acre-feet of water to the Antelope Valley-East Kern Water Agency in accordance with the Pilot Exchange Agreements. In 2014, the District also returned 1,000 acre feet of water to a local farming entity to which the District had an obligation arising from the purchase of the Stockdale West Ranch.

The cost of the Strand Ranch water banking facilities (including the land acquisition costs) was approximately \$21,820,000. Such facilities are now fully operational. The cost of expansion of the water banking facilities onto the Stockdale West Ranch (including the costs of acquisition of these lands) is expected to be approximately \$13,000,000, of which the District has spent approximately \$10,260,000 as of December 2014.

The District is currently pursuing additional opportunities for water banking and contractual rights to other surface waters for diversion into the Water Bank for later use by the District. These other sources include long-term programs for State Water Project water from MWD, the Central Coast Water Authority, the Antelope Valley-East Kern Water Agency and CLWA.

A summary of water held in storage pursuant to the District's water banking program as of December 1, 2014 (after water losses) is set forth below.

TABLE 10
IRVINE RANCH WATER DISTRICT
Summary of Water Banking Programs
As of December 31, 2014 (Acre Feet)

<i>Facility</i>	<i>Total Capacity</i>	<i>Total Water in Storage</i>	<i>District Share of Total Water in Storage</i>
Strand Ranch Integrated Banking ⁽¹⁾	50,000	19,151	16,334
Stockdale West Ranch ⁽²⁾	26,000 ⁽³⁾	2,876	1,401
Kern Water Bank	<u>9,495</u>	<u>4,036</u>	<u>4,036</u>
Total	85,495	26,063	21,771

⁽¹⁾ The District's ability to extract water is subject to certain contractual and operational constraints as described above and is currently limited to approximately 17,500 acre feet. Upon certification of the environmental impact report for the Stockdale West Ranch, which is expected to occur in or about May 2015, the District expects to be able to expand its groundwater extraction capacity by drilling new wells on the Stockdale West Ranch.

⁽²⁾ Upon certification of the environmental impact report for the Stockdale West Ranch, which is expected to occur in or about May 2015, the District expects to be able to expand its groundwater extraction capacity by drilling new wells on the Stockdale West Ranch.

⁽³⁾ Estimate. Final storage capacity to be determined subject to further California Environmental Quality Act proceedings and execution of long-term agreement expected to entered into with Rosedale.

Source: The District.

Recycled Water

During Fiscal Year 2014, the District produced 21,038 acre feet of recycled water and supplied an additional 11,554 acre feet of non-potable water to District customers via the recycled water system. The District processes and treats secondary effluent from its customers to produce recycled water for sale to customers for non-potable utilization. Recycled water is currently sold to approximately 5,400 customers within the District. As of December 31, 2014, the District had approximately 503 miles of recycled water mains and recycled water storage capacity of approximately 5,200 acre feet. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

Historic and Projected Water Supply

Set forth below is a summary of the District’s sources of total water supply in acre feet per year for the last five Fiscal Years.

**TABLE 11
IRVINE RANCH WATER DISTRICT
Historic Water Supply In Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Local Water</i> ⁽¹⁾	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>
2010	45,358	24,744	20,848	90,950
2011	39,563	30,549 ⁽²⁾⁽³⁾	20,284	90,396
2012	39,409	26,155 ⁽³⁾	20,602	86,166
2013 ⁽⁴⁾	49,967	20,151	22,983	93,101
2014 ⁽⁵⁾	55,015	22,508	21,038	98,561

- ⁽¹⁾ Includes groundwater, native water in Irvine Lake and non-potable Irvine Desalter Project water used in the District’s recycled water system. See the caption “—Groundwater—Irvine Desalter Project.” Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment.
- ⁽²⁾ Imported water supply for Fiscal Year 2011 included approximately 5,900 acre feet of stored imported water spilled from Irvine Lake during a December 2010 rain event. Such water was replaced with new native water (storm flows) stored at Irvine Lake.
- ⁽³⁾ Includes 5,512 acre feet of water and 8,083 acre feet of water purchased at OCWD’s request in Fiscal Years 2011 and 2012, respectively, in lieu of pumping groundwater. In-lieu water was not purchased in Fiscal Years 2010, 2013 or 2014.
- ⁽⁴⁾ Increase from Fiscal Year 2012 reflects growth and the economic recovery within the District’s service area as well as increased irrigation requirements. OCWD did not request that the District purchase in-lieu water in Fiscal Year 2013.
- ⁽⁵⁾ Reflects completion of Wells 21 and 22. See the caption “—Groundwater—General.” Also reflects expansion of Michelson Water Reclamation Plant (“MWRP”), increasing total recycled water production capacity from 18 million gallons per day (“mgd”) to 28 mgd in Fiscal Year 2014. See the captions “THE SEWER SYSTEM—General” and “FUTURE CAPITAL IMPROVEMENTS—MWRP and Solids Handling.”

Source: The District.

Set forth below is a summary of the District’s projection of total water sources for the current and next four Fiscal Years.

**TABLE 12
IRVINE RANCH WATER DISTRICT
Projected Water Supply In Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Local Water</i> ⁽¹⁾	<i>Imported Water</i>	<i>Recycled Water</i> ⁽²⁾	<i>Total</i>	<i>Percentage Change</i>
2015	56,800	16,236	21,143	94,179	(4.45)% ⁽³⁾
2016	56,200	18,028	21,566	95,794	1.71
2017	56,481	18,904	21,997	97,382	1.66
2018	56,763	19,775	22,437	98,975	1.64
2019	58,048	19,635	22,886	100,569	1.61

- ⁽¹⁾ Includes groundwater, native water in Irvine Lake and non-potable Irvine Desalter Project water used in the District’s recycled water system. See the caption “—Groundwater—Irvine Desalter Project.” Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment. Reflects completion of Wells 21 and 22. See the caption “—Groundwater—General.”
- ⁽²⁾ Recycled water production projected to increase approximately 2% per annum.
- ⁽³⁾ Decrease from Fiscal Year 2014 reflects effects of drought. See the caption “—Drought Declaration.”

Source: The District.

Set forth below is a comparison of the District’s sources of supply for Fiscal Year 2014 as compared to other neighboring agencies supplying water for Fiscal Year 2013.

TABLE 13
IRVINE RANCH WATER DISTRICT
Water Supply Comparison by Source

	<i>Imported Water</i>	<i>Groundwater</i>	<i>Surface Water</i>	<i>Recycled Water</i>
Irvine Ranch Water District⁽¹⁾	23%	56%	0%	21%
City of Anaheim	46	54	0	0
South Coast Water District ⁽²⁾	77	13	0	10
City of Orange	50	45	5	0
Santa Margarita Water District ⁽²⁾	83	0	0	17
City of Tustin ⁽³⁾	37	63	0	0

⁽¹⁾ Approximately 32% of the District’s water demand is from areas outside of OCWD’s jurisdictional boundaries.

⁽²⁾ These agencies are not located within OCWD’s jurisdictional boundaries.

⁽³⁾ The City of Tustin owns several groundwater projects that are exempt from the BEA.

Source: Municipal Water District of Orange County Water System Operations and Financial Information (August 2013); the District.

THE WATER SYSTEM

General

Through the issuance of general obligation waterworks bonds and other indebtedness, the District has constructed, purchased or acquired capacity in, or connections to, various transmission, pumping, storage and distribution facilities to convey water into the District, including several major facilities built in cooperation with other water districts and cities.

The development of water supplies and the construction and acquisition of facilities are being carried out under a master plan formulated by the District in 1972 and most recently updated in 2009. Existing uses and planned development within the District will necessitate a projected combined total annual water supply of approximately 124,800 acre feet by 2035.

The District anticipates meeting all of its water supply needs using the above-mentioned water importation and storage facilities, groundwater production facilities and recycled water facilities. The combination of the District’s facilities and sources of supply is expected to provide the District with a reliable water supply sufficient to permit the ultimate development as presently planned. Reliability of water supply is further enhanced by the District’s storage facilities, which currently provide more than a seven-day supply.

At June 30, 2014, the District had approximately 2,100 miles of water mains in its potable and recycled water systems and storage capacity of approximately 30,200 acre feet, including the District’s share of Irvine Lake, a 25,000 acre feet untreated water reservoir, and the District’s Sand Canyon, Rattlesnake Canyon, Syphon and San Joaquin Reservoirs, which are recycled water reservoirs with capacities of 750 acre feet, 1,100 acre feet, 450 acre feet and 2,900 acre feet respectively. See the caption “WATER SUPPLY.”

See the caption “WATER SUPPLY—Water Banking” for information with respect to the District’s water banking programs, which constitute additional sources of water that are not reflected in the discussion of the District’s storage facilities above.

In Fiscal Year 2009, the District commenced the engineering design for the Baker WTP. Construction began in January 2014 and is anticipated to be completed in July 2016.

When constructed, the Baker WTP is expected to treat to drinking water standards approximately 28 mgd of raw imported water purchased from MWD. During emergencies and planned raw imported water outages, water from Irvine Lake is expected to be supplied to the Baker WTP for treatment to drinking water standards. The Baker WTP will utilize microfiltration and ultraviolet disinfection as the primary treatment processes. Although the plant will be owned and operated by the District, approximately 76% of capacity in the Baker WTP is expected to be held by other participating water agencies located in southern Orange County. The facility will provide an operational source of supply to the District and participating agencies and, in the event of a short-term water shortage emergency, provide regional water reliability to other neighboring water agencies. The project construction cost is estimated at approximately \$107.2 million, which is to be borne by the District and the other participating water agencies in proportion to their participation in the project. The District will finance its 24% share of the costs from the proceeds of bonds.

See the caption “THE IRVINE RANCH WATER DISTRICT—Current Investments” for a description of an investment made by the District relating to the Baker WTP.

Historic Water Connections

The following table shows the number of water connections in the District for the five most recent Fiscal Years.

TABLE 14
IRVINE RANCH WATER DISTRICT
Historic Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2010	97,023	0.74%
2011	98,637	1.66
2012	99,465	0.84
2013	101,020	1.56
2014	102,990	1.95

⁽¹⁾ Excludes recycled water connections.
Source: The District.

Projected Water Connections

The following table shows the number of water connections projected by the District for the current and next four Fiscal Years.

**TABLE 15
IRVINE RANCH WATER DISTRICT
Projected Water Connections⁽¹⁾**

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2015	105,320	2.26%
2016	108,871	3.37
2017	112,099	2.96
2018	115,582	3.11
2019	118,402	2.44

⁽¹⁾ Excludes recycled water connections. Increases in connections reflect District estimates of increased development activity.
Source: The District.

Connection Fees

The District collects a water connection fee for each new connection to finance District facilities. Connection fees vary by Improvement District and range from \$1,330 to \$3,557 for each residential unit and \$5,608 to \$30,062 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as water sources and production facilities, transmission mains, pumping stations, reservoirs and appurtenances and capacity necessary for each Improvement District.

Historic Water Deliveries

The following table presents a summary of historic water deliveries for the District in acre feet per year for the five most recent Fiscal Years. Historic water deliveries vary from historic water supply as a result of losses in the water system and the timing of billing. Revenues from the sale of recycled water are accounted for as part of the District’s sewer system.

**TABLE 16
IRVINE RANCH WATER DISTRICT
Historic Water Deliveries in Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Potable and Untreated</i>	<i>Recycled</i>	<i>Total</i>	<i>Percentage Change</i>
2010 ⁽¹⁾	70,102	20,848	90,950	(12.35)%
2011 ⁽¹⁾	70,112	20,284	90,396	(0.61)
2012 ⁽¹⁾	65,564	20,602	86,166	(4.68)
2013 ⁽²⁾	70,118	22,983	93,101	8.05
2014	77,523	21,038	98,561	5.86

⁽¹⁾ Reduced deliveries resulted from the District’s conservation efforts in response to drought conditions and economic factors affecting the District’s service area.

⁽²⁾ Increase in water deliveries reflects new development and the economic recovery within the District’s service area.
Source: The District.

Projected Water Deliveries

The District estimates that water system deliveries for the current and next four Fiscal Years will be as set forth in the following table. The District currently projects that water deliveries will increase as a result of an increase in connections, as set forth in the table under the caption “—Projected Water Connections,” and improved economic conditions in the District’s service area. Revenues from the sale of recycled water are accounted for as part of the District’s sewer system.

**TABLE 17
IRVINE RANCH WATER DISTRICT
Projected Water Deliveries in Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Potable and Untreated</i>	<i>Recycled</i>	<i>Total</i>	<i>Percentage Change</i>
2015	73,036	21,143	94,179	(4.45)%
2016	74,228	21,566	95,794	1.71
2017	75,385	21,997	97,382	1.66
2018	76,538	22,437	98,975	1.64
2019	77,683	22,886	100,569	1.61

Source: The District.

Historic Water Sales and Service Charge Revenues

The following table shows annual water sales and service charge revenues for the five most recent Fiscal Years. The following table does not include revenues from the sale of recycled water, which is accounted for as part of the District’s sewer system.

**TABLE 18
IRVINE RANCH WATER DISTRICT
Historic Water Sales and Service Charge Revenues
(Dollars in Thousands)**

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2010	\$51,268	0.64%
2011	54,796	6.88
2012	57,558	5.04
2013	62,565	8.70
2014	66,321	6.00

⁽¹⁾ Includes late payment charges and other penalty revenues.
Source: The District.

Projected Water Sales and Service Charge Revenues

The following table projects annual water sales and service charge revenues for the current and next four Fiscal Years.

TABLE 19
IRVINE RANCH WATER DISTRICT
Projected Water Sales and Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2015	\$68,035	2.58%
2016	73,478	8.00
2017	78,621	7.00
2018	84,125	7.00
2019	90,013	7.00

⁽¹⁾ Reflects projected increases in water connections and deliveries described under the captions “—Projected Water Connections” and “—Projected Water Deliveries,” respectively, as well as projected increases in rates described under the caption “—Water System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Water Customers

The following table sets forth the ten largest water customers of the District for Fiscal Year 2014, as determined by annual payments.

TABLE 20
IRVINE RANCH WATER DISTRICT
Ten Largest Water Customers
Fiscal Year 2014

<i>Customer</i>	<i>Fiscal Year 2014 Payment</i>	<i>Percentage of Total Water Sales Revenues</i>
1. The Irvine Company	\$ 2,695,226	4.06%
2. University of California, Irvine	1,243,724	1.88
3. Jazz Semiconductor	765,756	1.15
4. B. Braun Medical Inc.	603,321	0.91
5. Woodbridge Village Association	422,656	0.64
6. City of Irvine	360,461	0.54
7. Heritage Fields, LLC	296,884	0.45
8. Allergan Sales, LLC	275,341	0.42
9. ERP Operating LP	238,963	0.36
10. City of Lake Forest	<u>236,595</u>	<u>0.36</u>
TOTAL	<u>\$7,138,927</u>	<u>10.77%</u>

Source: The District.

These ten largest customers accounted for approximately 10.77% of water sales revenues in Fiscal Year 2014.

Water System Rates and Charges

Water system rates and charges (other than connection fees) are generally uniform throughout the District. Pumping surcharges apply in higher elevations, and different rates and charges apply in certain areas added to the District by consolidation and annexation since 1998. The average monthly service charge for residential water meters is \$10.50. The monthly service charges for commercial and industrial water meters range from \$10.50 to \$2,992.50 based on meter size. Quantity charges are set according to a water conservation oriented allocation-based ascending block rate structure with rates ranging from \$0.88 to \$12.60 per 100 cubic feet (“ccf”). Recycled water rates for irrigation are set at 90% of the potable rate. Set forth below is a comparison of the District’s water bill for a typical residential customer as compared to neighboring communities. Since Fiscal Year 2006, the District has increased its water system rates and charges by an average of approximately 6.5% each year for an average residential customer using approximately 18 ccf of water per month.

The projected water system revenues set forth under the captions “—Projected Water Sales and Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect projected water rate increases of between 4% and 6% in Fiscal Years 2015 through 2019, including a projected rate increase of 2% beginning July 1, 2015 that is expected to be brought before the Board of Directors in spring 2015. Such water rate increases are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

TABLE 21
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Water Bills⁽¹⁾

<i>Water Service Provider</i>	<i>Charge⁽²⁾</i>
City of Newport Beach	\$72.71
City of Costa Mesa	67.33
City of Santa Ana	55.25
City of Huntington Beach	43.76
City of Tustin	43.76
City of Anaheim	44.62
City of Orange	40.71
District	30.94

⁽¹⁾ Based on 18 ccf (for the District first 8 ccf at low volume rate of \$0.91 and next 10 ccf at \$1.34).

⁽²⁾ As of July 1, 2014. Excludes *ad valorem* assessments levied by the District.

Source: The District.

THE SEWER SYSTEM

General

The District, following voter approval in 1965, is authorized by law to acquire, construct, operate and furnish facilities and services for the collection, treatment, reclamation and disposal of wastewater and may contract with others for such purposes. The District has an extensive network of gravity sewers, force mains, wastewater lift stations and siphons that convey wastewater to two District-owned treatment plants. At June 30, 2014, the District had approximately 1,009 miles of sewer mains and treatment plant capacity of

approximately 35.5 mgd at the MWRP and the Los Alisos Water Reclamation Plant (“LAWRP”). More than 8.6 billion gallons of sewage were treated by the District during Fiscal Year 2014.

During Fiscal Year 1986, the District cooperated with Orange County Sanitation District (“OCSD”) to form Sanitation District 14 (functionally replaced by “Revenue Area 14” of OCSD, upon the consolidation of the several sanitation districts comprising OCSD’s predecessor, the County Sanitation Districts of Orange County, in 1998), which overlays a substantial portion of the District’s territory. Under an agreement entered into between the District and OCSD in connection with such formation, the District paid approximately \$34 million for an approximately 6% interest in OCSD’s sewage processing facilities (such percentage of interest will vary over time pursuant to a formula set forth in the agreement between OCSD and the District). This agreement currently provides treatment capacity (in addition to the capacity at District-owned facilities, such as the MWRP and the LAWRP) of up to 15 mgd. The agreement also provides for the purchase by the District of certain additional capacity in OCSD sewage processing facilities determined from annual flows. In Fiscal Year 2014, the District utilized approximately 1.3 billion gallons of capacity pursuant to its agreement with OCSD. Currently, approximately 87% of the District’s wastewater is treated by the MWRP and LAWRP operated by the District, and approximately 13% is treated by OCSD. A small portion of the wastewater (less than 1%) from the District’s service area that is adjacent to the Santa Margarita Water District is treated by the Santa Margarita Water District pursuant to contract.

Currently, approximately 71% of all wastewater collected by the District is treated as described above and recycled or stored in seasonal storage reservoirs for later treatment and recycling. The remainder of the wastewater collected by the District is diverted to OCSD for treatment and ultimate disposal into the Pacific Ocean through OCSD’s two ocean outfall pipelines or recharge into the Orange County groundwater basin through OCWD’s Groundwater Replenishment System.

Ultimately, the District plans to expand capacity for its treatment facilities to approximately 40.5 mgd in order to: (i) increase recycled water production and utilization; (ii) decrease exposure to external treatment costs and operational constraints; and (iii) decrease dependencies on imported water supplies. See the caption “FUTURE CAPITAL IMPROVEMENTS.”

The District has evaluated alternative approaches to handling its wastewater solids. In May 2013, the District began construction of a facility for handling MWRP solids, which are currently conveyed to OCSD, as well as solids from the District’s LAWRP and other potential participating agencies. New capital facilities constructed at the MWRP to dewater and dispose of solids from this facility are estimated to cost \$210 million. Construction of the solids handling facility at the MWRP is anticipated to be completed in Fiscal Year 2017.

OCSD faces various challenges in the continued treatment of sewage. A description of these challenges as well as a variety of other operating information with respect to OCSD is included in certain disclosure documents prepared by OCSD. OCSD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OCSD has also entered into certain continuing disclosure agreements pursuant to which OCSD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “OCSD Information”) are filed with EMMA at <http://emma.msrb.org>. The OCSD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OCSD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2011A-1 BONDS TO PROVIDE OCSD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS.

OCSD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN,

INCLUDING INFORMATION WITH REGARD TO OCSD. OCSD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2011A-1 BONDS UNDER RULE 15c2-12.

Historic Sewer System and Recycled Water Connections

The following table shows the number of sewer and recycled water connections in the District for the five most recent Fiscal Years.

**TABLE 22
IRVINE RANCH WATER DISTRICT
Historic Sewer and Recycled Water Connections**

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2010	92,407	0.77%
2011	93,992	1.72
2012	94,983	1.05
2013	96,643	1.75
2014	97,482	0.87

Source: The District.

Projected Sewer and Recycled Water Connections

The following table shows the projected number of sewer and recycled water connections for the current and next four Fiscal Years.

**TABLE 23
IRVINE RANCH WATER DISTRICT
Projected Sewer and Recycled Water Connections**

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2015	100,967	3.58%
2016	104,518	3.52
2017	107,746	3.09
2018	111,229	3.23
2019	114,712	3.13

⁽¹⁾ Increases in connections beginning in Fiscal Year 2015 reflect District estimates of increased development activity.
Source: The District.

Connection Fees

The District collects a sewer connection fee for each new connection to finance District sewer facilities. Connection fees vary by Improvement District and range from \$2,166 to \$24,868 for each residential unit and \$9,616 to \$61,757 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as transmission mains, pumping stations, treatment facilities and appurtenances and capacity necessary to serve each Improvement District.

Historic Sewer Daily Average Flow

The following table shows the daily average sewer flow in millions of gallons per day for the five most recent Fiscal Years.

TABLE 24
IRVINE RANCH WATER DISTRICT
Historic Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2010	27.7	4.90%
2011	27.8	0.36
2012	28.3	1.80
2013	28.1	(0.71) ⁽²⁾
2014	27.3	(2.85) ⁽²⁾

⁽¹⁾ Includes District flow treated by OCSD.

⁽²⁾ Reduction in flows reflects reduced water use, including as a result of conservation efforts.

Source: The District.

Projected Sewer Daily Average Flow

The following table shows the projected daily average sewer flow in millions of gallons per day for the current and next four Fiscal Years.

TABLE 25
IRVINE RANCH WATER DISTRICT
Projected Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2015	27.8	1.83%
2016	28.4	2.16
2017	29.0	2.11
2018	29.6	2.07
2019	30.1	1.69

⁽¹⁾ Includes flow treated by OCSD.

Source: The District.

Historic Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the recycled water sales and sewer service charge revenues for the five most recent Fiscal Years.

TABLE 26
IRVINE RANCH WATER DISTRICT
Historic Recycled Water Sales and Sewer Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues</i>	<i>Percentage Change</i>
2010	\$45,343	10.17%
2011	45,375	0.07
2012	49,234	8.50 ⁽¹⁾
2013	53,085	7.82 ⁽²⁾
2014	58,109	9.46 ⁽³⁾

⁽¹⁾ Reflects 2.37% increase in fixed service charge in Fiscal Year 2012 to cover increased operating costs, replacements, and capital enhancements and 1.83% increase in commodity rate in Fiscal Year 2012.

⁽²⁾ Reflects increase in sewer daily average flow described under the caption “—Historic Sewer Daily Average Flow” as well as increase in recycled water and sewer rates described under caption “—Sewer System Rates and Charges.”

⁽³⁾ Reflects increase of approximately 7% in fixed monthly service charge in Fiscal Year 2014 to cover increased operating costs, replacements and capital enhancements. See the caption “—Sewer System Rates and Charges.” Also reflects increased recycled water sales.

Source: The District.

Projected Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the projected recycled water sales and sewer service charge revenues for the current and next four Fiscal Years.

TABLE 27
IRVINE RANCH WATER DISTRICT
Projected Recycled Water Sales and Sewer Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2015	\$64,925	11.73%
2016	70,119	8.00
2017	74,326	6.00
2018	78,786	6.00
2019	83,513	6.00

⁽¹⁾ Reflects increases in projected sewer connections and daily average sewer flow described under the captions “—Projected Sewer and Recycled Water Connections” and “—Projected Sewer Daily Average Flow,” respectively, as well as projected increases in recycled water and sewer rates described under the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Sewer Service Customers

The following table sets forth the ten largest sewer service customers of the District for Fiscal Year 2014, as determined by annual payments.

**TABLE 28
IRVINE RANCH WATER DISTRICT
Ten Largest Sewer Service Customers
Fiscal Year 2014**

<i>Customer</i>	<i>Fiscal Year 2014 Payment</i>	<i>Percentage of Total Recycled Water and Sewer Service Revenues</i>
1. The Irvine Company	\$3,096,888	5.33%
2. City of Irvine	2,135,707	3.68
3. University of California, Irvine	1,684,231	2.90
4. California Department of Transportation, District 12	918,254	1.58
5. B. Braun Medical Inc.	543,502	0.94
6. Irvine Unified School District	535,744	0.92
7. Heritage Fields, LLC	373,192	0.64
8. Los Olivos Apartments	278,100	0.48
9. Royalty Carpet Mills	316,847	0.55
10. Allergan Sales, LLC	312,114	0.54
TOTAL	<u>\$10,194,579</u>	<u>17.54%</u>

Source: The District.

These ten largest customers accounted for approximately 17.54% of total sewer revenues for Fiscal Year 2014.

Sewer System Rates and Charges

Residential users pay a fixed monthly service charge which ranges from \$15.40 to \$20.50. Commercial and industrial users pay \$20.50 for the first ten ccf of water use and from \$2.35 to \$2.465 per ccf thereafter. Set forth below is a comparison of the District’s sewer bills for a typical residential customer as compared to other neighboring communities. Since Fiscal Year 2006, the District has increased its fixed monthly service charge by an average of approximately 10.0% each year.

The projected sewer system and recycled water sales revenues set forth under the captions “—Projected Recycled Water Sales and Sewer Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect projected sewer rate increases of between 3.5% to 6% in Fiscal Years 2015 through 2019 and projected recycled water rate increases of between 2% and 5% in Fiscal Years 2015 through 2019, including projected increases in sewer rates and recycled water rates effective July 1, 2015 that are expected to be brought before the Board of Directors in spring 2015. Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

TABLE 29
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Sewer Bill

<i>Sewer Service Provider</i>	<i>Charge⁽¹⁾</i>
City of Tustin	\$44.29
City of Santa Ana	40.36
City of Newport Beach	37.49
City of Huntington Beach	37.38
City of Orange	26.69
City of Costa Mesa	26.69
City of Anaheim	26.69
District	15.40 – 20.50

⁽¹⁾ As of July 1, 2014. Excludes *ad valorem* assessments levied by District.
Source: The District.

FUTURE CAPITAL IMPROVEMENTS

The District anticipates spending approximately \$408,628,141 on future water, recycled water and sewer system improvements during the current and the next four Fiscal Years. The District anticipates financing such improvements through a combination of bonds, District revenues and fund balances in Fiscal Years 2015 through 2019. The District anticipates that approximately \$300,000,000 of such improvements will be financed from proceeds of bonds, some of which have already been issued, and that approximately \$108,628,141 of such improvements will be financed from funds on hand and District revenues. The following table sets forth the District's projected capital improvement projects for the current and next four Fiscal Years:

TABLE 30
IRVINE RANCH WATER DISTRICT
Projected Water, Recycled Water and Sewer Systems Capital Improvements
For Fiscal Years 2015 through 2019

<i>Project</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
MWRP and Solids Handling	\$100,789,454	\$23,355,403	\$15,901,767	\$ 4,957,331	\$ 527,044	\$145,530,999
OCSD / CORF	2,527,922	3,138,031	3,592,675	5,098,258	5,441,963	19,798,849
Water Supply Reliability	15,496,096	16,030,802	6,768,486	5,008,402	14,788,735	58,092,521
Development-Related Expansion	17,172,862	7,673,755	22,957,039	33,072,215	25,655,764	106,531,635
Replacement and Refurbishment	20,552,552	19,362,241	9,057,916	1,944,897	3,156,153	54,073,759
Operational Improvements	<u>6,953,832</u>	<u>13,159,537</u>	<u>3,461,781</u>	<u>926,308</u>	<u>98,920</u>	<u>24,600,378</u>
Total	\$163,492,718	\$82,719,769	\$61,739,664	\$51,007,411	\$49,668,579	\$408,628,141

MWRP and Solids Handling

The Phase 2 expansion of the MWRP, which was substantially completed in 2014, increases treatment capacity from 18 to 28 mgd. Primary components of the expansion include new influent sewers; influent flow metering facilities; centralized headworks facilities; primary clarification facilities; primary effluent pumping station; flow equalization basin modifications; nitrification/denitrification membrane bioreactor facilities; high rate clarification facilities; ultraviolet disinfection facilities; rehabilitation of existing chlorine contact chambers; effluent pumping station modifications; chemical storage and feed facilities; associated electrical, instrumentation and controls and telemetry improvements; demolition work; site work and driven pile foundations; yard piping and grading modifications; and site paving and restoration work.

The solids handling capital project includes the design and construction of facilities for thickening, acid-phase anaerobic digestion, dewatering, drying and pelletization, energy generation, and use of pellets as a fertilizer or e-fuel. It also includes a solids receiving station to allow processing of dewatered sludge from the Los Alisos Water Recycled Water Plant for drying and pelletization. In addition, facilities for the receipt and transfer of fats, oil and grease to the digesters is being designed and will be constructed to increase methane and energy production capabilities. The solids handling capital project is anticipated to be completed in Fiscal Year 2018.

OCSD CORF

OCSD's Capital Outlay Revolving Fund ("CORF") funds OCSD projects such as plant upgrades for secondary treatment and the Groundwater Replenishment System. The District funds its share of the CORF based on the District's percentage share of OCSD's total wastewater flow. Wastewater flows from the District presently comprise approximately 2% – 3% of OCSD flows and are expected to comprise approximately 4% – 5% in future years. See the caption "THE SEWER SYSTEM—General—OCSD" above.

Water Supply Reliability

Water supply reliability projects include the acquisition and construction of water banking facilities in Kern County and the Baker WTP, expansion of Syphon Reservoir and other projects, including, but not limited to, booster pump stations and interagency pipeline construction. See the captions "WATER SUPPLY" and "THE WATER SYSTEM—General."

Development-Related Expansion

Development-related expansion improvements include construction of new water, recycled water and sewer improvements to serve new developments.

Replacement and Refurbishment

Replacement and refurbishment improvements consist of repairs and restoration to existing water, recycled water and sewer system facilities.

Operational Improvements

Operational improvements consist of optimizing District facilities and include improvements to the District's water and wastewater Operations Center, adding water quality mixing systems to existing reservoirs, expanding the reliability of the Supervisory Control and Data Acquisition system, and relocating District facilities as required by interagency projects.

WATER AND SEWER SYSTEM FINANCIAL INFORMATION

Financial Statements

A copy of the most recent financial statements of the District audited by Mayer Hoffman McCann P.C., Certified Public Accountants (the "Auditor"), are included as Appendix B (the "Financial Statements") and should be read in their entirety. The Auditor's letter concludes that the Financial Statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Auditor has not reviewed the contents of this Remarketing Statement, and the District has not sought the Auditor's consent to the inclusion of the Auditor's report in the Financial Statements in this Remarketing Statement.

Reduction in BAB Credits

On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, including reductions in Build America Bond (“BAB”) interest subsidy payments (“BAB Credits”). The originally scheduled BAB Credit was reduced by 8.7% in federal fiscal year 2013 (which ended September 30, 2013), by 7.2% in federal fiscal year 2014 and by 7.3% in federal fiscal year 2015. Under a federal budget bill enacted in December 2013, the reduction of BAB Credits will continue through federal fiscal year 2023.

As set forth under the captions “—Historic Operating Results and Debt Service Coverage” and “—Projected Operating Results and Debt Service Coverage,” the District’s Series 2010B Bonds are BABs and the operating results for Fiscal Year 2014 and projected operating results for Fiscal Years 2015 through 2019 shown therein reflect the announced reduction in BAB Credits. While the District continues to monitor the effects of the reduction in BAB Credits on District finances, the District does not currently expect such reduction to have a material adverse effect on the ability of the District to make payments of principal of and interest on the Series 2010B Bonds or the Series 2011A-1 Bonds from Net Revenues.

Historic Operating Results and Debt Service Coverage

The following summary of operating results of the District for the last five Fiscal Years is derived from the Financial Statements and audited financial statements of the District for prior Fiscal Years and excludes certain non-cash items and includes certain other adjustments. Such summary operating results are qualified in their entirety by reference to such statements, including the notes thereto.

TABLE 31
IRVINE RANCH WATER DISTRICT
Historic Operating Results and Debt Service Coverage
Fiscal Years 2010 through 2014
(in Thousands)

	2010	2011	2012	2013	2014
REVENUES					
Water sales and service charges	\$ 51,268	\$ 54,796	\$ 57,558	\$ 62,565	\$ 66,321
Recycled water sales and sewer service charges	45,344	45,375	49,234	53,085	58,109
Connection fees	5,818	10,572	9,030	17,314	22,429
Net real estate income	5,624	5,649	6,736	6,566	7,760
Interest income	2,191	2,599	1,738	1,549	1,671
Net earnings on JPA ⁽¹⁾	4,196	12,444 ⁽¹¹⁾	11,927	20,294 ⁽¹²⁾	12,356
Available 1% Property Tax Revenues ⁽²⁾	19,346	22,396	25,858	25,719	26,432
Other ⁽³⁾	10,706	7,987	6,141	8,323	10,974
Total Revenues	\$ 144,493	\$ 161,818	\$ 168,222	\$ 195,415	\$ 206,052
OPERATION AND MAINTENANCE EXPENSES					
Water services	\$ 40,103	\$ 42,383	\$ 40,593	\$ 48,911	\$ 57,624
Sewer services	27,804	30,787	26,817	36,688 ⁽¹⁶⁾	37,715
Administrative and general	22,904	21,332	27,182 ⁽¹⁴⁾	22,667 ⁽¹⁶⁾	22,272
Customer accounts ⁽⁴⁾	3,772	3,737	3,737	3,753	0
Other	1,286	989	10,713 ⁽¹⁵⁾	6,110 ⁽¹⁷⁾	7,163
Total Operation & Maintenance Expenses	\$ 95,869	\$ 99,228	\$ 109,042	\$ 118,129	\$ 124,774
NET REVENUES	\$ 48,624	\$ 62,590	\$ 59,180	\$ 77,286	\$ 81,278
ASSESSMENT PROCEEDS⁽¹¹⁾	\$ 0	\$ 0	\$ 5,816	\$ 5,877	\$ 8,509
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	\$ 48,624	\$ 62,590	\$ 64,996	\$ 83,163	\$ 89,787
PARITY OBLIGATIONS					
Series 2011A-1/A-2 Bonds	\$ 0	\$ 35	\$ 2,284	\$ 2,306	\$ 2,360
Series 2010B Bonds ⁽⁵⁾	0	4,080	7,533	7,519	7,825
2010 Installment Sale Agreement ⁽⁶⁾	3,119	7,680	7,977	8,300	8,665
Certificates of Participation ⁽⁷⁾	2,827	0	0	0	0
1997 State Loan #3	0	226	226	226	227
Prior Reimbursement Agreements	0	0	0	0	0
Total Parity Debt Service	\$ 5,946	\$ 12,021	\$ 18,020	\$ 18,351	\$ 19,077
PARITY OBLIGATION COVERAGE⁽⁸⁾	8.2x	5.2x⁽¹³⁾	3.6x	4.5x	4.7x
Revenues Available For Subordinate Debt Service	\$ 42,678	\$ 50,569	\$ 46,976	\$ 64,812	\$ 70,710
SUBORDINATE OBLIGATIONS					
Swap Payments ⁽⁹⁾	\$ 7,391	\$ 7,734	\$ 7,734	\$ 7,452	\$ 7,555
State Loans and SCWD Debt ⁽¹⁰⁾	381	308	308	308	308
1986 Certificates of Participation ⁽⁷⁾	2,605	0	0	0	0
Total Subordinate Debt Service	\$ 10,377	\$ 8,042	\$ 8,042	\$ 7,760	\$ 7,863
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 32,301	\$ 42,527	\$ 38,934	\$ 57,052	\$ 62,847
1% Pledged Property Tax Revenues ⁽¹¹⁾	7,804	4,593	3,292	3,546	3,013
<i>Ad valorem</i> Assessments	11,244	11,875	6,060	5,940	4,797
Total Funds Available for <i>Ad Valorem</i> Assessment Bonds	\$ 51,349	\$ 58,995	\$ 48,286	\$ 66,538	\$ 70,657
<i>Ad Valorem</i> Assessment Bond Debt Service	(21,179)	(16,899)	(16,899)	(17,129)	(10,501)
NET REVENUES AVAILABLE FOR OTHER PURPOSES	\$ 30,170	\$ 42,096	\$ 31,387	\$ 49,409	\$ 60,156

- (1) Reflects earnings from investment of proceeds of taxable bonds issued by Irvine Ranch Water District Joint Powers Agency in excess of payments of principal of and interest on such obligations. Such obligations matured in Fiscal Year 2014 and the Irvine Ranch Water District Joint Powers Agency was thereupon terminated in accordance with its joint powers agreement.
- (2) Represents 1% Property Tax Revenues available to pay debt service on Parity Obligations after payment of debt service on bonds of the District secured by a pledge of the District's share of the Orange County 1% general *ad valorem* property tax pursuant to Resolution No. 1992-48, adopted by the Board of Directors of the District on November 23, 1992, or Resolution 2002-10, adopted by the Board of Directors of the District on April 8, 2002 (collectively, the "Secured Bonds") from 1% Property Tax Revenues and *ad valorem* assessments.
- (3) Other Revenues includes golf course lease, cell site leases, conservation revenue, penalty revenue, grants and Allen-McColloch pipeline income.
- (4) In Fiscal Year 2014, the District began recording Customer Accounts expenses in the Water Services and Sewer Services line items.
- (5) Debt Service net of BAB Credit on Series 2010B Bonds. Fiscal Year 2013 amount reflects announced reductions in BAB Credits. See the caption "—Reduction in BAB Credits."
- (6) Entered into in February 2010 in connection with the prepayment of the 2008 Certificates of Participation and the 1986 Certificates of Participation.
- (7) Prepaid in February 2010.
- (8) Total Net Revenues and Assessment Proceeds divided by Total Parity Debt Service.
- (9) Net swap payments made.
- (10) Santiago County Water District was consolidated into the District as of July 1, 2006.
- (11) Represents District's share of 1% Property Tax Revenues which, together with the *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds. Decreases reflect scheduled mandatory sinking fund payments and redemption of approximately \$3.1 million in Secured Bonds.
- (12) Refunding of Irvine Ranch Water District Joint Powers Agency bonds described in Footnote 1 in Fiscal Year 2010 resulted in a savings of approximately \$32.0 million, of which a portion was realized in each of Fiscal Years 2011, 2013 and 2014.
- (13) Reduced Parity Obligation coverage beginning in Fiscal Year 2011 reflects scheduled increases in Parity Obligation debt service.
- (14) Increase from Fiscal Year 2011 reflects expenses related to increased solids handling capacity at OCSD, which is expected to continue until December 2016, when the District expects to complete construction of its own facility to treat and dispose of solids. See the caption "THE SEWER SYSTEM—General."
- (15) Increase from Fiscal Year 2011 reflects capital improvement project writeoffs in accordance with GASB Statement 51 (Accounting and Financial Reporting for Intangible Assets) in the total amount of approximately \$10.3 million.
- (16) Increase from Fiscal Year 2012 amount in Fiscal Year 2013 reflects recording of OCSD expenses, which were previously treated as an administrative and general line item, in the sewer services line item. See the caption "THE SEWER SYSTEM—General."
- (17) Decrease from Fiscal Year 2012 amount in Fiscal Year 2013 reflects significant reduction in capital improvement project reclassifications and writeoffs. See Footnote 15.

Source: The District.

Projected Operating Results and Debt Service Coverage

The District's estimated projected operating results for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the District's assumptions, including the assumptions in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

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TABLE 32
IRVINE RANCH WATER DISTRICT
Five-Year Debt Service Coverage Forecast
Fiscal Years 2015 through 2019
(in Thousands)

	2015	2016	2017	2018	2019
REVENUES					
Water sales and service charges ⁽¹⁾	\$ 68,035	\$ 73,478	\$ 78,621	\$ 84,125	\$ 90,013
Recycled water sales and sewer service charges ⁽²⁾	64,925	70,119	74,326	78,786	83,513
Connection fees ⁽³⁾	17,000	22,000	22,000	23,000	22,000
Net real estate income ⁽⁴⁾	8,406	8,588	8,749	8,913	9,081
Interest income ⁽⁵⁾	1,366	2,603	3,477	3,610	5,361
Available 1% Property Tax Revenues ⁽⁶⁾	25,611	27,206	28,071	29,051	30,527
Other ⁽⁷⁾	11,523	12,099	12,704	13,339	14,006
Total Revenues	<u>\$ 196,866</u>	<u>\$ 216,092</u>	<u>\$ 227,948</u>	<u>\$ 240,824</u>	<u>\$ 254,501</u>
OPERATION AND MAINTENANCE EXPENSES					
Water services ⁽⁸⁾	\$ 62,234	\$ 67,213	\$ 71,245	\$ 75,520	\$ 80,051
Sewer services ⁽⁹⁾	39,978	42,377	44,919	47,614	50,471
Administrative and general ⁽⁹⁾	23,608	25,025	26,526	28,118	29,805
Other ⁽¹⁰⁾	5,000	5,100	5,202	5,306	5,412
Total Operation & Maintenance Expenses	<u>\$ 130,820</u>	<u>\$ 139,714</u>	<u>\$ 147,893</u>	<u>\$ 156,558</u>	<u>\$ 165,740</u>
NET REVENUES	\$ 66,046	\$ 76,378	\$ 80,055	\$ 84,265	\$ 88,761
ASSESSMENT PROCEEDS⁽¹¹⁾	\$ 5,723	\$ 4,719	\$ 4,972	\$ 5,274	\$ 4,285
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	<u>\$ 71,769</u>	<u>\$ 81,097</u>	<u>\$ 85,027</u>	<u>\$ 89,540</u>	<u>\$ 93,047</u>
PARITY OBLIGATIONS⁽¹²⁾					
Series 2011A-1/A-2 Bonds ⁽¹³⁾	\$ 3,213	\$ 3,682	\$ 4,168	\$ 4,219	\$ 4,098
Series 2010B Bonds ⁽¹⁴⁾	7,829	7,829	7,829	7,829	7,829
2010 Installment Sale Agreement ⁽¹⁵⁾	9,098	9,487	9,812	3,995	4,094
1997 State Loan #3 ⁽¹⁵⁾	227	227	227	227	227
Prior Reimbursement Agreements	0	0	0	0	0
Total Parity Debt Service	<u>\$ 20,367</u>	<u>\$ 21,224</u>	<u>\$ 22,035</u>	<u>\$ 16,270</u>	<u>\$ 16,248</u>
PARITY OBLIGATION COVERAGE⁽¹⁶⁾	3.5x	3.8x	3.9x	5.5x	5.7x
Revenues Available For Subordinate Debt Service	\$ 51,402	\$ 59,874	\$ 62,993	\$ 73,269	\$ 76,799
SUBORDINATE OBLIGATIONS⁽¹²⁾					
Swap Payments ⁽¹⁷⁾	\$ 7,475	\$ 7,085	\$ 6,435	\$ 5,915	\$ 5,294
State Loans and SCWD Debt ⁽¹⁵⁾	308	308	308	308	308
Total Subordinate Debt Service	<u>\$ 7,783</u>	<u>\$ 7,393</u>	<u>\$ 6,743</u>	<u>\$ 6,223</u>	<u>\$ 5,602</u>
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 43,619	\$ 52,481	\$ 56,250	\$ 67,046	\$ 71,197
1% Pledged Property Tax Revenues ⁽¹⁸⁾	2,889	2,194	2,129	2,049	1,573
Ad valorem Assessments ⁽¹⁹⁾	5,277	6,881	7,128	7,426	8,415
Total Funds Available for Ad Valorem Assessment Bonds	\$ 51,786	\$ 61,556	\$ 65,506	\$ 76,522	\$ 81,185
Ad Valorem Assessment Bond Debt Service ⁽²⁰⁾	(10,940)	(13,391)	(14,619)	(16,226)	(21,531)
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 40,846</u>	<u>\$ 48,164</u>	<u>\$ 50,887</u>	<u>\$ 60,296</u>	<u>\$ 59,654</u>

⁽¹⁾ Projected to increase approximately 2.6% from Fiscal Year 2014 amount in Fiscal Year 2015, 8% from Fiscal Year 2015 amount in Fiscal Year 2016 and 7% per annum thereafter. See the caption "THE WATER SYSTEM—Projected Water Sales and Service Charge Revenues."

- (2) Projected to increase approximately 11.7% from Fiscal Year 2014 amount in Fiscal Year 2015, 8% from Fiscal Year 2015 amount in Fiscal Year 2016 and 6% per annum thereafter. See the caption “THE SEWER SYSTEM—Projected Recycled Water Sales and Sewer Service Charge Revenues.”
- (3) Based on District projections of development.
- (4) Based on existing and expected leases. See the captions “THE IRVINE RANCH WATER DISTRICT—Current Investments” and “THE IRVINE RANCH WATER DISTRICT—Projected Net Real Estate Income.”
- (5) Assumes interest rates increasing from 0.45% in Fiscal Year 2015 to 2.00% in Fiscal Year 2019.
- (6) Represents 1% Property Tax Revenues available to pay Debt Service on Parity Obligations after payment of debt service on Secured Bonds from 1% Property Tax Revenues and applicable *ad valorem* assessments. Projected fluctuation in 1% Property Tax Revenues is a result of uneven debt service on Secured Bonds. See the caption “THE IRVINE RANCH WATER DISTRICT—1% Property Tax Revenues.”
- (7) Includes, golf course lease, cell site leases, conservation revenue, penalty revenue, grants and Allen-McColloch pipeline income. Projected to increase 5% per annum from Fiscal Year 2014 amount.
- (8) Projected to increase 8% per annum from Fiscal Year 2014 amount in Fiscal Year 2015 and 2016 and 6% per annum thereafter.
- (9) Projected to increase 6% per annum from Fiscal Year 2014 amount.
- (10) Projected to increase 2% from Fiscal Year 2015 budgeted amount.
- (11) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *Ad Valorem* Assessment Bonds. Assessment Proceeds are only available to pay debt service on Series 2010B Bonds, Series 2011A-1 Bonds and Series 2011A-2 Bonds and are not available to pay other Parity Obligations which are not general obligation bonds secured by *ad valorem* assessments.
- (12) Does not reflect the issuance of additional debt to finance future capital improvements. See the caption “FUTURE CAPITAL IMPROVEMENTS.”
- (13) Projected at SIFMA rates increasing from 0.15% in Fiscal Year 2015 to 2.00% in Fiscal Year 2019. Assumes that the purchase price of Series 2011A-1 Bonds and Series 2011A-2 Bonds is paid from remarketing proceeds.
- (14) Debt Service net of BAB Credit on Series 2010B Bonds. Reflects announced reductions in BAB Credits. See the caption “—Reduction in BAB Credits.”
- (15) Reflects scheduled Debt Service, including scheduled reductions in principal payments on 2010 Installment Sale Agreement beginning in Fiscal Year 2018.
- (16) Total Net Revenues and Assessment Proceeds divided by Total Parity Debt Service.
- (17) Net swap payments. Assumes 5-year average of LIBOR rate with respect to swaps of 0.97%, increasing from 0.20% in Fiscal Year 2015 to 1.90% in Fiscal Year 2019. See the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”
- (18) Represents District’s share of 1% Property Tax Revenues which, together with the applicable *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds.
- (19) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *ad valorem* assessment bonds and Series 2010B Bonds, Series 2011A-1 Bonds and Series 2011A-2 Bonds.
- (20) *Ad Valorem* Assessment Bonds debt projection assumes annual sinking fund payments, SIFMA rates ranging from 0.15% in Fiscal Year 2015 to 2.00% in Fiscal Year 2019 and letter of credit fees equal to 0.35% of principal. Does not include Series 2010B Bonds, Series 2011A-1 Bonds or Series 2011A-2 Bonds, which are Parity Obligations. Assumes \$150 million of new variable rate *ad valorem* assessment bonds issued in Fiscal Years 2016 and 2019.

Source: The District.

THE IMPROVEMENT DISTRICTS

General

The District contains seven water Improvement Districts and ten sewer Improvement Districts covering specific areas within the District’s boundaries, some of them overlapping and each of which is governed by the Act. The District formed the Improvement Districts in order to allocate funding responsibility for capital facilities to the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development so that capital facilities construction can be matched to the development approval decisions of the respective local agency that makes them. Some of the Improvement Districts share in the funding of the District’s regional facilities which the Improvement Districts will use in common, such as major water importation facilities or sewer treatment plants.

Each Improvement District has a respective plan of works and a certain amount of authorized general obligation bonded indebtedness. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness.” The *Ad Valorem* Assessment Bonds issued pursuant to such authorization are sold in each instance by the District on the respective Improvement District’s behalf. The obligation for repayment of bonds issued on behalf of an Improvement District is secured in each instance by the power of the District to levy and collect within such Improvement District *ad valorem* assessments without limitation as to rate or amount on land only (enforceable by

customary rights to foreclose and sell property for delinquent assessments) or, in lieu of assessments, in the District's discretion, charges for water or sewer service, as applicable, all within the subject Improvement District. These powers and functions are exercised for each Improvement District by the Board of Directors of the District. Although the respective funding obligations of each Improvement District are separate and independent, the Improvement Districts are not operated as separate or independent governmental entities, nor do they have governing boards or any staff. The Improvement Districts are geographical subdivisions of the District through which the District funds capital improvements.

As a result of the District's discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District vary from year to year and generally do not result in revenues that correspond with debt service requirements on the *Ad Valorem* Assessment Bonds. The annual tax rates set by the District may vary from year to year for other reasons as well. The District has covenanted under the Indenture that, to the extent necessary to pay debt service on the Series 2011A-1 Bonds, it will impose and collect Bond Assessments and Charges. See the caption "SECURITY FOR THE SERIES 2011A-1 BONDS—General—Covenant to Collect Bond Assessments and Charges" in the forepart of this Remarketing Statement.

The California Water Code allows the Board of Directors, in a noticed hearing process, to reorganize its improvement district boundaries and to consolidate coterminous improvement districts. As development progresses to completion in improvement districts and the need for having separate improvement districts to match capital facilities construction timing for different geographic areas diminishes, consolidation of various improvement districts can produce efficiencies for the District. Under the California Water Code provisions, certain improvement districts of the District are the consolidated successors to previously separate water improvement districts or previously separate sewer improvement districts, respectively. In 2013, following studies carried out by the District to identify further opportunities to implement such consolidations and reorganizations of its improvement districts, the District implemented improvement district consolidation that reduced the number of its improvement districts from 33 to 17. The statutory provisions for the consolidation of improvement districts specify that a consolidated improvement district may levy and collect the assessments and charges necessary to satisfy the obligations of its predecessor improvement districts, and that the authorized and unissued bonds of the predecessor improvement districts may be issued and sold as the bonds of the consolidated improvement district. The District believes that its actions to reorganize and/or consolidate improvement districts will not impair the District's obligation to pay debt service on the outstanding bonds of such improvement districts or the security therefor. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District Nos. 105 and 250 into Improvement District Nos. 125 and 225, respectively.

The following is a general description of each of the Improvement Districts as to which the Series 2011A-1 Bonds constitute consolidated, several general obligations:

Improvement District Nos. 125 and 225

General. At the time of their initial issuance on April 15, 2011, the Series 2011A-1 Bonds constituted the consolidated, several general obligations of Improvement District Nos. 105, 113, 213 and 250. Improvement District Nos. 125 and 225 are the legal successors to Improvement District Nos. 105 and 250, respectively. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District Nos. 105 and 250 into Improvement District Nos. 125 and 225, respectively.

Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement

District Nos. 125 and 225 consists of developed residential and commercial properties. The District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2020. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 125 is \$29,578,638,615, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 105 before its consolidation into Improvement District No. 125 was \$7,099,866,552. The estimated Fiscal Year 2015 assessed value of the land in Improvement District No. 225 is \$24,757,488,949, while the Fiscal Year 2014 assessed value of the land in Improvement District No. 250 before its consolidation into Improvement District No. 225 was \$6,776,400,622.

Set forth below is information with respect to Improvement District Nos. 125 and 225 for Fiscal Years 2014 and 2015 and their respective predecessor Improvement Districts for prior Fiscal Years.

The *ad valorem* assessments levied by the District in Improvement District Nos. 125 and 225 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2011A-1 Bonds will be levied on land only. See Table 3 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness" for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District Nos. 125 and 225 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 105 for the Fiscal Years ended June 30, 2011 through June 30, 2013 and the assessed valuations of land in Improvement District No. 125 for the Fiscal Year ended June 30, 2014 and the Fiscal Year ending June 30, 2015. Assessed valuations of land in Improvement District No. 125 are not available for Fiscal Years prior to Fiscal Year 2014 because Improvement District No. 125 did not exist prior to November 11, 2013.

TABLE 33
IRVINE RANCH WATER DISTRICT
Improvement District No. 105/125
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2011 ⁽²⁾	\$ 5,753,773,845	\$26,979,470	\$ 5,780,753,315
2012 ⁽²⁾	6,309,579,342	6,491,171	6,316,070,513
2013 ⁽²⁾	6,602,927,949	5,728,927	6,608,656,876
2014 ⁽³⁾	27,277,013,090	404,065 ⁽⁴⁾	27,277,417,155
2015 ⁽³⁾	29,578,234,550	404,065 ⁽⁴⁾	29,578,638,615

- (1) Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
- (2) Reflects assessed valuations for Improvement District No. 105. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 105 into Improvement District No. 125.
- (3) Reflects assessed valuations for Improvement District No. 125. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 105 into Improvement District No. 125.
- (4) Certain secured values that were omitted from the secured tax roll and allocated to the unsecured tax roll by the County Assessor in Fiscal Years 2014 and 2015 have been omitted from the table.

Source: California Municipal Statistics, Inc.

The following table presents the assessed valuations of land in Improvement District No. 250 for the Fiscal Years ended June 30, 2011 through June 30, 2013 and the assessed valuations of land in Improvement District No. 225 for the Fiscal Year ended June 30, 2014 and the Fiscal Year ending June 30, 2015. Assessed valuations of land in Improvement District No. 225 are not available for Fiscal Years prior to Fiscal Year 2014 because Improvement District No. 225 did not exist prior to November 11, 2013.

TABLE 34
IRVINE RANCH WATER DISTRICT
Improvement District No. 250/225
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured</i> ⁽¹⁾	<i>Total</i>
2011 ⁽²⁾	\$ 5,432,737,954	\$26,636,942	\$ 5,459,374,896
2012 ⁽²⁾	5,997,217,214	6,210,415	6,003,427,629
2013 ⁽²⁾	6,288,670,201	5,529,610	6,294,199,811
2014 ⁽³⁾	22,829,136,845	404,065 ⁽⁴⁾	22,829,540,910
2015 ⁽³⁾	24,757,084,884	404,065 ⁽⁴⁾	24,757,488,949

- ⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
- ⁽²⁾ Reflects assessed valuations for Improvement District No. 250. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 250 into Improvement District No. 225.
- ⁽³⁾ Reflects assessed valuations for Improvement District No. 225. See the Remarketing Statement under the caption "INTRODUCTION—Improvement Districts—Improvement District Nos. 125 and 225" for a discussion of the consolidation of Improvement District No. 250 into Improvement District No. 225.
- ⁽⁴⁾ Certain secured values that were omitted from the secured tax roll and allocated to the unsecured tax roll by the County Assessor in Fiscal Years 2014 and 2015 have been omitted from the table.

Source: California Municipal Statistics, Inc.

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The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 125 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2015:

TABLE 35
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2015 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 213,641,323	0.72%	210	0.20%
Commercial/Office	2,767,280,638	9.36	1,416	1.37
Industrial	1,503,414,737	5.08	1,106	1.07
Government/Social/Institutional	290,790	0.00	124	0.12
Miscellaneous	<u>42,758,286</u>	<u>0.14</u>	<u>12</u>	<u>0.01</u>
Subtotal Non-Residential	\$ 4,527,385,774	15.31%	2,868	2.77%
Residential:				
Single Family Residence	\$17,063,649,198	57.69%	34,644	33.42%
Condominium	7,417,246,018	25.08	28,086	27.09
2+ Residential Units/Apartments	494,206,077	1.67	220	0.21
Timeshare Interests	<u>75,747,483</u>	<u>0.26</u>	<u>37,847</u>	<u>36.51</u>
Subtotal Residential	\$25,050,848,776	84.69%	100,797	97.23%
Total	<u>\$29,578,234,550</u>	<u>100.00%</u>	<u>103,665</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

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The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 225 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2015:

TABLE 36
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2015 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 192,808,794	0.78%	188	0.29%
Commercial/Office	2,694,003,749	10.88	1,368	2.11
Industrial	1,492,087,704	6.03	1,083	1.67
Government/Social/Institutional	268,687	0.00	120	0.19
Miscellaneous	<u>42,163,128</u>	<u>0.17</u>	<u>11</u>	<u>0.02</u>
Subtotal Non-Residential	\$ 4,421,332,062	17.86%	2,770	4.42%
Residential:				
Single Family Residence	\$12,777,123,640	51.61%	33,895	52.36%
Condominium	7,029,333,371	28.39	27,841	43.01
2+ Residential Units/Apartments	<u>529,295,811</u>	<u>2.14</u>	<u>227</u>	<u>0.35</u>
Subtotal Residential	\$20,335,752,822	82.14%	61,963	95.72%
Total	<u>\$24,757,084,884</u>	<u>100.00%</u>	<u>64,733</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 125 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2015:

TABLE 37
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2015 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 929,089,958	3.14%
2.	Irvine Apartment Communities LP	Apartments	117,419,366	0.40
3.	Heritage Fields El Toro LLC	Commercial	100,721,156	0.34
4.	Shea/Baker Ranch Associates LLC	Residential Properties	57,412,460	0.19
5.	ABS CA-O DCI LLC	Commercial	51,549,777	0.17
6.	PPC Irvine Center Investment LLC	Commercial	32,921,388	0.11
7.	Kia Motors America Inc.	Commercial	32,857,794	0.11
8.	Avalon Baker Ranch LP	Undeveloped	31,643,009	0.11
9.	Oakley Inc.	Industrial	31,241,813	0.11
10.	Ryland Homes of California Inc.	Residential Properties	<u>29,560,397</u>	<u>0.10</u>
	TOTAL		<u>\$1,414,417,118</u>	<u>4.78%</u>

⁽¹⁾ Fiscal Year 2015 Local Secured Assessed Valuation (Land Only): \$29,578,234,550.
Source: California Municipal Statistics, Inc.

The following table lists the major taxpayers in Improvement District No. 225 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2015:

TABLE 38
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2015 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 860,942,208	3.48%
2.	Irvine Apartment Communities LP	Apartments	117,419,366	0.47
3.	Heritage Fields El Toro LLC	Commercial	100,721,156	0.41
4.	Shea/Baker Ranch Associates LLC	Residential Properties	57,412,460	0.23
5.	ABS CA-O DCI LLC	Commercial	51,549,777	0.21
6.	PPC Irvine Center Investment LLC	Commercial	32,921,388	0.13
7.	Kia Motors America Inc.	Commercial	32,857,794	0.13
8.	Avalon Baker Ranch LP	Undeveloped	31,643,009	0.13
9.	Oakley Inc.	Industrial	31,241,813	0.13
10.	Ryland Homes of California Inc.	Residential Properties	<u>29,560,397</u>	<u>0.12</u>
	TOTAL		<u>\$1,346,269,368</u>	<u>5.44%</u>

⁽¹⁾ Fiscal Year 2014 Local Secured Assessed Valuation (Land Only): \$24,757,084,884.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “Debt Reports–I.D. 125/225”) for Improvement District Nos. 125 and 225, respectively, prepared by California Municipal Statistics, Inc. and effective December 31, 2014. The Debt Reports–I.D.

125/225 were prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Reports–I.D. 125/225 generally include long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 125 and No. 225 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 125 and No. 225 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 125 and No. 225. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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TABLE 39
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Direct and Overlapping Debt Statement

Fiscal Year 2015 Land Only Assessed Valuation: \$29,578,638,615

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/14</u>
Metropolitan Water District	2.472%	\$ 3,269,838
Coast Community College District	5.095	31,059,054
Rancho Santiago Community College District	0.975	2,703,582
Laguna Beach Unified School District	14.764	4,034,263
Newport Mesa Unified School District	14.263	32,982,353
Saddleback Valley Unified School District	32.615	39,868,576
Tustin Unified School District School Facilities Improvement District No. 2002-1	4.023	2,128,743
Tustin Unified School District School Facilities Improvement District No. 2008-1	4.116	2,901,574
Tustin Unified School District School Facilities Improvement District No. 2012-1	32.883	10,698,484
Irvine Ranch Water District Improvement District No. 125	100.000	188,789,150⁽²⁾
Irvine Ranch Water District Improvement District No. 225	94.479	223,932,398
Irvine Ranch Water District Improvement District No. 240	99.993	23,926,504
Community Facilities Districts	0.737-100.000	867,238,424
County 1915 Act Bonds	100.000	78,315,000
City 1915 Act Bonds	Various	<u>775,850,944</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,287,698,887
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	12.147%	\$ 15,146,823
Orange County Pension Obligations	12.147	31,294,878
Orange County Board of Education Certificates of Participation	12.147	1,882,785
Orange Unified School District Certificates of Participation and Benefit Obligations	2.040	2,418,790
City of Lake Forest Certificates of Participation	80.255	7,439,639
City of Newport Beach Certificates of Participation	23.175	27,020,891
Municipal Water District of Orange County Water Facilities Corporation	14.534	<u>779,022</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$ 85,982,828
Less: MWDOC Water Facilities Corporation (100% supported)		<u>779,022</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$ 85,203,806
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)		
		\$ 6,218,282
 GROSS COMBINED TOTAL DEBT		
		\$2,379,899,997⁽³⁾
NET COMBINED TOTAL DEBT		
		\$2,379,120,975

Ratios to Fiscal Year 2015 Land Only Assessed Valuation:

Direct Debt (\$186,246,070)0.64%
Total Direct and Overlapping Tax and Assessment Debt.....7.73%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt.....4.16%
Net Combined Total Debt4.16%

Ratios to Redevelopment Incremental Valuation \$(342,589,524):

Total Overlapping Tax Increment Debt.....1.82%

⁽¹⁾ Based on all property assessed valuation of \$57,232,813,776.

⁽²⁾ Improvement District No. 125 was formed by consolidating former Improvement District Nos. 105, 106, 120, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TABLE 40
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Direct and Overlapping Debt Statement

Fiscal Year 2015 Land Only Assessed Valuation: \$24,757,488,949

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/14</u>
Metropolitan Water District	2.133%	\$ 2,821,426
Coast Community College District	0.318	1,938,524
Rancho Santiago Community College District	0.022	61,004
Newport Mesa Unified School District	3.247	7,508,498
Saddleback Valley Unified School District	31.933	39,034,899
Tustin Unified School District School Facilities Improvement District No. 2002-1	5.793	3,065,327
Tustin Unified School District School Facilities Improvement District No. 2008-1	5.933	4,182,468
Tustin Unified School District School Facilities Improvement District No. 2012-1	34.100	11,094,435
Irvine Ranch Water District Improvement District No. 125	79.087	149,307,675
Irvine Ranch Water District Improvement District No. 225	100.000	237,018,171⁽²⁾
Community Facilities Districts	0.737-100.000	834,512,683
County 1915 Act Bonds	2.729	171,518
City 1915 Act Bonds	Various	<u>773,124,729</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,063,841,357
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	10.483%	\$ 13,071,882
Orange County Pension Obligations	10.483	27,007,838
Orange County Board of Education Certificates of Participation	10.483	1,624,865
Orange Unified School District Certificates of Participation and Benefit Obligations	0.045	53,355
City of Lake Forest Certificates of Participation	78.375	7,265,363
City of Newport Beach Certificates of Participation	4.054	4,726,761
Municipal Water District of Orange County Water Facilities Corporation	12.542	<u>672,251</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$ 54,422,315
Less: MWDOC Water Facilities Corporation (100% supported)		<u>672,251</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$ 53,750,064
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)		 \$ 6,218,282
 GROSS COMBINED TOTAL DEBT		 \$2,124,481,954⁽³⁾
NET COMBINED TOTAL DEBT		\$2,123,809,703

Ratios to Fiscal Year 2015 Land Only Assessed Valuation:

Direct Debt (\$237,018,171)0.96%
Total Direct and Overlapping Tax and Assessment Debt.....8.34%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt.....4.30%
Net Combined Total Debt4.30%

Ratios to Redevelopment Incremental Valuation \$(342,589,524):

Total Overlapping Tax Increment Debt.....1.82%

⁽¹⁾ Based on all property assessed valuation of \$49,389,510,321.

⁽²⁾ Improvement District No. 225 was formed by consolidating former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District Nos. 113 and 213

General. Improvement District No. 113 (water) and Improvement District No. 213 (sewer) are coterminous and are located in portions of the Cities of Tustin and Irvine, California. Improvement District No. 113 and Improvement District No. 213 are comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District No. 113 and Improvement District No. 213 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial, institutional and recreational uses. The District expects development in Improvement District No. 113 and Improvement District No. 213 to continue through at least approximately 2020. The District expects that future development will consist of approximately 4,800 dwelling units and approximately 12,100,000 square feet of commercial, institutional and recreational uses.

Set forth below is information with respect to Improvement District No. 113 and Improvement District No. 213.

The *ad valorem* assessments levied by the District in Improvement District Nos. 113 and 213 to pay such Improvement Districts’ respective Included Amounts of debt service on the Series 2011A-1 Bonds will be levied on land only. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District Nos. 113 and 213 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 113 and Improvement District No. 213 for the Fiscal Years ended June 30, 2011 through June 30, 2015.

TABLE 41
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2011	\$651,328,825	\$588,355	\$651,917,180
2012	552,924,477	533,680	553,458,157
2013	535,648,801	720,289	536,369,090
2014	561,601,211	637,882	562,239,093
2015	673,958,777	637,562	674,596,339

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
 Source: California Municipal Statistics, Inc.

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The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 113 and Improvement District No. 213 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2015:

TABLE 42
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2015 Assessed Valuation</i> ⁽¹⁾	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Commercial/Office	\$ 98,818,646	14.66%	1,368	37.77%
Government/Social/Institutional	<u>0</u>	<u>0.00</u>	<u>166</u>	<u>4.58</u>
Subtotal Non-Residential	\$ 98,818,646	14.66%	1,534	42.35%
Residential:				
Single Family Residence	\$ 276,026,094	40.96%	730	20.15%
Condominium	292,972,192	43.47	1,357	37.47
2+ Residential Units/Apartments	<u>6,141,845</u>	<u>0.91</u>	<u>1</u>	<u>0.03</u>
Subtotal Residential	\$ 575,140,131	85.34%	2,088	57.65%
Total	<u>\$ 673,958,777</u>	<u>100.00%</u>	<u>3,622</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes tax-exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table lists the major taxpayers in Improvement District No. 113 and Improvement District No. 213 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2015:

TABLE 43
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2015 Assessed Valuation</i>	<i>% of Total</i> ⁽¹⁾
1.	Vestar/Kimco Tustin LP	Commercial	\$ 73,533,283	10.91%
2.	Costco Wholesale Corporation	Commercial	12,817,414	1.90
3.	Lowes HIW Inc.	Commercial	10,768,854	1.60
4.	Tustin Coventry Seniors LP	Apartments	6,141,845	0.91
5.	Liang Inc.	Residential	975,913	0.14
6.	Rakesh Bhatia	Residential	778,615	0.12
7.	Rachel Yeng Chen	Residential	684,542	0.10
8.	Viay and Rupali Pai	Residential	659,263	0.10
9.	Chih-Ling Chang	Residential	649,538	0.10
10.	Piyush and Ambica Garg	Residential	<u>621,657</u>	<u>0.09</u>
	TOTAL		<u>\$ 107,630,924</u>	<u>15.97%</u>

⁽¹⁾ Fiscal Year 2015 Local Secured Assessed Valuation (Land Only): \$673,958,777.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “Debt Report–I.D. 113/213”) for Improvement District No. 113 and Improvement District No. 213 prepared by California Municipal Statistics, Inc. and effective December 31, 2014. The Debt Report–I.D. 113/213 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 113/213 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 113 and Improvement District No. 213 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 113 and Improvement District No. 213 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 113 and Improvement District No. 213. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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TABLE 44
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 113 and 213
Direct and Overlapping Debt Statement

Fiscal Year 2015 Land Only Assessed Valuation: \$674,596,339

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/14</u>
Metropolitan Water District	0.066%	\$ 87,302
Rancho Santiago Community College District School Facilities Improvement District No. 1	0.001	706
Santa Ana Unified School District	0.001	2,820
Tustin Unified School District School Facilities Improvement District No. 2002-1	5.049	2,671,644
Tustin Unified School District School Facilities Improvement District No. 2008-1	1.789	1,261,156
Tustin Unified School District School Facilities Improvement District No. 2012-1	1.199	390,095
Tustin Unified School District Community Facilities District No. 06-1	100.000	13,465,000
City of Irvine Community Facilities District No. 2005-2	99.263	16,497,511
Irvine Ranch Water District Improvement District No. 113	100.000	13,900,000
Irvine Ranch Water District Improvement District No. 213	100.000	21,487,500
City of Tustin Community Facilities District Nos. 04-1, 06-1 and 07-1	60.350-100.000	<u>72,277,885</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$142,041,619
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	0.324%	\$ 404,015
Orange County Pension Obligation Bonds	0.324	834,736
Orange County Board of Education Certificates of Participation	0.324	50,220
Santa Ana Unified School District Certificates of Participation	0.001	750
Municipal Water District of Orange County Water Facilities Corporation	0.388	<u>20,797</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$ 1,310,518
Less: MWDOC Water Facilities Corporation (100% supported)		<u>20,797</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$ 1,289,721
 <u>OVERLAPPING TAX INCREMENT DEBT</u>		
Tustin Redevelopment Agency Housing Bonds	46.740%	\$10,287,474
Tustin Redevelopment Agency Marine Corps Air Station Project	88.698	<u>36,401,659</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$46,689,133
 GROSS COMBINED TOTAL DEBT		\$190,041,270⁽²⁾
NET COMBINED TOTAL DEBT		\$190,020,473

Ratios to Fiscal Year 2015 Land Only Assessed Valuation:

Direct Debt (\$35,387,500).....5.25%
Total Direct and Overlapping Tax and Assessment Debt.....21.06%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt12.43%
Net Combined Total Debt.....12.43%

Ratios to Redevelopment Incremental Valuation (\$420,819,302):

Overlapping Tax Increment Debt11.09%

⁽¹⁾ Based on all property assessed valuation of \$1,528,817,346.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIID. Article XIID defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIID further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it.

In July 2006, the California Supreme Court held, in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (“*Bighorn*”), that the initiative power described in Article XIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIC and XIID. Article XIID defines “fee” or “charge” to mean a levy (other than *ad valorem* or special taxes or assessments) imposed by a local government “upon a parcel or upon a person as an incident of property ownership,” including a user fee for a “property related service.” The Court also found that charges for water delivery are charges for a property-related service and, therefore, constitute “fees” or “charges” within the meaning of both Article XIID and section 3 of Article XIIC. In accordance with Article XIID and the decision in *Bighorn*, the District has conducted notice and hearing proceedings to comply with requirements of Article XIID with respect to proposed increases of rates and charges and commenced since Fiscal Year 2007. See the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.”

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” In light of *Bighorn* and as discussed above under “Article XIID,” the terms “fee” and “charge” as used in Article XIIC include, at a minimum, all of the fees and charges within the “property related” qualification set forth in Article XIID. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. Therefore, in the absence of other limitations, provisions of Article XIIC could be applicable to the water and sewer rates charged by the District. The District and its general counsel do not believe that Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Series 2011A-1 Bonds. Remedies available to beneficial owners of the Series 2011A-1 Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 will affect its ability to levy rates and charges for water, recycled water or sewer service.

Article XIII A

General. On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution (“Article XIII A”). Article XIII A limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by the voters voting on such indebtedness. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by each California county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon the location of reappraised property and the value of property within each taxing agency. Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B

An initiative to amend the California Constitution entitled “Limitation of Government Appropriations” was approved on November 6, 1979 thereby adding Article XIII B to the California Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys that are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriations of moneys that are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District is of the opinion that its rates and charges for water, sewer and recycled water services do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B, and that tax revenues and other revenues received by the District which may constitute the “proceeds of taxes” are appropriated for debt service or qualified capital outlay projects and are not subject to the limits of Article XIII B.

Proposition 1A

Proposition 1A, which was approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in fiscal years 2004-05 and 2005-06. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two thirds of both houses and certain other conditions are met. See the caption “THE IRVINE RANCH WATER DISTRICT—1% Property Tax Revenues” above.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218, Proposition 1A and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting ability of the District to collect or expend Revenues.

APPENDIX B
AUDITED FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

[TO COME FROM BOND COUNSEL]

APPENDIX D

CO-BOND COUNSEL OPINIONS

Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel to the District, rendered the following final approving opinions dated April 15, 2011 (the "2011 Opinions") in connection with the initial issuance of the Series 2011A-2 Bonds. Co-Bond Counsel have made no attempt to update or reaffirm the 2011 Opinions in connection with this Remarketing Statement or the remarketing of the Series 2011A-2 Bonds.

[SEE ATTACHED]

APPENDIX E

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2011A-2 Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to on the Series 2011A-2 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2011A-2 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, acts as securities depository for the Series 2011A-2 Bonds. The Series 2011A-2 Bonds are fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond was issued for each maturity of the Series 2011A-2 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2011A-2 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A-2 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011A-2 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011A-2 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 2011A-2 Bonds, except in the event that use of the book-entry system for the Series 2011A-2 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A-2 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2011A-2 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Series 2011A-2 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A-2 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2011A-2 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011A-2 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2011A-2 Bond documents. For example, Beneficial Owners of Series 2011A-2 Bonds may wish to ascertain that the nominee holding the Series 2011A-2 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011A-2 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2011A-2 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2011A-2 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Series 2011A-2 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2011A-2 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2011A-2 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2011A-2 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2011A-2 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2011A-2 Bonds are transferred by Direct Participants or DTC's records and followed by book-entry credit of tendered Series 2011A-2 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2011A-2 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2011A-2 Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2011A-2 Bonds will be printed and delivered.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

The District entered into a Continuing Disclosure Certificate in the following form in connection with the initial issuance of the Series 2011A-2 Bonds on April 15, 2011:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Irvine Ranch Water District (the “District”) in connection with the execution and delivery of \$60,545,000 Bonds of Irvine Ranch Water District, Refunding Series 2011A-1 (the “Series 2011A-1 Bonds”) and the \$40,370,000 Bonds of Irvine Ranch Water District, Refunding Series 2011A-2 (the “Series 2011A-2 Bonds,” and together with the Series 2011A-1 Bonds, the “Series 2011A Bonds”) constituting the consolidated, several general obligations of Improvement District Nos. 105, 113, 213 and 250 (collectively, the “Improvement Districts”). The Series 2011A-1 Bonds are being issued pursuant to an Indenture of Trust, dated as of April 1, 2011 (the “Series 2011A-1 Indenture of Trust”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, and the Series 2011A-2 Bonds are being issued pursuant to an Indenture of Trust, dated as of April 1, 2011 (the “Series 2011A-2 Indenture of Trust,” and together with the Series 2011A-1 Indenture of Trust, the “Indentures of Trust”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee. The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indentures of Trust, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement of the District dated April 12, 2011 delivered in connection with the issuance of the Bonds.

Participating Underwriter. The term “Participating Underwriter” means the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with the Fiscal Year 2011) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in substantially the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the District for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Bonds outstanding.

(c) An update of the information in the following tables and/or captions in Appendix A—"IRVINE RANCH WATER DISTRICT" in the Official Statement:

1. "Outstanding Indebtedness" on page A-7;
2. IRVINE RANCH WATER DISTRICT Historic Water Supply In Acre Feet Per Year" under the caption "WATER SUPPLY—Historic and Projected Water Supply" on page A-19;
3. "THE WATER SYSTEM—Historic Water Connections" on page A-21;
4. "THE WATER SYSTEM—Historic Water Deliveries" on page A-22;
5. "THE WATER SYSTEM—Water System Rates and Charges" on page A-24;
6. "THE SEWER SYSTEM—Historic Sewer and Recycled Water Connections" on page A-26;
7. "THE SEWER SYSTEM—Historic Sewer Daily Average Flow" on page A-27;
8. "THE SEWER SYSTEM—Sewer System Rates and Charges" on page A-30;
9. "WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Historic Operating Results and Debt Service Coverage" on page A-33; and
10. An update of the following tables for each Improvement District:
 - (i) Assessed Valuations (Land Only); provided that only the total assessed values shall be updated;

- (ii) Assessed Valuation and Parcels by Land Use; and
- (iii) Largest Local Secured Taxpayers.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- 1. principal and interest payment delinquencies;
- 2. unscheduled draws on debt service reserves reflecting financial difficulties;
- 3. unscheduled draws on credit enhancements reflecting financial difficulties;
- 4. substitution of credit or liquidity providers, or their failure to perform;
- 5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
- 6. defeasances;
- 7. tender offers;
- 8. ratings changes; and
- 9. bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- 1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- 2. appointment of a successor or additional trustee or the change of the name of a trustee;

3. non-payment related defaults;
4. modifications to the rights of Bondholders;
5. notices of redemption; and
6. release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event described in subsection (b), the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Cash and Investments. Upon request, the District shall provide on a quarterly basis to any person the most recently available Cash and Investment Summary as prepared for the Finance and Personnel Committee of the Board of Directors of the District.

7. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

8. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indentures of Trust, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 15, 2011

IRVINE RANCH WATER DISTRICT

By: _____
Its: Treasurer

Exhibit "C"

RESOLUTION NO. __

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT APPROVING
REMARKETING STATEMENTS RELATING TO
UNSCHEDULED MANDATORY TENDERS
(REFUNDING SERIES 2011A-1 AND REFUNDING SERIES 2011A-2)

WHEREAS, the Irvine Ranch Water District ("IRWD") has issued the "Bonds of Irvine Ranch Water District, Refunding Series 2011A-1" (the "Series A-1 Bonds") and "Bonds of Irvine Ranch Water District, Refunding Series 2011A-2" (the "Series A-2 Bonds" and, together with the Series A-1 Bonds, the "Bonds"); and

WHEREAS, in the resolution adopted by this Board of Directors authorizing and providing for the issuance of the Bonds, the Treasurer of the District was authorized, when the Bonds of either or both series shall be in an index tender mode, for all tender periods, to do or cause to be done any and all of the following, if and to the extent required or permitted by the applicable Indenture: to require an unscheduled mandatory tender and establish the date thereof, to rescind an unscheduled mandatory tender, to determine the scheduled mandatory tender date and call protection date for each ensuing tender period, and on behalf of the District in connection with all of the foregoing to give, exercise, make and deliver any notices, directions, elections and requests required or permitted in the applicable Indenture or remarketing agreement to be given, exercised, made or delivered by the District; and

WHEREAS, pursuant to such authority, the Treasurer has determined that an unscheduled mandatory tender shall be effected for each series of the Bonds on or about February 20, 2015 or such other date as may be determined by the Treasurer (the "Unscheduled Mandatory Tenders"); and

WHEREAS, this Board desires to approve the forms of the remarketing statements to be used in connection with the remarketing of the respective series of the Bonds upon the purchase thereof pursuant to the Unscheduled Mandatory Tenders.

NOW, THEREFORE, the Board of Directors of IRWD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. The remarketing statements relating to the Unscheduled Mandatory Tenders of the respective series of the Bonds (collectively, the "Remarketing Statements"), to be dated the date(s) determined by the Treasurer and in substantially the forms presented to the Board at this meeting, are hereby approved with such changes thereto as the Treasurer with the concurrence of the President shall approve (such approval and concurrence to be conclusively evidenced by execution and delivery thereof). The Board hereby approves the use of the Remarketing Statements by the remarketing agents for the respective series, including delivery of the Remarketing Statements in electronic form, in connection with the remarketing of the Bonds pursuant to the Unscheduled Mandatory Tenders, and the Board hereby further approves the use by the remarketing agents of any supplements or amendments to each of the Remarketing Statements, including delivery of any such supplements or amendments in electronic form, which the Treasurer shall determine are necessary so that such Remarketing Statement does not

include any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein not misleading. The Treasurer of IRWD is hereby authorized and directed to execute the Remarketing Statements and any amendments or supplements thereto, in the name and on behalf of IRWD and thereupon to cause the Remarketing Statements and any such amendments or supplements to be delivered to the respective remarketing agents.

Section 2. The distribution of the Remarketing Statements, inclusive of the above-authorized changes, is hereby authorized in connection with the remarketing of the Bonds pursuant to the Unscheduled Mandatory Tenders.

Section 3. The President, the Treasurer, the Secretary and each other officer of IRWD, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution.

Section 4. This resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this _____ day of _____, 2015.

President/Vice President
IRVINE RANCH WATER DISTRICT
and of the Board of Directors
thereof

Secretary/Assistant Secretary
IRVINE RANCH WATER DISTRICT
and of the Board of Directors
thereof

APPROVED AS TO FORM:

BOWIE, ARNESON,
WILES & GIANNONE
Legal Counsel - IRWD

By _____

BAWG/00180316/013015

February 9, 2015

Prepared by: Jennifer Davis/Tanja Fournier

Submitted by: Robert Jacobson/Cheryl Clary

Approved by: Paul Cook

CONSENT CALENDAR

DECEMBER 2014 TREASURY REPORTS

SUMMARY:

The following is submitted for the Board's information and approval:

- A. The Investment Summary Report for December 2014. This Investment Summary Report is in conformity with the 2014 Investment Policy and provides sufficient liquidity to meet estimated expenditures during the next six months, as outlined in Exhibit "A".
- B. The Monthly Interest Rate Swap Summary as of December 31, 2014, as outlined in Exhibit "B".
- C. The Summary of Payroll ACH payments in the total amount of \$1,490,778, as outlined in Exhibit "C".
- D. The December 31, 2014 Disbursement Summary of warrants 354105 through 354854, wire transfers, Workers' Compensation distributions, payroll withholding distributions, and voided checks in the total amount of \$28,226,339, as outlined in Exhibit "D".
- E. The Disclosure Report of Reimbursements to Board Members and Staff for December 2014, detailing payments or reimbursements for individual charges of \$100.00 or more per transaction, as outlined in Exhibit "E".

FISCAL IMPACTS:

As of December 31, 2014, the book value of the investment portfolio was \$294,453,347, with a 0.50% rate of return and a market value of \$294,156,239. Based on the District's December 31, 2014 quarterly real estate investment rate of return of 12.00%, the District's weighted average return for the fixed income and real estate investments was 2.80%.

As of December 31, 2014, the total notional amount of the interest rate swap portfolio was \$130 million of fixed payer swaps. Cash accrual in December from all swaps was negative \$690,045.

Payroll ACH payments totaled \$1,490,778, and wire transfers, all other ACH payments, and checks issued for debt service, accounts payable, payroll, and water purchases for December totaled \$28,226,339.

ENVIRONMENTAL COMPLIANCE:

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

COMMITTEE STATUS:

This item was not submitted to a Committee; however, the investment and interest rate swap reports are submitted to the Finance and Personnel Committee on a monthly basis.

RECOMMENDATION:

THAT THE BOARD RECEIVE AND FILE THE TREASURER'S INVESTMENT SUMMARY REPORT, THE MONTHLY INTEREST RATE SWAP SUMMARY FOR DECEMBER 2014, AND DISCLOSURE REPORT OF REIMBURSEMENTS TO BOARD MEMBERS AND STAFF; APPROVE THE DECEMBER 2014 SUMMARY OF PAYROLL ACH PAYMENTS IN THE TOTAL AMOUNT OF \$1,490,778 AND APPROVE THE DECEMBER 2014 ACCOUNTS PAYABLE DISBURSEMENT SUMMARY OF WARRANTS 354105 THROUGH 354854, WORKERS' COMPENSATION DISTRIBUTIONS, WIRE TRANSFERS, PAYROLL WITHHOLDING DISTRIBUTIONS AND VOIDED CHECKS IN THE TOTAL AMOUNT OF \$28,226,339.

LIST OF EXHIBITS:

Exhibit "A" – Investment Summary Report

Exhibit "B" – Monthly Interest Rate Swap Summary

Exhibit "C" – Monthly Payroll ACH Summary

Exhibit "D" – Monthly Summary of District Disbursements

Exhibit "E" – Disclosure of Reimbursements to Board Members and Staff

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

12/31/14

DATE	TOTAL	%	LAIF	Agencies	Agency Discount Notes	Collateral Deposit	Direct Muni
12/14	\$57,941,709	19.68%	\$47,248,941			\$10,692,768	
01/15	10,000,000	3.40%			10,000,000		
02/15	5,000,000	1.70%			5,000,000		
03/15	5,000,000	1.70%			5,000,000		
04/15	5,000,000	1.70%			5,000,000		
05/15	15,000,000	5.09%			15,000,000		
06/15	10,000,000	3.40%			10,000,000		
07/15	15,000,000	5.09%		15,000,000			
08/15	10,000,000	3.40%		10,000,000			
09/15	5,000,000	1.70%		5,000,000			
10/15	5,000,000	1.70%		5,000,000			
11/15	5,000,000	1.70%		5,000,000			
SUB-TOTAL	\$147,941,709	50.24%	\$47,248,941	\$40,000,000	\$50,000,000	\$10,692,768	
13 Months - 3 YEARS							
12/01/15 - 03/31/2016	25,740,741	8.75%		25,740,741			
04/01/16 - 06/30/2016	25,000,000	8.49%		25,000,000			
07/01/16 - 9/30/2016	25,000,000	8.49%		25,000,000			
10/01/16 - 12/31/2016	27,500,000	9.34%		27,500,000			
1/1/2017 - 3/31/2017	5,000,000	1.70%		5,000,000			
04/01/17-06/30/17	20,000,000	6.79%		20,000,000			
07/01/17 - 9/30/2017	10,000,000	3.40%		10,000,000			
10/30/17 - 12/31/2017	5,000,000	1.70%		5,000,000			
04/30/2036	3,282,270	1.11%					3,282,270
TOTALS	\$294,464,719	100.00%	\$47,248,941	\$183,240,741	\$50,000,000	\$10,692,768	\$3,282,270

% OF PORTFOLIO

16.05%

62.23%

16.98%

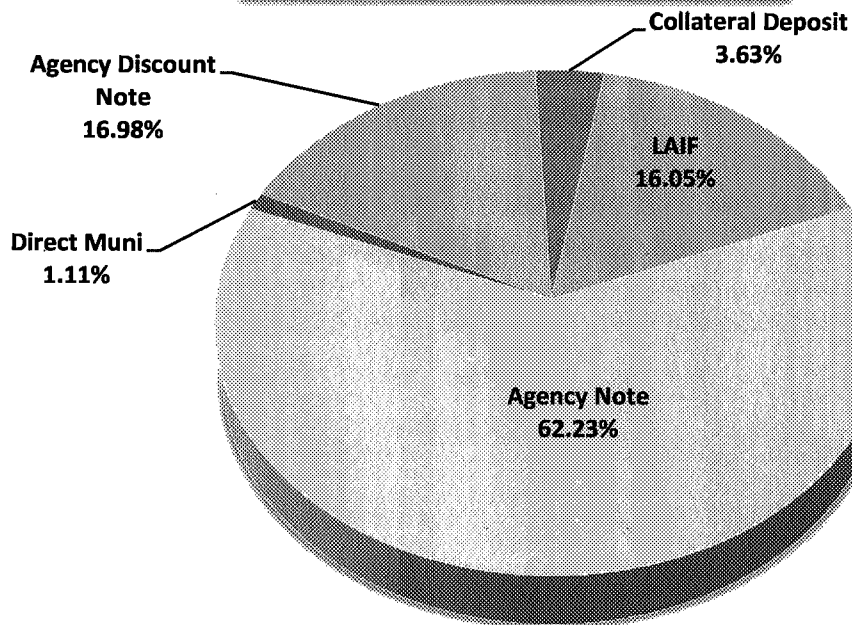
3.63%

1.11%

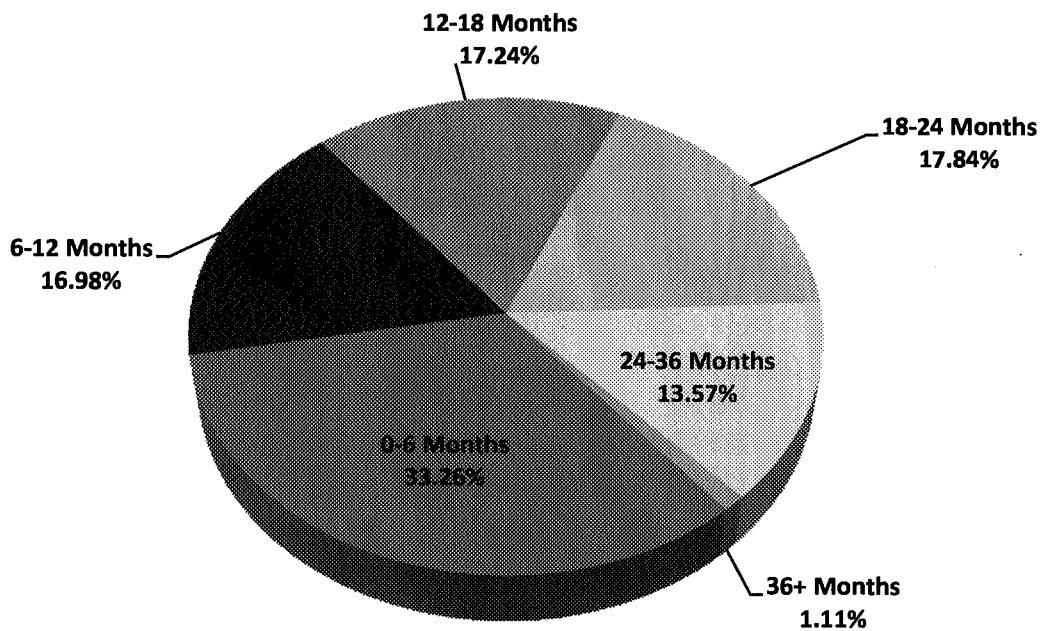
December 2014 INVESTMENT PORTFOLIO

December 31, 2014

Portfolio by Investment Type



Portfolio by Maturities



Irvine Ranch Water District
 Summary of Real Estate
 12/31/2014

	<u>ACQUISITION DATE</u>	<u>PROPERTY TYPE</u>	<u>OWNERSHIP INTEREST</u>	<u>ORIGINAL COST</u>	<u>RATE OF RETURN QUARTER ENDED Dec-14</u>
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 43,550,810	15.90%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	8.44%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,739,845	5.44%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,630,577	2.55%
Sand Canyon Professional Center	Jul-12	Medical Office	Fee Simple	\$ 8,648,594	8.60%
				<u>\$ 72,569,826</u>	<u>12.00%</u>

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY
December 2014

MATURITIES/SALES/CALLS

PURCHASES

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
12/11/2014	FHLB - Discount Note	\$5,000,000	0.07%	12/18/2014	2/26/2015	FHLMC - Discount Note	\$5,000,000	0.08%
				12/18/2014	3/25/2015	FHLMC - Discount Note	\$5,000,000	0.10%
				12/18/2014	4/28/2015	FHLMC - Discount Note	\$5,000,000	0.12%

**IRVINE RANCH WATER DISTRICT
INTEREST RATE SWAP MONTHLY SUMMARY REPORT - DETAIL
December 31, 2014**

Exhibit "B"

Current Fiscal Year Active Swaps								Cash Flow				Mark to Market	
Effective Date	Maturity Date	Years to Maturity	Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Mo.	Current Mo.	12-Mo Avg	Cumulative Cash Flow (Since 6/06)	Current Market	Notional Difference
								0.15%	0.16%	0.16%			
LIBOR Avg %													
Fixed Payer Swaps - By Effective Date													
6/4/2006	6/4/2019	4.4	ML	\$ 20,000,000	FXP	LIBOR	6.200%	\$ (90,581)	\$ (110,761)	\$ (607,531)	\$ (8,056,081)	\$ 15,992,730	\$ (4,007,270)
6/4/2006	6/4/2019	4.4	CG	20,000,000	FXP	LIBOR	6.200%	(90,581)	(110,761)	(607,531)	(8,056,081)	15,983,881	(4,016,119)
6/17/2006	6/17/2019	4.5	CG	30,000,000	FXP	LIBOR	6.140%	(134,556)	(164,517)	(902,345)	(11,942,516)	24,015,535	(5,984,465)
3/10/2007	3/10/2029	14.2	ML	30,000,000	FXP	LIBOR	5.687%	(124,357)	(152,003)	(834,033)	(10,687,981)	17,895,569	(12,104,431)
3/10/2007	3/10/2029	14.2	CG	30,000,000	FXP	LIBOR	5.687%	(124,357)	(152,003)	(834,033)	(10,687,981)	17,831,723	(12,168,277)
Totals/Weighted Avgs		8.9		\$ 130,000,000			5.949%	\$ (564,432)	\$ (690,045)	\$ (3,785,473)	\$ (49,430,641)	\$ 91,719,438	\$ (38,280,562)
Total Current Year Active Swaps				\$ 130,000,000				\$ (564,432)	\$ (690,045)	\$ (3,785,473)	\$ (49,430,641)	\$ 91,719,438	\$ (38,280,562)

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

Current Fiscal Year - Total Swaps								Cash Flow				Mark to Market	
								Prior Month	Current Month	Fiscal YTD	Cumulative Cash Flow	Current Mark to Market	Notional Difference
Total Current Year Active & Terminated Swaps				\$ 130,000,000				\$ (564,432)	\$ (690,045)	\$ (3,785,473)	\$ (49,430,641)	\$ 91,719,438	\$ (38,280,562)

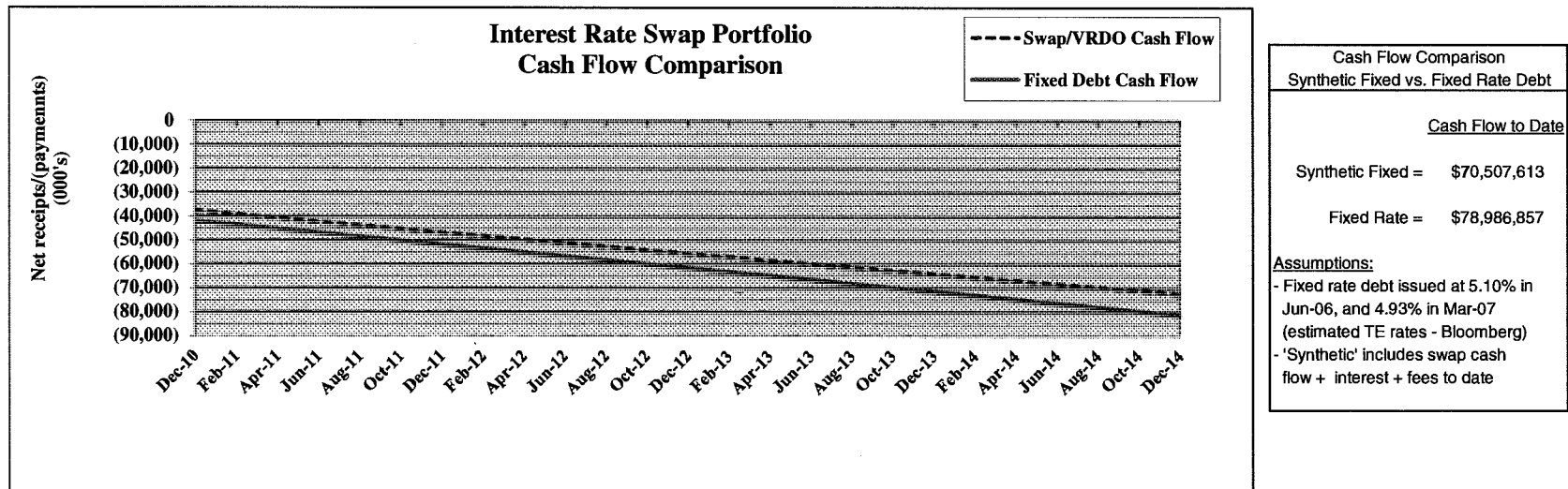


Exhibit "C"

MONTHLY SUMMARY OF PAYROLL ACH PAYMENTS

December
2014

DATE	AMOUNT	VENDOR	PURPOSE
12/12/2014	747,456.11	BANK OF AMERICA	ACH Payments for Payroll
12/26/2014	743,321.80	BANK OF AMERICA	ACH Payments for Payroll
	<u>\$1,490,777.91</u>		

Exhibit "D"

IRWD Ledger

Void Payment Register

Report Date: 06-JAN-2015 09:53

Include Zero Amount Payments: Yes
Display Payee Address: No

Period From: 01-DEC-14

Page: 1
To: 31-DEC-14
Date: Void Date

Bank: Bank of America N.A.

Branch: Los Angeles

Account: Checking AP and PR

Bank Account Currency: USD

Payment Currency: USD (US Dollar)

Payment Number	Date	Payee Name	Site	Address	Payment Amount	Void Date

Payment Document: IRWD CHECK						
352932	23-OCT-14	CON-AM INC	PAY		92.47	12-DEC-14
353478	10-NOV-14	TALEN, MOHAMMAD	PAY		45.33	12-DEC-14
353487	10-NOV-14	UNCAPHER, WILLIAM	PAY		48.80	12-DEC-14
353600	13-NOV-14	ALAHMED, SUNAIMAN	PAY		33.39	12-DEC-14
353625	13-NOV-14	BIGWIG MONSTER, LLC	IRVINE		7,650.00	02-DEC-14
353677	13-NOV-14	DORTCH, BILAR AMIR	TAMPA		67.21	12-DEC-14
353773	13-NOV-14	MOUSAVI, RAMIN	PAY		300.88	12-DEC-14
353776	13-NOV-14	NAKAMURA JR, JIRO	PAY		30.95	12-DEC-14
353963	20-NOV-14	GE WATER & PROCESS TECHNOLO	CHICAGO		24,367.00	08-DEC-14
354357	08-DEC-14	GE WATER & PROCESS TECHNOLO	CHICAGO		24,367.00	08-DEC-14
354358	08-DEC-14	GE WATER & PROCESS TECHNOLO	CHICAGO		24,367.00	08-DEC-14

Payment Document Subtotal 81,370.03

Payment Number	Date	Payee Name	Site	Address	Payment Amount	Void Date

Payment Document: IRWD Wire						
10782	31-DEC-14	FRANCHISE TAX BOARD	SACRAMENTO		<0.10>	31-DEC-14
10782	31-DEC-14	INTERNAL REVENUE SERVICE			<3.41>	31-DEC-14
10782	31-DEC-14	EMPLOYMENT DEVELOPMENT DEPA W	SACRAMENTO		6.58	31-DEC-14
10783	31-DEC-14	EMPLOYMENT DEVELOPMENT DEPA W	SACRAMENTO		6.48	31-DEC-14
10783	31-DEC-14	FRANCHISE TAX BOARD	SACRAMENTO		<0.10>	31-DEC-14
10783	31-DEC-14	FRANCHISE TAX BOARD	SACRAMENTO		<0.10>	31-DEC-14
10783	31-DEC-14	INTERNAL REVENUE SERVICE	FRESNO		<3.41>	31-DEC-14

Payment Document Subtotal 5.94

Bank Account Subtotal 81,375.97

Report Count: 18

Report Total 81,375.97

IRWD Ledger

Void Payment Register

Report Date: 06-JAN-2015 09:53

Include Zero Amount Payments: Yes
Display Payee Address: No

Period From: 01-DEC-14

Page: 2
To: 31-DEC-14
Date: Void Date

*** End of Report ***

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 1
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354105		02-DEC-14	NAPOLI, ANTHONY	PAY	3,247.33	03-DEC-14	3,247.33	Reconciled
354106		02-DEC-14	BIGWIG MONSTER, LLC	IRVINE	7,650.00	03-DEC-14	7,650.00	Reconciled
354107		02-DEC-14	JCI JONES CHEMICALS INC	CINCINNATI	2,766.54	08-DEC-14	2,766.54	Reconciled
354108		02-DEC-14	JCI JONES CHEMICALS INC	CINCINNATI	5,505.50	08-DEC-14	5,505.50	Reconciled
354109		04-DEC-14	DEMICHELE, JOSEPH	PAY	4,371.00	09-DEC-14	4,371.00	Reconciled
354110		04-DEC-14	Clinton, Bryan R (Bryan)		105.00	15-DEC-14	105.00	Reconciled
354111		04-DEC-14	Compton, Christine A		244.83	24-DEC-14	244.83	Reconciled
354112		04-DEC-14	Olivolo, Eric J (Eric)		125.00	10-DEC-14	125.00	Reconciled
354113		04-DEC-14	Bertsch, Frederick J (Jeff)		1,002.89	09-DEC-14	1,002.89	Reconciled
354114		04-DEC-14	Ronin, Gretchen C (Gretchen)		117.04	05-DEC-14	117.04	Reconciled
354115		04-DEC-14	Nash, Joel		30.00	18-DEC-14	30.00	Reconciled
354116		04-DEC-14	Kallo, John		719.72	04-DEC-14	719.72	Reconciled
354117		04-DEC-14	Hoolihan, Michael J (Michael)		115.00	05-DEC-14	115.00	Reconciled
354118		04-DEC-14	Torres, Richard P (Richard)		195.75	12-DEC-14	195.75	Reconciled
354119		04-DEC-14	AT&T	ATLANTA	49.26	11-DEC-14	49.26	Reconciled
354120		04-DEC-14	AT&T	CAROL STREAM 2	1,512.57	09-DEC-14	1,512.57	Reconciled
354121		04-DEC-14	AAF INTERNATIONAL		1,251.34	08-DEC-14	1,251.34	Reconciled
354122		04-DEC-14	ABC ICEHOUSE, INC.		78.60	15-DEC-14	78.60	Reconciled
354123		04-DEC-14	ADVANTECH CORPORATION		1,267.88	08-DEC-14	1,267.88	Reconciled
354124		04-DEC-14	AFLAC		6,980.80	15-DEC-14	6,980.80	Reconciled
354125		04-DEC-14	AIRGAS-WEST, INC.		3,592.26	08-DEC-14	3,592.26	Reconciled
354126		04-DEC-14	AKM CONSULTING ENGINEERS, INC.		150.00	05-DEC-14	150.00	Reconciled
354127		04-DEC-14	ALPHA TRAFFIC SERVICES, INC.		570.00	05-DEC-14	570.00	Reconciled
354128		04-DEC-14	ALSTON & BIRD LLP		594.00	09-DEC-14	594.00	Reconciled
354129		04-DEC-14	ANGIULI, LEONARD		26.73			Negotiable
354130		04-DEC-14	APPLIED INDUSTRIAL TECHNOLOGIES - CA LLC		1,095.75	08-DEC-14	1,095.75	Reconciled
354131		04-DEC-14	ASSOCIATION OF CALIFORNIA WATER AGENCIES/JPIA		33,740.26	12-DEC-14	33,740.26	Reconciled
354132		04-DEC-14	AT&T		3,912.52	09-DEC-14	3,912.52	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 2
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354133		04-DEC-14	ATHENS SERVICES		11,066.85	17-DEC-14	11,066.85	Reconciled
354134		04-DEC-14	AUTONATION TOYOTA IRVINE		29,491.00	15-DEC-14	29,491.00	Reconciled
354135		04-DEC-14	AUTOZONE PARTS, INC.		467.50	08-DEC-14	467.50	Reconciled
354136		04-DEC-14	AVISTA TECHNOLOGIES, INC		12,684.61	10-DEC-14	12,684.61	Reconciled
354137		04-DEC-14	AXA EQUITABLE LIFE INSURANCE COMPANY		9,780.00	15-DEC-14	9,780.00	Reconciled
354138		04-DEC-14	B & H PHOTO & VIDEO		1,429.95	09-DEC-14	1,429.95	Reconciled
354139		04-DEC-14	BAI, XING LONG		15.54			Negotiable
354140		04-DEC-14	BATTERIES PLUS AND BATTERIES PLUS BULBS		345.22	12-DEC-14	345.22	Reconciled
354141		04-DEC-14	BERRERAS, OSCAR		36.39	22-DEC-14	36.39	Reconciled
354142		04-DEC-14	BILL'S SWEEPING SERVICE INC		920.00	08-DEC-14	920.00	Reconciled
354143		04-DEC-14	BIOMAGIC INC		7,541.00	10-DEC-14	7,541.00	Reconciled
354144		04-DEC-14	BLACK & VEATCH CORPORATION		360,382.90	12-DEC-14	360,382.90	Reconciled
354145		04-DEC-14	BRITHINEE ELECTRIC		8,042.39	08-DEC-14	8,042.39	Reconciled
354146		04-DEC-14	C WELLS PIPELINE MATERIALS INC		9,054.72	08-DEC-14	9,054.72	Reconciled
354147		04-DEC-14	CALIFORNIA BARRICADE INC		10,281.25	09-DEC-14	10,281.25	Reconciled
354148		04-DEC-14	CALIFORNIA COUNCIL		10,000.00	10-DEC-14	10,000.00	Reconciled

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
			FOR ENVIRONMENTAL AND ECONOMIC BALANCE					
354149	04-DEC-14		CAMERON-COLE, LLC		1,402.79	10-DEC-14	1,402.79	Reconciled
354150	04-DEC-14		CAMPBELL, NICOLE		49.55	10-DEC-14	49.55	Reconciled
354151	04-DEC-14		CANON SOLUTIONS AMERICA, INC.		2,855.00	08-DEC-14	2,855.00	Reconciled
354152	04-DEC-14		CAPTIVE AUDIENCE MARKETING INC.		110.32	09-DEC-14	110.32	Reconciled
354153	04-DEC-14		CAROLLO ENGINEERS, INC		116,749.50	11-DEC-14	116,749.50	Reconciled
354154	04-DEC-14		CDW GOVERNMENT LLC		209.31	09-DEC-14	209.31	Reconciled
354155	04-DEC-14		CHOW, JUNE		17.00	09-DEC-14	17.00	Reconciled
354156	04-DEC-14		CITY OF BREA		60.00	17-DEC-14	60.00	Reconciled
354157	04-DEC-14		CITY OF SANTA ANA		18,948.11			Negotiable
354158	04-DEC-14		CITY OF TUSTIN		31,958.90	09-DEC-14	31,958.90	Reconciled
354159	04-DEC-14		CLARK, MATTHEW		0.30			Negotiable
354160	04-DEC-14		COASTAL IGNITION & CONTROLS, INC		790.56	10-DEC-14	790.56	Reconciled

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 BANK: Bank of America N.A. Branch: Los Angeles Account: Checking AP and PR Page: 3
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354161	04-DEC-14		COLLISION AND INJURY DYNAMICS, INC.		14,746.95	12-DEC-14	14,746.95	Reconciled
354162	04-DEC-14		COLONIAL LIFE & ACCIDENT INSURANCE CO.		1,708.12	10-DEC-14	1,708.12	Reconciled
354163	04-DEC-14		COMMERCIAL COATING RESOURCE INC		2,860.00	10-DEC-14	2,860.00	Reconciled
354164	04-DEC-14		CONEYBEARE INC		28,698.22	09-DEC-14	28,698.22	Reconciled
354165	04-DEC-14		COX COMMUNICATIONS		3,260.56	08-DEC-14	3,260.56	Reconciled
354166	04-DEC-14		CR & R INCORPORATED		519.88	10-DEC-14	519.88	Reconciled
354167	04-DEC-14		CREE, JENNIFER		53.53	15-DEC-14	53.53	Reconciled
354168	04-DEC-14		CROCKER & CROCKER		13,399.40	15-DEC-14	13,399.40	Reconciled
354169	04-DEC-14		CUMMINS CAL PACIFIC LLC		162.71	08-DEC-14	162.71	Reconciled
354170	04-DEC-14		D & G SIGNS		1,492.60	09-DEC-14	1,492.60	Reconciled
354171	04-DEC-14		D & H WATER SYSTEMS INC.		7,242.80	12-DEC-14	7,242.80	Reconciled
354172	04-DEC-14		DALY, MAXWELL		21.29			Negotiable
354173	04-DEC-14		DAN'S MACHINE TOOL, INC		9,069.00	10-DEC-14	9,069.00	Reconciled
354174	04-DEC-14		DATAZEO, INC.		71.52	08-DEC-14	71.52	Reconciled
354175	04-DEC-14		DEL MAR CENTER		906.94	08-DEC-14	906.94	Reconciled
354176	04-DEC-14		DELL MARKETING LP		8,706.18	08-DEC-14	8,706.18	Reconciled
354177	04-DEC-14		DELPHIN COMPUTER SUPPLY		109.35	11-DEC-14	109.35	Reconciled
354178	04-DEC-14		DRAEGER SAFETY INC		1,224.68	08-DEC-14	1,224.68	Reconciled
354179	04-DEC-14		DUDEK		802.50	10-DEC-14	802.50	Reconciled
354180	04-DEC-14		EAGLE PRINT DYNAMICS		5,474.39	05-DEC-14	5,474.39	Reconciled
354181	04-DEC-14		EAST ORANGE COUNTY WATER DISTRICT		3,114.05	08-DEC-14	3,114.05	Reconciled
354182	04-DEC-14		ECOLOGY CONTROL INDUSTRIES		3,577.30	08-DEC-14	3,577.30	Reconciled
354183	04-DEC-14		ELAHI, AHMAD		10.11			Negotiable
354184	04-DEC-14		ELITE EQUIPMENT, INC.		447.57	12-DEC-14	447.57	Reconciled
354185	04-DEC-14		EMA INC		19,790.00	11-DEC-14	19,790.00	Reconciled
354186	04-DEC-14		ENVIRONMENTAL EXPRESS INC		208.80	09-DEC-14	208.80	Reconciled
354187	04-DEC-14		EXECUTIVE LIGHTING & ELECTRIC		2,707.68	05-DEC-14	2,707.68	Reconciled
354188	04-DEC-14		EXPRESSAIR		62.00	08-DEC-14	62.00	Reconciled
354189	04-DEC-14		FEDEX		445.08	10-DEC-14	445.08	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch: Los Angeles Account: Checking AP and PR Page: 4
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354190	04-DEC-14		FERGUSON ENTERPRISES, INC.		138.24	08-DEC-14	138.24	Reconciled
354191	04-DEC-14		FIDELITY SECURITY LIFE INSURANCE COMPANY		6,014.26	15-DEC-14	6,014.26	Reconciled
354192	04-DEC-14		FIREHOSEDIRECT.COM		108.26	09-DEC-14	108.26	Reconciled
354193	04-DEC-14		FIRST AMERICAN TITLE CO.		450.00	08-DEC-14	450.00	Reconciled
354194	04-DEC-14		FIRST CHOICE		260.71	08-DEC-14	260.71	Reconciled

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
			SERVICES					
354195		04-DEC-14	FISERV		306.50	05-DEC-14	306.50	Reconciled
354196		04-DEC-14	FISHER SCIENTIFIC COMPANY LLC		210.98	08-DEC-14	210.98	Reconciled
354197		04-DEC-14	FISHER SCIENTIFIC COMPANY LLC		1,804.95	08-DEC-14	1,804.95	Reconciled
354198		04-DEC-14	FRANK LA PLACA EXTERMINATING INC		175.00	12-DEC-14	175.00	Reconciled
354199		04-DEC-14	GARZA INDUSTRIES, INC		1,381.97	08-DEC-14	1,381.97	Reconciled
354200		04-DEC-14	GDS2		28,397.50			Negotiable
354201		04-DEC-14	GLADWELL GOVERNMENTAL SERVICES, INC.		675.00	10-DEC-14	675.00	Reconciled
354202		04-DEC-14	GRAINGER		4,285.49	08-DEC-14	4,285.49	Reconciled
354203		04-DEC-14	GRAYBAR ELECTRIC COMPANY		272.84	08-DEC-14	272.84	Reconciled
354204		04-DEC-14	GREAT PACIFIC EQUIPMENT INC		615.00	08-DEC-14	615.00	Reconciled
354205		04-DEC-14	GRECO, CARLYN		36.29	08-DEC-14	36.29	Reconciled
354206		04-DEC-14	HAAKER EQUIPMENT COMPANY		1,444.33	05-DEC-14	1,444.33	Reconciled
354207		04-DEC-14	HACH COMPANY		741.40	08-DEC-14	741.40	Reconciled
354208		04-DEC-14	HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY		121.52	09-DEC-14	121.52	Reconciled
354209		04-DEC-14	HARTWIG, JOHN		839.84	08-DEC-14	839.84	Reconciled
354210		04-DEC-14	HDR ENGINEERING INC		108,055.84	11-DEC-14	108,055.84	Reconciled
354211		04-DEC-14	HERITAGE FIELDS EL TORO, LLC		896,356.11	11-DEC-14	896,356.11	Reconciled
354212		04-DEC-14	HERNANDEZ, TATIANA		45.98	08-DEC-14	45.98	Reconciled
354213		04-DEC-14	HILDRETH, MR. & MRS. D		29.74			Negotiable
354214		04-DEC-14	HILL BROTHERS CHEMICAL COMPANY		14,350.60	09-DEC-14	14,350.60	Reconciled
354215		04-DEC-14	HOME DEPOT USA INC		1,850.61	10-DEC-14	1,850.61	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 5
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354216		04-DEC-14	HUANG, LUKE		17.00	11-DEC-14	17.00	Reconciled
354217		04-DEC-14	IBM CORPORATION		3,821.00	09-DEC-14	3,821.00	Reconciled
354218		04-DEC-14	INDUSTRIAL DISTRIBUTION GROUP		182.51	08-DEC-14	182.51	Reconciled
354219		04-DEC-14	INTEGRATED PERFORMANCE CONSULTANTS, INC.		300.00	05-DEC-14	300.00	Reconciled
354220		04-DEC-14	IRVINE PIPE & SUPPLY INC		4,964.53	05-DEC-14	4,964.53	Reconciled
354221		04-DEC-14	IRVINE VALLEY COLLEGE FOUNDATION		1,000.00	10-DEC-14	1,000.00	Reconciled
354222		04-DEC-14	IRWD-PETTY CASH CUSTODIAN		862.56	08-DEC-14	862.56	Reconciled
354223		04-DEC-14	JACOBS PROJECT MANAGEMENT CO.		22,400.00	12-DEC-14	22,400.00	Reconciled
354224		04-DEC-14	JOHN G. ALEVIZOS D.O. INC.		470.81	09-DEC-14	470.81	Reconciled
354225		04-DEC-14	JOHN MICHAEL COVAS		138.70	22-DEC-14	138.70	Reconciled
354226		04-DEC-14	JOHNSON, ADRIENNE		43.87	17-DEC-14	43.87	Reconciled
354227		04-DEC-14	KENDALL S. WAGNER		1,500.00	09-DEC-14	1,500.00	Reconciled
354228		04-DEC-14	KIM, SOYEUN		38.50	10-DEC-14	38.50	Reconciled
354229		04-DEC-14	LA HABRA FENCE COMPANY INC		19,615.00	10-DEC-14	19,615.00	Reconciled
354230		04-DEC-14	LAGUNA BEACH COUNTY WATER DISTRICT		1,494.08	10-DEC-14	1,494.08	Reconciled
354231		04-DEC-14	LAVOIE, DON		2,865.96	05-DEC-14	2,865.96	Reconciled
354232		04-DEC-14	LE, PHONG		242.51			Negotiable
354233		04-DEC-14	LEE, JI YOUNG		19.80	10-DEC-14	19.80	Reconciled
354234		04-DEC-14	LEE, JUNG		12.21			Negotiable
354235		04-DEC-14	LEIGHTON CONSULTING, INC.		2,786.50			Negotiable
354236		04-DEC-14	LUBRICATION ENGINEERS, INC.		2,012.50	09-DEC-14	2,012.50	Reconciled
354237		04-DEC-14	MA, YING		44.83	16-DEC-14	44.83	Reconciled
354238		04-DEC-14	MAIN GRAPHICS		246.39	10-DEC-14	246.39	Reconciled
354239		04-DEC-14	MARK ENTERPRISES, INC.		5,400.00	08-DEC-14	5,400.00	Reconciled
354240		04-DEC-14	MARTINDALE, JAMES		17.00	08-DEC-14	17.00	Reconciled
354241		04-DEC-14	MC FADDEN-DALE INDUSTRIAL		213.70	05-DEC-14	213.70	Reconciled
354242		04-DEC-14	MC MASTER CARR SUPPLY CO		3,297.71	09-DEC-14	3,297.71	Reconciled
354243		04-DEC-14	MILLER, KATHY		78.01	15-DEC-14	78.01	Reconciled
354244		04-DEC-14	MOORE TOOL & EQUIPMENT, INC.		803.24	11-DEC-14	803.24	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01

BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 6
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354245		04-DEC-14	MR CRANE INC		2,687.10			Negotiable
354246		04-DEC-14	MUNICIPAL WATER DISTRICT OF ORANGE COUNTY		55,521.59	09-DEC-14	55,521.59	Reconciled
354247		04-DEC-14	MUTUAL PROPANE		93.68	09-DEC-14	93.68	Reconciled
354248		04-DEC-14	NAIR, GOURI		35.53			Negotiable
354249		04-DEC-14	NAKAJIMA, BUNICHIRO		28.01			Negotiable
354250		04-DEC-14	NATIONAL READY MIXED CONCRETE CO.		4,086.58	08-DEC-14	4,086.58	Reconciled
354251		04-DEC-14	NATURES IMAGE INC		7,361.00	05-DEC-14	7,361.00	Reconciled
354252		04-DEC-14	NAVIGANT CONSULTING, INC		7,080.00	08-DEC-14	7,080.00	Reconciled
354253		04-DEC-14	NCH CORPORATION		760.09	08-DEC-14	760.09	Reconciled
354254		04-DEC-14	NELMIDA, LEO N		14.96	08-DEC-14	14.96	Reconciled
354255		04-DEC-14	NEW PIG CORPORATION		54.69	08-DEC-14	54.69	Reconciled
354256		04-DEC-14	NEWPORT WINDOW MAINTENANCE INC		4,354.00			Negotiable
354257		04-DEC-14	NMG GEOTECHNICAL INC		12,881.00	18-DEC-14	12,881.00	Reconciled
354258		04-DEC-14	NOCEDAL, ROLAN		46.96	08-DEC-14	46.96	Reconciled
354259		04-DEC-14	O G SUPPLY		89.21	05-DEC-14	89.21	Reconciled
354260		04-DEC-14	OLIN CORPORATION		29,975.34	11-DEC-14	29,975.34	Reconciled
354261		04-DEC-14	OLSON HAGEL FISHBURN, LLP		685.00	08-DEC-14	685.00	Reconciled
354262		04-DEC-14	ON ASSIGNMENT LAB SUPPORT		2,238.96	08-DEC-14	2,238.96	Reconciled
354263		04-DEC-14	ONESOURCE DISTRIBUTORS LLC		9,747.48	08-DEC-14	9,747.48	Reconciled
354264		04-DEC-14	ONIELL, NICOLE		75.56	08-DEC-14	75.56	Reconciled
354265		04-DEC-14	ORACLE AMERICA, INC.		192,888.64	11-DEC-14	192,888.64	Reconciled
354266		04-DEC-14	ORANGE COUNTY AUTO PARTS CO		1,551.38	05-DEC-14	1,551.38	Reconciled
354267		04-DEC-14	ORANGE COUNTY SANITATION DISTRICT		723,328.85	09-DEC-14	723,328.85	Reconciled
354268		04-DEC-14	ORANGE COUNTY SANITATION DISTRICT		250,037.44	09-DEC-14	250,037.44	Reconciled
354269		04-DEC-14	PACIFIC PARTY RENTAL		440.00	16-DEC-14	440.00	Reconciled
354270		04-DEC-14	PACIFIC RESOURCE RECOVERY		1,420.60	08-DEC-14	1,420.60	Reconciled
354271		04-DEC-14	PADGETT, SHANTI		10.68	10-DEC-14	10.68	Reconciled

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BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 7
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354272		04-DEC-14	PARKHOUSE TIRE INC		5,321.17	09-DEC-14	5,321.17	Reconciled
354273		04-DEC-14	PASZTOR, FRANK L		28.25	08-DEC-14	28.25	Reconciled
354274		04-DEC-14	PAYNE & FEARS LLP		1,826.44	05-DEC-14	1,826.44	Reconciled
354275		04-DEC-14	PEARPOINT		379.94	08-DEC-14	379.94	Reconciled
354276		04-DEC-14	PERKINELMER HEALTH SCIENCES INC		1,730.68	08-DEC-14	1,730.68	Reconciled
354277		04-DEC-14	PONTON INDUSTRIES INC		1,645.43	12-DEC-14	1,645.43	Reconciled
354278		04-DEC-14	PRAXAIR DISTRIBUTION INC		3,674.29	09-DEC-14	3,674.29	Reconciled
354279		04-DEC-14	PRE-PAID LEGAL SERVICES INC		1,326.14	11-DEC-14	1,326.14	Reconciled
354280		04-DEC-14	PRIME CONTROLS COMPANY INC		445.12	08-DEC-14	445.12	Reconciled
354281		04-DEC-14	PRUDENTIAL OVERALL SUPPLY		3,630.92	08-DEC-14	3,630.92	Reconciled
354282		04-DEC-14	PTI SAND & GRAVEL INC		2,424.91	09-DEC-14	2,424.91	Reconciled
354283		04-DEC-14	PUMP CHECK		895.00	08-DEC-14	895.00	Reconciled
354284		04-DEC-14	QUALITY LAWN SERVICE		120.00	05-DEC-14	120.00	Reconciled
354285		04-DEC-14	QUINCY COMPRESSOR LLC		2,237.43	09-DEC-14	2,237.43	Reconciled
354286		04-DEC-14	R & S SOIL PRODUCTS INC		842.40			Negotiable
354287		04-DEC-14	R&B AUTOMATION INC		22,622.49	15-DEC-14	22,622.49	Reconciled
354288		04-DEC-14	RADWELL INTERNATIONAL INC		3,287.50	08-DEC-14	3,287.50	Reconciled

354289	04-DEC-14	RAINBOW DISPOSAL CO INC		330.66	05-DEC-14	330.66	Reconciled
354290	04-DEC-14	RALPH ANDERSEN & ASSOCIATES		8,500.00			Negotiable
354291	04-DEC-14	RAM AIR ENGINEERING INC		1,985.00	05-DEC-14	1,985.00	Reconciled
354292	04-DEC-14	RAYMOND, SCOTT		14.82			Negotiable
354293	04-DEC-14	RBF CONSULTING		19,701.31	10-DEC-14	19,701.31	Reconciled
354294	04-DEC-14	REED, JAMES D		1,937.04	10-DEC-14	1,937.04	Reconciled
354295	04-DEC-14	RICHARD C SLADE & ASSOCIATES LLC		3,510.00	15-DEC-14	3,510.00	Reconciled
354296	04-DEC-14	RMC WATER AND ENVIRONMENT		3,357.50	08-DEC-14	3,357.50	Reconciled
354297	04-DEC-14	ROSEDALE - RIO BRAVO WATER STORAGE DISTRICT		312,088.55	29-DEC-14	312,088.55	Reconciled
354298	04-DEC-14	RRM DESIGN GROUP		6,513.75	08-DEC-14	6,513.75	Reconciled

IRWD Ledger
 BANK: Bank of America N.A. Branch : Los Angeles
 Bank Account Currency: USD (US Dollar)
 Payment Type: All

Payment Register For 01-DEC-14 To 31-DEC-14
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 Payment Currency: USD (US Dollar)
 Display Supplier Address: No

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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354299		04-DEC-14	SANTA ANA BLUE PRINT		242.34	16-DEC-14	242.34	Reconciled
354300		04-DEC-14	SANTA MARGARITA FORD		20.17	08-DEC-14	20.17	Reconciled
354301		04-DEC-14	SANTA MARGARITA FORD		183.84	05-DEC-14	183.84	Reconciled
354302		04-DEC-14	SANTA MARGARITA WATER DISTRICT		37,497.35	09-DEC-14	37,497.35	Reconciled
354303		04-DEC-14	SCHINDLER ELEVATOR CORPORATION		174.45	08-DEC-14	174.45	Reconciled
354304		04-DEC-14	SCOTT HEALTH & SAFETY		932.69	10-DEC-14	932.69	Reconciled
354305		04-DEC-14	SEAL ANALYTICAL INC		1,203.59	08-DEC-14	1,203.59	Reconciled
354306		04-DEC-14	SECURTEC DISTRICT PATROL, INC.		1,500.00	15-DEC-14	1,500.00	Reconciled
354307		04-DEC-14	SHAMROCK SUPPLY CO INC		1,436.87	05-DEC-14	1,436.87	Reconciled
354308		04-DEC-14	SHAW PUMP & SUPPLY, INC.		2,789.30	12-DEC-14	2,789.30	Reconciled
354309		04-DEC-14	SNAP-ON INCORPORATED		430.10	08-DEC-14	430.10	Reconciled
354310		04-DEC-14	SON, MI KYONG		16.11	10-DEC-14	16.11	Reconciled
354311		04-DEC-14	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT		2,662.86	10-DEC-14	2,662.86	Reconciled
354312		04-DEC-14	SOUTH COAST ANSWERING SERVICE		713.21	10-DEC-14	713.21	Reconciled
354313		04-DEC-14	SOUTHERN CALIFORNIA EDISON COMPANY		471,754.90	08-DEC-14	471,754.90	Reconciled
354314		04-DEC-14	SOUTHERN CALIFORNIA SECURITY CENTER, INC.		194.94	10-DEC-14	194.94	Reconciled
354315		04-DEC-14	SOUTHERN COUNTIES LUBRICANTS LLC		3,284.48	05-DEC-14	3,284.48	Reconciled
354316		04-DEC-14	SPARKLETTTS		312.73	10-DEC-14	312.73	Reconciled
354317		04-DEC-14	SS MECHANICAL CORPORATION		18,512.93	10-DEC-14	18,512.93	Reconciled
354318		04-DEC-14	STAR BRITE BUILDING MAINTENANCE INC		11,963.75	10-DEC-14	11,963.75	Reconciled
354319		04-DEC-14	STATE WATER RESOURCES CONTROL BOARD		133,797.00	11-DEC-14	133,797.00	Reconciled

IRWD Ledger
 BANK: Bank of America N.A. Branch : Los Angeles
 Bank Account Currency: USD (US Dollar)
 Payment Type: All

Payment Register For 01-DEC-14 To 31-DEC-14
 Account: Checking AP and PR
 Payment Currency: USD (US Dollar)
 Display Supplier Address: No

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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354320		04-DEC-14	STERILIZER TECHNICAL		375.00	08-DEC-14	375.00	Reconciled
354321		04-DEC-14	T AND S LARSEN MAINTENANCE		400.00	05-DEC-14	400.00	Reconciled
354322		04-DEC-14	TALLEY INC		2,115.71	08-DEC-14	2,115.71	Reconciled
354323		04-DEC-14	TEKRAULICS		26,034.87			Negotiable
354324		04-DEC-14	TESTAMERICA LABORATORIES, INC		157.50	08-DEC-14	157.50	Reconciled
354325		04-DEC-14	TETRA TECH, INC		104,717.20	12-DEC-14	104,717.20	Reconciled
354326		04-DEC-14	THERMO FISHER		543.14	08-DEC-14	543.14	Reconciled

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
354327		04-DEC-14	SCIENTIFIC LLC THYSSENKRUPP ELEVATOR CORPORATION		168.18	09-DEC-14	168.18	Reconciled
354328		04-DEC-14	TREE OF LIFE NURSERY		1,872.18	10-DEC-14	1,872.18	Reconciled
354329		04-DEC-14	TRI POINT HOMES INC		17.00	10-DEC-14	17.00	Reconciled
354330		04-DEC-14	TRINITY, BROADCASTI		30.04	12-DEC-14	30.04	Reconciled
354331		04-DEC-14	TRIPAC MARKETING INC		528.83	09-DEC-14	528.83	Reconciled
354332		04-DEC-14	TRUCPARCO		3,037.58	09-DEC-14	3,037.58	Reconciled
354333		04-DEC-14	TRUGREEN LANDCARE LLC		1,210.00	09-DEC-14	1,210.00	Reconciled
354334		04-DEC-14	UNITED PARCEL SERVICE INC		22.60	08-DEC-14	22.60	Reconciled
354335		04-DEC-14	UNITED SITE SERVICES OF CALIFORNIA INC		478.25	08-DEC-14	478.25	Reconciled
354336		04-DEC-14	UNITED STATES POST OFFICE		23,333.33	15-DEC-14	23,333.33	Reconciled
354337		04-DEC-14	URS CORPORATION		104,250.00	12-DEC-14	104,250.00	Reconciled
354338		04-DEC-14	US BANK NAT'L ASSOCIATION NORTH DAKOTA		45,353.71	15-DEC-14	45,353.71	Reconciled
354339		04-DEC-14	VA CONSULTING, INC		7,370.00	09-DEC-14	7,370.00	Reconciled
354340		04-DEC-14	VERIZON CALIFORNIA INC		558.65	12-DEC-14	558.65	Reconciled
354341		04-DEC-14	VERIZON WIRELESS SERVICES LLC		6,641.65	11-DEC-14	6,641.65	Reconciled
354342		04-DEC-14	VULCAN MATERIALS COMPANY		1,344.48	08-DEC-14	1,344.48	Reconciled
354343		04-DEC-14	VWR INTERNATIONAL, LLC		114.92	08-DEC-14	114.92	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 10
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354344		04-DEC-14	WALTERS WHOLESALE ELECTRIC		26.20	12-DEC-14	26.20	Reconciled
354345		04-DEC-14	WALTERS WHOLESALE ELECTRIC		973.87	09-DEC-14	973.87	Reconciled
354346		04-DEC-14	WALTON MOTORS & CONTROLS INC		13,405.66	09-DEC-14	13,405.66	Reconciled
354347		04-DEC-14	WASTE MANAGEMENT OF ORANGE COUNTY		1,830.02	08-DEC-14	1,830.02	Reconciled
354348		04-DEC-14	WATER EDUCATION FOUNDATION		15,800.00	12-DEC-14	15,800.00	Reconciled
354349		04-DEC-14	WATERSMART SOFTWARE, INC		7,500.00	09-DEC-14	7,500.00	Reconciled
354350		04-DEC-14	WAXIE'S ENTERPRISES, INC		1,178.03	11-DEC-14	1,178.03	Reconciled
354351		04-DEC-14	WECK LABORATORIES INC		830.00	05-DEC-14	830.00	Reconciled
354352		04-DEC-14	WEST COAST SAFETY SUPPLY INC		231,365.03	15-DEC-14	231,365.03	Reconciled
354353		04-DEC-14	WESTERN EXTERMINATOR COMPANY		1,302.00	10-DEC-14	1,302.00	Reconciled
354354		04-DEC-14	WHALEN, SHARON		27.65	23-DEC-14	27.65	Reconciled
354355		04-DEC-14	WILLIAMS, ERICA		132.41	09-DEC-14	132.41	Reconciled
354356		04-DEC-14	YOSHIKA, BRIAN		13.83			Negotiable
354357		08-DEC-14	GE WATER & PROCESSCHICAGO TECHNOLOGIES		24,367.00			Voided
354358		08-DEC-14	GE WATER & PROCESSCHICAGO TECHNOLOGIES		24,367.00			Voided
354359		08-DEC-14	GE WATER & PROCESSCHICAGO TECHNOLOGIES		24,367.00	12-DEC-14	24,367.00	Reconciled
354360		11-DEC-14	Martin, Didene J (De)		195.75			Negotiable
354361		11-DEC-14	Broderick, Jacob		107.99	17-DEC-14	107.99	Reconciled
354362		11-DEC-14	Moeder, Jacob J (Jacob)		14.56	15-DEC-14	14.56	Reconciled
354363		11-DEC-14	Sheilds, Patrick		104.50			Negotiable
354364		11-DEC-14	Schulze, Richard W (Richard)		156.00	18-DEC-14	156.00	Reconciled
354365		11-DEC-14	Torres, Richard P (Richard)		240.00	22-DEC-14	240.00	Reconciled
354366		11-DEC-14	Fournier, Tanja L (Tanja)		267.32	11-DEC-14	267.32	Reconciled
354367		11-DEC-14	AAF INTERNATIONAL		503.00	15-DEC-14	503.00	Reconciled
354368		11-DEC-14	ACCURATE MEASUREMENT SYSTEMS INC		1,343.40	17-DEC-14	1,343.40	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 11
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)

Payment Type: All

Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354369		11-DEC-14	ADS LLC		1,991.00	15-DEC-14	1,991.00	Reconciled
354370		11-DEC-14	Garcia, Alejandro (Alex)		2,530.78	15-DEC-14	2,530.78	Reconciled
354371		11-DEC-14	ALEXANDER CONTRACT SERVICES INC		107,318.72	30-DEC-14	107,318.72	Reconciled
354372		11-DEC-14	APD CONSULTANTS INC		1,480.63	16-DEC-14	1,480.63	Reconciled
354373		11-DEC-14	APPLIED INDUSTRIAL TECHNOLOGIES - CA LLC		1,482.49	15-DEC-14	1,482.49	Reconciled
354374		11-DEC-14	APPLIED TECHNOLOGY GROUP INC		8,896.22	16-DEC-14	8,896.22	Reconciled
354375		11-DEC-14	ARCADIS U.S., INC.		12,090.00	22-DEC-14	12,090.00	Reconciled
354376		11-DEC-14	AT&T		1,877.48	17-DEC-14	1,877.48	Reconciled
354377		11-DEC-14	AT&T		81.98	16-DEC-14	81.98	Reconciled
354378		11-DEC-14	AT&T		2,437.40	17-DEC-14	2,437.40	Reconciled
354379		11-DEC-14	AUTONATION TOYOTA IRVINE		29,491.00			Negotiable
354380		11-DEC-14	BLOOMBERG FINANCE LP		11,985.00			Negotiable
354381		11-DEC-14	BOYD & ASSOCIATES		270.00	15-DEC-14	270.00	Reconciled
354382		11-DEC-14	C WELLS PIPELINE MATERIALS INC		7,071.84	17-DEC-14	7,071.84	Reconciled
354383		11-DEC-14	CALIFORNIA BARRICADE INC		1,230.00	16-DEC-14	1,230.00	Reconciled
354384		11-DEC-14	CANON FINANCIAL SERVICES, INC		8,422.12	16-DEC-14	8,422.12	Reconciled
354385		11-DEC-14	CANON SOLUTIONS AMERICA, INC.		209.40	15-DEC-14	209.40	Reconciled
354386		11-DEC-14	CANON SOLUTIONS AMERICA, INC.		4,505.58	16-DEC-14	4,505.58	Reconciled
354387		11-DEC-14	CDW GOVERNMENT LLC		126.91	17-DEC-14	126.91	Reconciled
354388		11-DEC-14	CITY CIRCUIT BREAKERS		734.40	12-DEC-14	734.40	Reconciled
354389		11-DEC-14	CITY OF NEWPORT BEACH		8,145.00	18-DEC-14	8,145.00	Reconciled
354390		11-DEC-14	CITY OF SANTA ANA		67.34	12-DEC-14	67.34	Reconciled
354391		11-DEC-14	CITY OF TUSTIN		2,549.40	15-DEC-14	2,549.40	Reconciled
354392		11-DEC-14	CLEAN ENERGY		567.43	16-DEC-14	567.43	Reconciled
354393		11-DEC-14	COMMERCE ENERGY INC		253.32	15-DEC-14	253.32	Reconciled
354394		11-DEC-14	CONEYBEARE INC		16,684.32	16-DEC-14	16,684.32	Reconciled
354395		11-DEC-14	CR & R INCORPORATED		12.62	17-DEC-14	12.62	Reconciled
354396		11-DEC-14	CS-AMSCO		3,952.80	23-DEC-14	3,952.80	Reconciled
354397		11-DEC-14	D & G SIGNS		907.20	15-DEC-14	907.20	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 12
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354398		11-DEC-14	DEE JASPAR & ASSOCIATES, INC.		5,067.74	15-DEC-14	5,067.74	Reconciled
354399		11-DEC-14	DEX MEDIA INC.		74.25	17-DEC-14	74.25	Reconciled
354400		11-DEC-14	DISCOUNT COURIER SERVICE		20.55	12-DEC-14	20.55	Reconciled
354401		11-DEC-14	DISCOVERY SCIENCE CENTER		59,877.00	18-DEC-14	59,877.00	Reconciled
354402		11-DEC-14	DISPLAYWORKS, LLC		52,857.71	15-DEC-14	52,857.71	Reconciled
354403		11-DEC-14	EMPLOYEE BENEFIT SPECIALIST, INC		1,000.00	16-DEC-14	1,000.00	Reconciled
354404		11-DEC-14	ENTERPRISE SECURITY, INC		105.00	16-DEC-14	105.00	Reconciled
354405		11-DEC-14	ENVIRONMENTAL EXPRESS INC		906.23	15-DEC-14	906.23	Reconciled
354406		11-DEC-14	FEDEX		194.11	17-DEC-14	194.11	Reconciled
354407		11-DEC-14	FIRE EXTINGUISHING SAFETY & SERVICE		753.96	15-DEC-14	753.96	Reconciled
354408		11-DEC-14	FISHER SCIENTIFIC COMPANY LLC		2,931.36	15-DEC-14	2,931.36	Reconciled
354409		11-DEC-14	GANAHL LUMBER CO.		2,904.65	16-DEC-14	2,904.65	Reconciled
354410		11-DEC-14	GDS2		16,927.50			Negotiable
354411		11-DEC-14	GENERAL PUMP COMPANY INC		9,392.00	15-DEC-14	9,392.00	Reconciled
354412		11-DEC-14	GRAYBAR ELECTRIC COMPANY		6,279.17	15-DEC-14	6,279.17	Reconciled
354413		11-DEC-14	H2O INNOVATION USA INC		2,969.46	15-DEC-14	2,969.46	Reconciled
354414		11-DEC-14	HACH COMPANY		196.96	15-DEC-14	196.96	Reconciled
354415		11-DEC-14	HARDY & HARPER INC		22,890.00	16-DEC-14	22,890.00	Reconciled
354416		11-DEC-14	HARPER &		1,085.00			Negotiable

354455	11-DEC-14	INC. PINNACLE LANDSCAPE COMPANY	6,560.00	15-DEC-14	6,560.00	Reconciled
354456	11-DEC-14	PONTON INDUSTRIES INC	8,842.21			Negotiable
354457	11-DEC-14	PRAXAIR DISTRIBUTION INC	1,529.49	17-DEC-14	1,529.49	Reconciled
354458	11-DEC-14	PRODATA COMPUTER SERVICES INC	795.00	15-DEC-14	795.00	Reconciled
354459	11-DEC-14	PSOMAS	745.87	15-DEC-14	745.87	Reconciled
354460	11-DEC-14	PTI SAND & GRAVEL INC	1,187.00	15-DEC-14	1,187.00	Reconciled
354461	11-DEC-14	R C FOSTER CORPORATION	464,294.45	24-DEC-14	464,294.45	Reconciled
354462	11-DEC-14	RAM AIR ENGINEERING INC	8,752.06	16-DEC-14	8,752.06	Reconciled
354463	11-DEC-14	REFRIGERATION SUPPLIES	404.87	15-DEC-14	404.87	Reconciled
354464	11-DEC-14	RESPONSE ENVELOPE, INC	1,710.07			Negotiable
354465	11-DEC-14	RINGCLEAR LLC	74.88	16-DEC-14	74.88	Reconciled
354466	11-DEC-14	RITE AID PHARMACY	100.00	18-DEC-14	100.00	Reconciled
354467	11-DEC-14	SAFETY-KLEEN SYSTEMS, INC	21.00	17-DEC-14	21.00	Reconciled
354468	11-DEC-14	SCHULER ENGINEERING CORPORATION	3,522.04	18-DEC-14	3,522.04	Reconciled
354469	11-DEC-14	SCHULER ENGINEERING CORPORATION	66,918.72	16-DEC-14	66,918.72	Reconciled
354470	11-DEC-14	SECURTEC DISTRICT PATROL, INC.	9,000.00	23-DEC-14	9,000.00	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 15
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354471		11-DEC-14	SEPARATION PROCESSES INC		2,237.50	22-DEC-14	2,237.50	Reconciled
354472		11-DEC-14	SHEA BAKER RANCH ASSOCIATES		750.00			Negotiable
354473		11-DEC-14	SHEA HOMES		50,596.00	22-DEC-14	50,596.00	Reconciled
354474		11-DEC-14	SNAP-ON INCORPORATED		371.14	17-DEC-14	371.14	Reconciled
354475		11-DEC-14	SOUTH COAST WATER CO.		40.00	16-DEC-14	40.00	Reconciled
354476		11-DEC-14	SOUTH COAST WATER CO.		151.68	16-DEC-14	151.68	Reconciled
354477		11-DEC-14	SOUTHERN CALIFORNIA EDISON COMPANY		6,871.87	15-DEC-14	6,871.87	Reconciled
354478		11-DEC-14	SOUTHERN CALIFORNIA SECURITY CENTER, INC.		157.50	17-DEC-14	157.50	Reconciled
354479		11-DEC-14	SPOK, INC		51.68	16-DEC-14	51.68	Reconciled
354480		11-DEC-14	STATE BOARD OF EQUALIZATION		213.00	17-DEC-14	213.00	Reconciled
354481		11-DEC-14	SULLY-MILLER CONTRACTING CO.		564,414.00	16-DEC-14	564,414.00	Reconciled
354482		11-DEC-14	TESTAMERICA LABORATORIES, INC		297.15	15-DEC-14	297.15	Reconciled
354483		11-DEC-14	THE FURMAN GROUP, INC.		10,190.00	18-DEC-14	10,190.00	Reconciled
354484		11-DEC-14	THE GAS COMPANY		817.92	17-DEC-14	817.92	Reconciled
354485		11-DEC-14	TROPICAL PLAZA NURSERY INC		9,030.78	12-DEC-14	9,030.78	Reconciled
354486		11-DEC-14	TRUGREEN LANDCARE LLC		28,069.47	17-DEC-14	28,069.47	Reconciled
354487		11-DEC-14	UNDERGROUND SERVICE ALERT OF SOUTHERN CALIFORNIA		705.00	16-DEC-14	705.00	Reconciled
354488		11-DEC-14	UNITED PARCEL SERVICE INC		152.82	15-DEC-14	152.82	Reconciled
354489		11-DEC-14	UNITED SITE SERVICES OF CALIFORNIA INC		152.31	17-DEC-14	152.31	Reconciled
354490		11-DEC-14	USC Foundation		1,000.00	23-DEC-14	1,000.00	Reconciled
354491		11-DEC-14	VERIZON WIRELESS SERVICES LLC		844.02	17-DEC-14	844.02	Reconciled
354492		11-DEC-14	VULCAN MATERIALS COMPANY		1,351.60	15-DEC-14	1,351.60	Reconciled

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 16
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354493		11-DEC-14	VWR INTERNATIONAL, LLC		815.69	15-DEC-14	815.69	Reconciled
354494		11-DEC-14	WALTERS WHOLESAL ELECTRIC		1,974.82	16-DEC-14	1,974.82	Reconciled
354495		11-DEC-14	WASTE MANAGEMENT OF ORANGE COUNTY		2,419.98	15-DEC-14	2,419.98	Reconciled
354496		11-DEC-14	WATEREUSE ASSOCIATION		8,624.00	16-DEC-14	8,624.00	Reconciled
354497		11-DEC-14	WATEREUSE FOUNDATION		6,000.00	16-DEC-14	6,000.00	Reconciled
354498		11-DEC-14	WATERLINE TECHNOLOGIES INC		2,840.00	12-DEC-14	2,840.00	Reconciled
354499		11-DEC-14	WAXIE'S ENTERPRISES, INC		1,068.34	17-DEC-14	1,068.34	Reconciled
354500		11-DEC-14	WECK LABORATORIES INC		3,075.00	26-DEC-14	3,075.00	Reconciled
354501		11-DEC-14	WESTERN EXTERMINATOR COMPANY		2,892.00	31-DEC-14	2,892.00	Reconciled
354502		11-DEC-14	WIRELESS WATCHDOGS, LLC		972.00	17-DEC-14	972.00	Reconciled
354503		11-DEC-14	YP LLC		122.00	18-DEC-14	122.00	Reconciled
354504		11-DEC-14	FRANCHISE TAX BOARD	SACRAMENTO	45.00	17-DEC-14	45.00	Reconciled
354505		11-DEC-14	PERS LONG TERM CARE	PASADENA	720.46	17-DEC-14	720.46	Reconciled
354506		11-DEC-14	IRWD EMPLOYEE ASSOCIATION	15600 SC	740.00	22-DEC-14	740.00	Reconciled
354507		11-DEC-14	CLEARINGHOUSE	PHOENIX	477.67	15-DEC-14	477.67	Reconciled
354508		15-DEC-14	JCI JONES CHEMICALS INC	CINCINNATI	2,718.60	22-DEC-14	2,718.60	Reconciled
354509		18-DEC-14	ANTHEM BLUE CROSS	LOS ANGELES	415.62	23-DEC-14	415.62	Reconciled
354510		18-DEC-14	ANTHEM BLUE CROSS	LOS ANGELES	2,012.80	23-DEC-14	2,012.80	Reconciled
354511		18-DEC-14	ANTHEM BLUE CROSS	LOS ANGELES	1,089.40	23-DEC-14	1,089.40	Reconciled
354512		18-DEC-14	Bowman, Brandon (Brandon)		380.00	23-DEC-14	380.00	Reconciled
354513		18-DEC-14	Clinton, Bryan R (Bryan)		834.28	05-JAN-15	834.28	Reconciled
354514		18-DEC-14	Spangenberg, Carl W (Carl)		280.00	22-DEC-14	280.00	Reconciled
354515		18-DEC-14	Carter, Cheryl L (Cheryl)		33.95	18-DEC-14	33.95	Reconciled
IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and FR Page: 17 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar) Payment Type: All Display Supplier Address: No								

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354516		18-DEC-14	Alberts, Dale L (Dale)		56.00	02-JAN-15	56.00	Reconciled
354517		18-DEC-14	Martin, Didene J (De)		300.00			Negotiable
354518		18-DEC-14	Cho, Harry K (Harry)		269.72	30-DEC-14	269.72	Reconciled
354519		18-DEC-14	Pan, Jenny W (Jenny)		107.99	22-DEC-14	107.99	Reconciled
354520		18-DEC-14	Withers, John B		687.29	22-DEC-14	687.29	Reconciled
354521		18-DEC-14	Bonkowski, Leslie A (Leslie)		1,567.22			Negotiable
354522		18-DEC-14	Sarabia, Mark S (Mark)		300.00	23-DEC-14	300.00	Reconciled
354523		18-DEC-14	Hoffman, Michael S (Mike)		167.39			Negotiable
354524		18-DEC-14	Hoolihan, Michael J (Michael)		280.00	23-DEC-14	280.00	Reconciled
354525		18-DEC-14	Swan, Peer		2,173.80	22-DEC-14	2,173.80	Reconciled
354526		18-DEC-14	Gallegos, Richard (Richard)		94.00	22-DEC-14	94.00	Reconciled
354527		18-DEC-14	Shanafelt, Shane D (Shane)		1,459.72	22-DEC-14	1,459.72	Reconciled
354528		18-DEC-14	Bonkowski, Thomas J (Thomas)		28.11			Negotiable
354529		18-DEC-14	AAPW CORP		26.35	22-DEC-14	26.35	Reconciled
354530		18-DEC-14	ACCURATE MEASUREMENT SYSTEMS INC		4,223.25	24-DEC-14	4,223.25	Reconciled
354531		18-DEC-14	ACWA		400.00	23-DEC-14	400.00	Reconciled
354532		18-DEC-14	AGUILERA, MICHAEL		29.16	05-JAN-15	29.16	Reconciled
354533		18-DEC-14	AKHZAR, SHAYAN		28.25	23-DEC-14	28.25	Reconciled
354534		18-DEC-14	ALLURI, PHANIKRISH		30.76			Negotiable
354535		18-DEC-14	ALPHA TRAFFIC SERVICES, INC.		1,040.00	23-DEC-14	1,040.00	Reconciled

354536	18-DEC-14	AMIRPOUR, AFSOUN	57.73	23-DEC-14	57.73	Reconciled
354537	18-DEC-14	ANDERSONPENNA PARTNERS, INC	28,120.00	24-DEC-14	28,120.00	Reconciled
354538	18-DEC-14	APFELD, JAY B	31.95			Negotiable
354539	18-DEC-14	APPLIED INDUSTRIAL TECHNOLOGIES - CA LLC	42.51	23-DEC-14	42.51	Reconciled
354540	18-DEC-14	APPLIED TECHNOLOGY GROUP INC	2,717.00	24-DEC-14	2,717.00	Reconciled
354541	18-DEC-14	ARBOREL & CHANTORY	3,860.92	31-DEC-14	3,860.92	Reconciled
354542	18-DEC-14	ARCADIS U.S., INC.	66,989.37	29-DEC-14	66,989.37	Reconciled

IRWD Ledger
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR
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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354543		18-DEC-14	ARMORCAST PRODUCTS COMPANY		6,763.18	22-DEC-14	6,763.18	Reconciled
354544		18-DEC-14	AT&T		1,590.81	29-DEC-14	1,590.81	Reconciled
354545		18-DEC-14	AT&T		3,511.53	29-DEC-14	3,511.53	Reconciled
354546		18-DEC-14	AUTOZONE PARTS, INC.		366.75	22-DEC-14	366.75	Reconciled
354547		18-DEC-14	BATTERIES PLUS AND BATTERIES PLUS BULBS		705.86	24-DEC-14	705.86	Reconciled
354548		18-DEC-14	BAUSLEY, MICHAEL		42.37	23-DEC-14	42.37	Reconciled
354549		18-DEC-14	BDC SPECIAL WASTE		207.20	24-DEC-14	207.20	Reconciled
354550		18-DEC-14	BERMAN, BRUCE		216.63	24-DEC-14	216.63	Reconciled
354551		18-DEC-14	BEST DRILLING AND PUMP, INC.		3,515.00	29-DEC-14	3,515.00	Reconciled
354552		18-DEC-14	BETA SYSTEMS SOFTWARE OF NORTH AMERICA INC		1,676.25	30-DEC-14	1,676.25	Reconciled
354553		18-DEC-14	BIGWIG MONSTER, LLC		450.00			Negotiable
354554		18-DEC-14	BIOMAGIC INC		9,293.18	23-DEC-14	9,293.18	Reconciled
354555		18-DEC-14	BLAIRS TOWING INC		145.00	30-DEC-14	145.00	Reconciled
354556		18-DEC-14	BORCHARD SURVEYING & MAPPING, INC.		1,585.00			Negotiable
354557		18-DEC-14	BOYD & ASSOCIATES		3,438.00	22-DEC-14	3,438.00	Reconciled
354558		18-DEC-14	BRACKEZ, LISA		37.49			Negotiable
354559		18-DEC-14	CALIFORNIA BANK & TRUST		22,487.92	26-DEC-14	22,487.92	Reconciled
354560		18-DEC-14	CALIFORNIA BARRICADE INC		2,500.00			Negotiable
354561		18-DEC-14	CAMERON-COLE, LLC		2,862.48	23-DEC-14	2,862.48	Reconciled
354562		18-DEC-14	CAMPBELL, GERALD		12.54			Negotiable
354563		18-DEC-14	CAROLLO ENGINEERS, INC		42,995.45	24-DEC-14	42,995.45	Reconciled
354564		18-DEC-14	CASA		18,720.00	30-DEC-14	18,720.00	Reconciled
354565		18-DEC-14	CHEN, ALLISON		35.34	29-DEC-14	35.34	Reconciled
354566		18-DEC-14	CHEN, KYLE		36.34	30-DEC-14	36.34	Reconciled
354567		18-DEC-14	CHEN, NATALIA		28.25			Negotiable
354568		18-DEC-14	CITY OF TUSTIN		1,021.01	22-DEC-14	1,021.01	Reconciled
354569		18-DEC-14	COMMERCIAL DOOR OF ORANGE COUNTY, INC.		782.56	29-DEC-14	782.56	Reconciled
354570		18-DEC-14	COMPUCOM SYSTEMS, INC.		335.15	22-DEC-14	335.15	Reconciled
354571		18-DEC-14	CONEYBEARE INC		12,272.65	24-DEC-14	12,272.65	Reconciled
354572		18-DEC-14	COX COMMUNICATIONS		109.00	22-DEC-14	109.00	Reconciled

IRWD Ledger
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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354573		18-DEC-14	CR & R INCORPORATED		197.82	30-DEC-14	197.82	Reconciled
354574		18-DEC-14	CREATIVE ALLIANCE GROUP LLC		4,564.41	30-DEC-14	4,564.41	Reconciled
354575		18-DEC-14	CREDENTIAL CHECK CORPORATION		376.45	24-DEC-14	376.45	Reconciled
354576		18-DEC-14	D & G SIGNS		426.60			Negotiable
354577		18-DEC-14	DEALERS SERVICE, INC		1,793.09	23-DEC-14	1,793.09	Reconciled
354578		18-DEC-14	DECKSIDE POOL SERVICE		320.14	22-DEC-14	320.14	Reconciled
354579		18-DEC-14	DEE JASPAR & ASSOCIATES, INC.		1,410.55	23-DEC-14	1,410.55	Reconciled
354580		18-DEC-14	DELL MARKETING LP		616.78	23-DEC-14	616.78	Reconciled
354581		18-DEC-14	DEPARTMENT OF INDUSTRIAL RELATIONS STATE OF		10,223.78	26-DEC-14	10,223.78	Reconciled

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
354582		18-DEC-14	CALIFORNIA DISCOVERY SCIENCE CENTER		5,167.20	23-DEC-14	5,167.20	Reconciled
354583		18-DEC-14	DLT SOLUTIONS INC		14,490.42	26-DEC-14	14,490.42	Reconciled
354584		18-DEC-14	DUNCAN, VANITA		55.44	26-DEC-14	55.44	Reconciled
354585		18-DEC-14	DUTTON, ERIN/KYLE		30.04	05-JAN-15	30.04	Reconciled
354586		18-DEC-14	ELDEN MESA TOWN HOMES ASSOC		1,852.98	31-DEC-14	1,852.98	Reconciled
354587		18-DEC-14	ENVIRONMENTAL EQUIPMENT SUPPLY, INC		139.96	22-DEC-14	139.96	Reconciled
354588		18-DEC-14	ENVIRONMENTAL EXPRESS INC		452.53	24-DEC-14	452.53	Reconciled
354589		18-DEC-14	ENVIRONMENTAL RESOURCE ASSOCIATES		389.03	29-DEC-14	389.03	Reconciled
354590		18-DEC-14	ENVIRONMENTAL SCIENCE ASSOCIATES		1,750.00	29-DEC-14	1,750.00	Reconciled
354591		18-DEC-14	ESRI		23,773.09	26-DEC-14	23,773.09	Reconciled
354592		18-DEC-14	EXECUTIVE LIGHTING & ELECTRIC		765.39	22-DEC-14	765.39	Reconciled
354593		18-DEC-14	FARRELL & ASSOCIATES		774.14	22-DEC-14	774.14	Reconciled
354594		18-DEC-14	FEDEX		295.41	24-DEC-14	295.41	Reconciled
354595		18-DEC-14	FILES, DARIN		30.76	24-DEC-14	30.76	Reconciled
354596		18-DEC-14	FIRST CHOICE SERVICES		209.44	23-DEC-14	209.44	Reconciled
354597		18-DEC-14	FISERV		14,655.10	23-DEC-14	14,655.10	Reconciled

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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354598		18-DEC-14	FISHER SCIENTIFIC COMPANY LLC		533.08	22-DEC-14	533.08	Reconciled
354599		18-DEC-14	FLEET SOLUTIONS LLC		4,341.20	22-DEC-14	4,341.20	Reconciled
354600		18-DEC-14	FONG, TIFFANY		36.39			Negotiable
354601		18-DEC-14	FULLER TRUCK ACCESSORIES		1,656.72	22-DEC-14	1,656.72	Reconciled
354602		18-DEC-14	GARCIA, LIONEL		33.94			Negotiable
354603		18-DEC-14	GLADWELL GOVERNMENTAL SERVICES, INC.		1,500.00	23-DEC-14	1,500.00	Reconciled
354604		18-DEC-14	GRAINGER		3,344.57	26-DEC-14	3,344.57	Reconciled
354605		18-DEC-14	GREGORY W. JONES		9,461.58	22-DEC-14	9,461.58	Reconciled
354606		18-DEC-14	HAAKER EQUIPMENT COMPANY		3,861.45	22-DEC-14	3,861.45	Reconciled
354607		18-DEC-14	HACH COMPANY		20,688.23	29-DEC-14	20,688.23	Reconciled
354608		18-DEC-14	HANSEN, RUSSELL C		48.23			Negotiable
354609		18-DEC-14	HARPER & ASSOCIATES ENGINEERING INC		785.00			Negotiable
354610		18-DEC-14	HARRIS, KELSEY		31.32			Negotiable
354611		18-DEC-14	HDR ENGINEERING INC		86,835.50	26-DEC-14	86,835.50	Reconciled
354612		18-DEC-14	HERMAN WEISSKER INC		466.29	22-DEC-14	466.29	Reconciled
354613		18-DEC-14	HIGHLAND, GARY		30.08			Negotiable
354614		18-DEC-14	HILL BROTHERS CHEMICAL COMPANY		18,380.35	23-DEC-14	18,380.35	Reconciled
354615		18-DEC-14	HOME DEPOT USA INC		302.71	26-DEC-14	302.71	Reconciled
354616		18-DEC-14	HOMETEAM PROPERTY MANAGEMENT		115.47			Negotiable
354617		18-DEC-14	HOYER, KRISTEN		31.53	29-DEC-14	31.53	Reconciled
354618		18-DEC-14	HUNSAKER & ASSOCIATES IRVINE		784.00			Negotiable
354619		18-DEC-14	INFOSYS LIMITED		586,185.00	29-DEC-14	586,185.00	Reconciled
354620		18-DEC-14	IRVINE PACIFIC, LP		236.68	22-DEC-14	236.68	Reconciled
354621		18-DEC-14	IRVINE PIPE & SUPPLY INC		1,737.93	22-DEC-14	1,737.93	Reconciled
354622		18-DEC-14	IRWD-PETTY CASH CUSTODIAN		1,277.15	22-DEC-14	1,277.15	Reconciled
354623		18-DEC-14	JACOBS PROJECT MANAGEMENT CO.		25,200.00	29-DEC-14	25,200.00	Reconciled
354624		18-DEC-14	JCI JONES CHEMICALS INC		13,777.72	24-DEC-14	13,777.72	Reconciled
354625		18-DEC-14	JOHN G. ALEVIZOS D.O. INC.		1,140.00	24-DEC-14	1,140.00	Reconciled

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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								

354626	18-DEC-14	KAO, YUEFEN	149.51	23-DEC-14	149.51	Reconciled
354627	18-DEC-14	KARAMARDIAN, GARY	38.24			Negotiable
354628	18-DEC-14	KASHIF, FAISAL	37.61	02-JAN-15	37.61	Reconciled
354629	18-DEC-14	KB HOMES	33.76			Negotiable
354630	18-DEC-14	KHOONGUMJORN, NIKUN	25.90	23-DEC-14	25.90	Reconciled
354631	18-DEC-14	KHOYLAR, HOSF	31.89	23-DEC-14	31.89	Reconciled
354632	18-DEC-14	KIM, SEUNG	42.19	26-DEC-14	42.19	Reconciled
354633	18-DEC-14	KING, CAROLE	45.22			Negotiable
354634	18-DEC-14	KNR BUILDERS	855.39	23-DEC-14	855.39	Reconciled
354635	18-DEC-14	KWON, DAEKYOON	31.33			Negotiable
354636	18-DEC-14	LANGLOIS, DANIELLE	25.47			Negotiable
354637	18-DEC-14	LCS TECHNOLOGIES, INC.	9,500.00			Negotiable
354638	18-DEC-14	LEWIS OPERATING CORP	1,725.00	23-DEC-14	1,725.00	Reconciled
354639	18-DEC-14	LI, LONG-SHENG	28.25			Negotiable
354640	18-DEC-14	LI, MENGQI	39.68			Negotiable
354641	18-DEC-14	LIN, ERIC	109.24	05-JAN-15	109.24	Reconciled
354642	18-DEC-14	LIU, CHIN-I	71.50	05-JAN-15	71.50	Reconciled
354643	18-DEC-14	LU'S LIGHTHOUSE, INC.	5,433.48	23-DEC-14	5,433.48	Reconciled
354644	18-DEC-14	MARK COMPANY	898.69	24-DEC-14	898.69	Reconciled
354645	18-DEC-14	MARKET-THINK, LLC	4,445.00	23-DEC-14	4,445.00	Reconciled
354646	18-DEC-14	MARVIN GARDENS LLC	2,593.70	18-DEC-14	2,593.70	Reconciled
354647	18-DEC-14	MC FADDEN-DALE INDUSTRIAL	122.72	24-DEC-14	122.72	Reconciled
354648	18-DEC-14	MC MASTER CARR SUPPLY CO	1,758.40	29-DEC-14	1,758.40	Reconciled
354649	18-DEC-14	MCR TECHNOLOGIES INC	8,242.62	23-DEC-14	8,242.62	Reconciled
354650	18-DEC-14	MNMANOUCHEHR MOHAMMADI	98.67	22-DEC-14	98.67	Reconciled
354651	18-DEC-14	MONTILLA, CHRIS	19.83	05-JAN-15	19.83	Reconciled
354652	18-DEC-14	MUNICIPAL WATER DISTRICT OF ORANGE COUNTY	346.37	22-DEC-14	346.37	Reconciled
354653	18-DEC-14	MYIM, HUNGKI	83.05	22-DEC-14	83.05	Reconciled
354654	18-DEC-14	NATIONAL READY MIXED CONCRETE CO.	1,817.28	22-DEC-14	1,817.28	Reconciled
354655	18-DEC-14	NATURES IMAGE INC	8,193.58	22-DEC-14	8,193.58	Reconciled
354656	18-DEC-14	NGUYEN, JOHN	162.25	22-DEC-14	162.25	Reconciled
354657	18-DEC-14	NINYO & MOORE	42,097.26	24-DEC-14	42,097.26	Reconciled
354658	18-DEC-14	NORIEGA, MARIANO	62.41	29-DEC-14	62.41	Reconciled
354659	18-DEC-14	NORTHWIND HOA	248.00			Negotiable
354660	18-DEC-14	O G SUPPLY	311.47	29-DEC-14	311.47	Reconciled

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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354661		18-DEC-14	O VITT, ALLISON		33.49	05-JAN-15	33.49	Reconciled
354662		18-DEC-14	OKIN, BARBARA		36.82	05-JAN-15	36.82	Reconciled
354663		18-DEC-14	OLIN CORPORATION		22,553.11	29-DEC-14	22,553.11	Reconciled
354664		18-DEC-14	OLSON HAGEL FISHBURN, LLP		305.00	22-DEC-14	305.00	Reconciled
354665		18-DEC-14	ONESOURCE DISTRIBUTORS LLC		1,126.70	22-DEC-14	1,126.70	Reconciled
354666		18-DEC-14	OPEN TEXT INC		3,001.02	29-DEC-14	3,001.02	Reconciled
354667		18-DEC-14	ORACLE AMERICA, INC.		109,188.83	30-DEC-14	109,188.83	Reconciled
354668		18-DEC-14	ORANGE COUNTY AUTO PARTS CO		406.89	22-DEC-14	406.89	Reconciled
354669		18-DEC-14	OSTROWSKI, MICHELLE		21.71	02-JAN-15	21.71	Reconciled
354670		18-DEC-14	OUTSOURCE TECHNICAL LLC		68,058.00	26-DEC-14	68,058.00	Reconciled
354671		18-DEC-14	PAC RIM ENGINEERING		4,187.50	29-DEC-14	4,187.50	Reconciled
354672		18-DEC-14	PACIFIC HYDROTECH CORPORATION		890,097.51	29-DEC-14	890,097.51	Reconciled
354673		18-DEC-14	PACIFIC HYDROTECH CORPORATION		37,990.43	24-DEC-14	37,990.43	Reconciled
354674		18-DEC-14	PACIFIC HYDROTECH CORPORATION		8,856.81	22-DEC-14	8,856.81	Reconciled
354675		18-DEC-14	PARKHOUSE TIRE INC		481.14	23-DEC-14	481.14	Reconciled
354676		18-DEC-14	PARMAR, DIVYA		39.70			Negotiable
354677		18-DEC-14	PAULUS ENGINEERING INC		26,654.86	23-DEC-14	26,654.86	Reconciled
354678		18-DEC-14	PEARPOINT		1,138.22	26-DEC-14	1,138.22	Reconciled
354679		18-DEC-14	PHAM, AILEEN		17.00	30-DEC-14	17.00	Reconciled
354680		18-DEC-14	PINNACLE TOWERS LLC		640.42	26-DEC-14	640.42	Reconciled
354681		18-DEC-14	PONTON INDUSTRIES INC		638.22	22-DEC-14	638.22	Reconciled
354682		18-DEC-14	PRAXAIR DISTRIBUTION INC		337.18	26-DEC-14	337.18	Reconciled
354683		18-DEC-14	PRINCETON TOWN		4,348.33	22-DEC-14	4,348.33	Reconciled

354684	18-DEC-14	HOME MAIN ASSN PSB INTEGRATED MARKETING	3,255.00	22-DEC-14	3,255.00	Reconciled
354685	18-DEC-14	RASKOVICH, NIKOLA	33.16	22-DEC-14	33.16	Reconciled
354686	18-DEC-14	RASMUSSEN, BARBARA	29.79			Negotiable
354687	18-DEC-14	REAL GREEN INC.	34,297.50	24-DEC-14	34,297.50	Reconciled
354688	18-DEC-14	RESPONSE ENVELOPE, INC	1,729.73	23-DEC-14	1,729.73	Reconciled

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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354689		18-DEC-14	RICHARD C SLADE & ASSOCIATES LLC		4,057.72	02-JAN-15	4,057.72	Reconciled
354690		18-DEC-14	RIECK, KURT		49.44			Negotiable
354691		18-DEC-14	RINCON TRUCK CENTER INC.		658.98	22-DEC-14	658.98	Reconciled
354692		18-DEC-14	RIZZO, MICHAEL JR A		29.09	23-DEC-14	29.09	Reconciled
354693		18-DEC-14	ROCHESTER MIDLAND CORPORATION		2,114.04	29-DEC-14	2,114.04	Reconciled
354694		18-DEC-14	ROSEDALE - RIO BRAVO WATER STORAGE DISTRICT		16,100.09	29-DEC-14	16,100.09	Reconciled
354695		18-DEC-14	RYLAND HOMES OF CALIFORNIA INC		94.12	31-DEC-14	94.12	Reconciled
354696		18-DEC-14	SADIGH, MARYAM		238.63	24-DEC-14	238.63	Reconciled
354697		18-DEC-14	SANTA ANA BLUE PRINT		1,205.79	05-JAN-15	1,205.79	Reconciled
354698		18-DEC-14	SANTA MARGARITA FORD		1,733.04	22-DEC-14	1,733.04	Reconciled
354699		18-DEC-14	SANTIAGO AQUEDUCT COMMISSION		6,450.83			Negotiable
354700		18-DEC-14	SEWARD, SCOTT B		587.86			Negotiable
354701		18-DEC-14	SGS NORTH AMERICA INC.		2,767.01	26-DEC-14	2,767.01	Reconciled
354702		18-DEC-14	SHAMROCK SUPPLY CO INC		2,978.21	22-DEC-14	2,978.21	Reconciled
354703		18-DEC-14	SHAWNICK CALIFORNIA LLC		158.65	22-DEC-14	158.65	Reconciled
354704		18-DEC-14	SICAT, JOSEPH		39.05	05-JAN-15	39.05	Reconciled
354705		18-DEC-14	SIGBAND, MICHAEL		52.79	23-DEC-14	52.79	Reconciled
354706		18-DEC-14	SOTO, JOHN		29.16			Negotiable
354707		18-DEC-14	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT		1,115.19	29-DEC-14	1,115.19	Reconciled
354708		18-DEC-14	SOUTHERN CALIFORNIA EDISON COMPANY		515,450.25	22-DEC-14	515,450.25	Reconciled
354709		18-DEC-14	SOUTHERN COUNTIES LUBRICANTS LLC		994.63	22-DEC-14	994.63	Reconciled
354710		18-DEC-14	SS MECHANICAL CORPORATION		2,232.50	23-DEC-14	2,232.50	Reconciled
354711		18-DEC-14	SS MECHANICAL CORPORATION		117.50	23-DEC-14	117.50	Reconciled
354712		18-DEC-14	STANDARD & POOR'S FINANCIAL SERVICES LLC		3,500.00	26-DEC-14	3,500.00	Reconciled

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 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 24
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354713		18-DEC-14	STANDARD REGISTER COMPANY		2,450.90	26-DEC-14	2,450.90	Reconciled
354714		18-DEC-14	STANTEC CONSULTING SERVICES INC.		155.00	26-DEC-14	155.00	Reconciled
354715		18-DEC-14	STERLING CASUALTY INSURANCE CO		84.09			Negotiable
354716		18-DEC-14	STEVENS, JULIE		17.89			Negotiable
354717		18-DEC-14	SUN, LI		26.49			Negotiable
354718		18-DEC-14	TABARES ENTERTAINMENT INC		510.40	23-DEC-14	510.40	Reconciled
354719		18-DEC-14	TAGUCHI, DEREK		17.00	24-DEC-14	17.00	Reconciled
354720		18-DEC-14	TAHERI, REZA		36.98			Negotiable
354721		18-DEC-14	TAJIK, FELORIA		182.12	23-DEC-14	182.12	Reconciled
354722		18-DEC-14	TATIREDDY, VINOD		33.01	02-JAN-15	33.01	Reconciled
354723		18-DEC-14	TETRA TECH, INC		65,324.53	26-DEC-14	65,324.53	Reconciled
354724		18-DEC-14	THE GAS COMPANY		534.80	31-DEC-14	534.80	Reconciled
354725		18-DEC-14	THE GAS COMPANY		1,329.65	30-DEC-14	1,329.65	Reconciled
354726		18-DEC-14	THE NEW HOME COMPANY		1,905.57	31-DEC-14	1,905.57	Reconciled

354727	18-DEC-14	TOOSSI, MOHAMMAD	34.98				Negotiable
354728	18-DEC-14	TRI POINT HOMES INC	119.00				Negotiable
354729	18-DEC-14	TROPICAL PLAZA NURSERY INC	32,335.26	23-DEC-14	32,335.26		Reconciled
354730	18-DEC-14	TRUCPARCO	2,171.76	31-DEC-14	2,171.76		Reconciled
354731	18-DEC-14	TRUGREEN LANDCARE LLC	29,441.57	24-DEC-14	29,441.57		Reconciled
354732	18-DEC-14	TSAI, JOHN	32.37	22-DEC-14	32.37		Reconciled
354733	18-DEC-14	UNITED PARCEL SERVICE INC	22.60	23-DEC-14	22.60		Reconciled
354734	18-DEC-14	URS CORPORATION	2,061.14	26-DEC-14	2,061.14		Reconciled
354735	18-DEC-14	US BEST REPAIRS SERVICE INC	302.63				Negotiable
354736	18-DEC-14	V-KOOL INC.	12,055.70	29-DEC-14	12,055.70		Reconciled
354737	18-DEC-14	VA CONSULTING, INC	7,480.00	22-DEC-14	7,480.00		Reconciled
354738	18-DEC-14	VALLEY CREST LANDSCAPE	1,295.98				Negotiable
354739	18-DEC-14	VALLEYCREST LANDSCAPE DEVELOPMENT, INC.	6,273.75	22-DEC-14	6,273.75		Reconciled
354740	18-DEC-14	VALLEYCREST LANDSCAPE DEVELOPMENT, INC.	119,201.29	24-DEC-14	119,201.29		Reconciled
354741	18-DEC-14	VERIZON CALIFORNIA INC	48.59	24-DEC-14	48.59		Reconciled

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 BANK: Bank of America N.A. Branch: Los Angeles Account: Checking AP and PR Page: 25
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354742		18-DEC-14	VERTECH INDUSTRIAL SYSTEMS, LLC		3,365.80	23-DEC-14	3,365.80	Reconciled
354743		18-DEC-14	W A RASIC CONSTRUCTION		706.63			Negotiable
354744		18-DEC-14	WALTERS WHOLESAL ELECTRIC		694.52	23-DEC-14	694.52	Reconciled
354745		18-DEC-14	WARE MALCOMB		2,500.00	22-DEC-14	2,500.00	Reconciled
354746		18-DEC-14	WAXIE'S ENTERPRISES, INC		2,550.51	24-DEC-14	2,550.51	Reconciled
354747		18-DEC-14	WECK LABORATORIES INC		225.00	24-DEC-14	225.00	Reconciled
354748		18-DEC-14	WEST COAST VALVE SERVICES		1,899.48	30-DEC-14	1,899.48	Reconciled
354749		18-DEC-14	WESTERN EXTERMINATOR COMPANY		16,493.00	31-DEC-14	16,493.00	Reconciled
354750		18-DEC-14	WESTERN NATIONAL CONTRACTORS		389.12			Negotiable
354751		18-DEC-14	WILDERMUTH ENVIRONMENTAL INC		5,447.50	22-DEC-14	5,447.50	Reconciled
354752		18-DEC-14	WILLIAM LYON HOMES		18.92			Negotiable
354753		18-DEC-14	WONG, MEI		36.74			Negotiable
354754		18-DEC-14	WOODBIDGE SOMERSET MAINT.		27.34	23-DEC-14	27.34	Reconciled
354755		18-DEC-14	YANG, SZUWEI		40.48			Negotiable
354756		18-DEC-14	YOSHIZAWA, KIYOHICO		19.94	02-JAN-15	19.94	Reconciled
354757		18-DEC-14	ZHANG, LANJUN		53.03			Negotiable
354758		23-DEC-14	SOUTHERN CALIFORNIA EDISON COMPANY	PO BOX 800	21,720.00			Negotiable
354759		23-DEC-14	NGUYEN, RICHARD	FOOTHILL RANCH	2,938.32			Negotiable
354760		23-DEC-14	Calderon, Alfonso		120.00	05-JAN-15	120.00	Reconciled
354761		23-DEC-14	Norman, Tammy		139.20			Negotiable
354762		23-DEC-14	ADS LLC		3,290.92	29-DEC-14	3,290.92	Reconciled
354763		23-DEC-14	AFLAC		6,761.82	30-DEC-14	6,761.82	Reconciled
354764		23-DEC-14	AT&T		49.26	30-DEC-14	49.26	Reconciled
354765		23-DEC-14	AT&T		16.74	30-DEC-14	16.74	Reconciled
354766		23-DEC-14	AVISTA TECHNOLOGIES, INC		8,774.99	29-DEC-14	8,774.99	Reconciled
354767		23-DEC-14	BATTERY SYSTEMS INC		3,619.13	26-DEC-14	3,619.13	Reconciled
354768		23-DEC-14	C WELLS PIPELINE MATERIALS INC		2,108.16	30-DEC-14	2,108.16	Reconciled

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 BANK: Bank of America N.A. Branch: Los Angeles Account: Checking AP and PR Page: 26
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354769		23-DEC-14	CALIFORNIA BARRICADE INC		8,598.75			Negotiable

354770	23-DEC-14	CENTURY PAVING, INC.	78,456.00	30-DEC-14	78,456.00	Reconciled
354771	23-DEC-14	CITY OF IRVINE	100.00	30-DEC-14	100.00	Reconciled
354772	23-DEC-14	CITY OF NEWPORT BEACH	1,283.16			Negotiable
354773	23-DEC-14	CLA-VAL COMPANY	1,043.10	05-JAN-15	1,043.10	Reconciled
354774	23-DEC-14	CLEARINGHOUSE	477.67	26-DEC-14	477.67	Reconciled
354775	23-DEC-14	COLLINS, LYNDA L	645.83			Negotiable
354776	23-DEC-14	COLONIAL LIFE & ACCIDENT INSURANCE CO.	1,473.02	29-DEC-14	1,473.02	Reconciled
354777	23-DEC-14	CONDITION MONITORING SERVICES INC	9,672.58	29-DEC-14	9,672.58	Reconciled
354778	23-DEC-14	CONYBEARE INC	3,281.42	29-DEC-14	3,281.42	Reconciled
354779	23-DEC-14	CONTROL TECHNOLOGIES	6,848.28	29-DEC-14	6,848.28	Reconciled
354780	23-DEC-14	COX COMMUNICATIONS	3,017.28	29-DEC-14	3,017.28	Reconciled
354781	23-DEC-14	CROCKER & CROCKER	8,682.65			Negotiable
354782	23-DEC-14	DALEY & HEFT LLP	2,493.04	30-DEC-14	2,493.04	Reconciled
354783	23-DEC-14	DIRECTV INC	105.98	29-DEC-14	105.98	Reconciled
354784	23-DEC-14	FARRELL & ASSOCIATES	268.55			Negotiable
354785	23-DEC-14	FARWEST CORROSION CONTROL CO	930.45	30-DEC-14	930.45	Reconciled
354786	23-DEC-14	FISERV	316.00	24-DEC-14	316.00	Reconciled
354787	23-DEC-14	FISHER SCIENTIFIC COMPANY LLC	1,037.21	26-DEC-14	1,037.21	Reconciled
354788	23-DEC-14	FRANCHISE TAX BOARD	45.00			Negotiable
354789	23-DEC-14	FRED EMMERT	750.00	24-DEC-14	750.00	Reconciled
354790	23-DEC-14	GRAINGER	1,395.55	26-DEC-14	1,395.55	Reconciled
354791	23-DEC-14	HARPER & ASSOCIATES	1,406.25			Negotiable
354792	23-DEC-14	ENGINEERING INC HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY	121.52	29-DEC-14	121.52	Reconciled
354793	23-DEC-14	HDR ENGINEERING INC	49,654.00	29-DEC-14	49,654.00	Reconciled
354794	23-DEC-14	HOME DEPOT USA INC	120.42	30-DEC-14	120.42	Reconciled
354795	23-DEC-14	INDUSTRIAL METAL SUPPLY CO	51.55	29-DEC-14	51.55	Reconciled

IRWD Ledger
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Report Date: 06-JAN-2015 10:01
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar) Page: 27
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354796		23-DEC-14	INLAND POTABLE SERVICES, INC		45,771.50	30-DEC-14	45,771.50	Reconciled
354797		23-DEC-14	ION WAVE TECHNOLOGIES, INC.		2,500.00	05-JAN-15	2,500.00	Reconciled
354798		23-DEC-14	IRVINE PIPE & SUPPLY INC		961.45	24-DEC-14	961.45	Reconciled
354799		23-DEC-14	IRWD EMPLOYEE ASSOCIATION		720.00			Negotiable
354800		23-DEC-14	JCI JONES CHEMICALS INC		4,404.40	29-DEC-14	4,404.40	Reconciled
354801		23-DEC-14	KS DIRECT LLC		3,283.20	24-DEC-14	3,283.20	Reconciled
354802		23-DEC-14	MBC APPLIED ENVIRONMENTAL SCIENCES		1,300.00	29-DEC-14	1,300.00	Reconciled
354803		23-DEC-14	MCCLEARY, ALEX		300.00			Negotiable
354804		23-DEC-14	MUNICIPAL WATER DISTRICT OF ORANGE COUNTY		30,591.21	26-DEC-14	30,591.21	Reconciled
354805		23-DEC-14	MUTUAL PROPANE		16.38	26-DEC-14	16.38	Reconciled
354806		23-DEC-14	NATIONAL READY MIXED CONCRETE CO.		723.60	26-DEC-14	723.60	Reconciled
354807		23-DEC-14	NAUTILUS ENVIRONMENTAL, INC.		1,600.00	30-DEC-14	1,600.00	Reconciled
354808		23-DEC-14	NEWPORT REAL ESTATE SERVICES		31,569.46	05-JAN-15	31,569.46	Reconciled
354809		23-DEC-14	OLIN CORPORATION		8,547.99	29-DEC-14	8,547.99	Reconciled
354810		23-DEC-14	ONESOURCE DISTRIBUTORS LLC		914.63	26-DEC-14	914.63	Reconciled
354811		23-DEC-14	ORANGE COUNTY VECTOR CONTROL DISTRICT		4,316.46	31-DEC-14	4,316.46	Reconciled
354812		23-DEC-14	PACIFIC COAST BOLT CORP		5,430.20	29-DEC-14	5,430.20	Reconciled
354813		23-DEC-14	PARKHOUSE TIRE INC		154.74	30-DEC-14	154.74	Reconciled
354814		23-DEC-14	PERS LONG TERM CARE		720.46	29-DEC-14	720.46	Reconciled
354815		23-DEC-14	PRAXAIR DISTRIBUTION INC		1,553.58	29-DEC-14	1,553.58	Reconciled
354816		23-DEC-14	PRE-PAID LEGAL SERVICES INC		1,302.24	31-DEC-14	1,302.24	Reconciled

354817 23-DEC-14 PRINCIPAL LIFE 27,370.28 30-DEC-14 27,370.28 Reconciled
 INSURANCE
 354818 23-DEC-14 PRIORITY MAILING 338.33 29-DEC-14 338.33 Reconciled
 SYSTEMS LLC
 IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 28
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354819		23-DEC-14	PTI SAND & GRAVEL INC		1,041.81	29-DEC-14	1,041.81	Reconciled
354820		23-DEC-14	R.F. MACDONALD CO.		1,859.68	29-DEC-14	1,859.68	Reconciled
354821		23-DEC-14	RAM AIR ENGINEERING INC		1,536.43	29-DEC-14	1,536.43	Reconciled
354822		23-DEC-14	RANCHO ALISAL APTS		36.94			Negotiable
354823		23-DEC-14	RBF CONSULTING		20,633.61	26-DEC-14	20,633.61	Reconciled
354824		23-DEC-14	SANTA ANA BLUE PRINT		17.88			Negotiable
354825		23-DEC-14	SEVERN TRENT WATER PURIFICATION, INC		787.85	29-DEC-14	787.85	Reconciled
354826		23-DEC-14	SOUTHERN CALIFORNIA EDISON COMPANY		132,711.76	24-DEC-14	132,711.76	Reconciled
354827		23-DEC-14	SOUTHERN CALIFORNIA SECURITY CENTER, INC.		122.00	29-DEC-14	122.00	Reconciled
354828		23-DEC-14	SPARKLETT'S		160.87	30-DEC-14	160.87	Reconciled
354829		23-DEC-14	STAR BRITE BUILDING MAINTENANCE INC		11,963.75	29-DEC-14	11,963.75	Reconciled
354830		23-DEC-14	SUNNYHILLS RESTORATION		12,052.46	30-DEC-14	12,052.46	Reconciled
354831		23-DEC-14	TELEDYNE LEEMAN LABS		5,575.00	29-DEC-14	5,575.00	Reconciled
354832		23-DEC-14	TESTAMERICA LABORATORIES, INC		192.15	29-DEC-14	192.15	Reconciled
354833		23-DEC-14	TIC-SPECTRUM OFFICE		508.26			Negotiable
354834		23-DEC-14	TOSCANA APTS/EQR		1,800.00			Negotiable
354835		23-DEC-14	UNITED WAY OF ORANGE COUNTY		595.00	29-DEC-14	595.00	Reconciled
354836		23-DEC-14	US BANK NAT'L ASSOCIATION NORTH DAKOTA		40,312.44	30-DEC-14	40,312.44	Reconciled
354837		23-DEC-14	VCS ENVIRONMENTAL		3,841.74	05-JAN-15	3,841.74	Reconciled
354838		23-DEC-14	WALTERS WHOLESALE ELECTRIC		10,033.38	29-DEC-14	10,033.38	Reconciled
354839		23-DEC-14	WATERSMART SOFTWARE, INC		7,500.00	05-JAN-15	7,500.00	Reconciled
354840		23-DEC-14	WAXIE'S ENTERPRISES, INC		550.28	30-DEC-14	550.28	Reconciled
354841		23-DEC-14	WECK LABORATORIES INC		460.00	26-DEC-14	460.00	Reconciled

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 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 29
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
354842		23-DEC-14	WINDWOOD KNOLL APTS		51.53			Negotiable
354843		23-DEC-14	WOODBRIIDGE WILLOWS APTS		202.94			Negotiable
354844		23-DEC-14	WOODBURY LANE APARTMENTS		25.07			Negotiable
354845		23-DEC-14	WOODRUFF, SPRADLIN & SMART APC		76.50			Negotiable
354846		23-DEC-14	GANOS, ROBERT		80.37	29-DEC-14	80.37	Reconciled
354847		23-DEC-14	GIBSON, RACHEL		1,028.58	24-DEC-14	1,028.58	Reconciled
354848		23-DEC-14	LEEVEY, WILLIAM		212.14	05-JAN-15	212.14	Reconciled
354849		23-DEC-14	LO, TIFFANY		88.93			Negotiable
354850		23-DEC-14	PR CONSTRUCTION		407.13	26-DEC-14	407.13	Reconciled
354851		23-DEC-14	YANG, BEVERLY		14.17	30-DEC-14	14.17	Reconciled
354852		23-DEC-14	YEH, ANGELA		10.01	02-JAN-15	10.01	Reconciled
354853		23-DEC-14	YOUNG CAPITAL LLC		68.98			Negotiable
354854		23-DEC-14	ZUCKER, RICHARD		6,848.72			Negotiable

Payment Document Subtotal: 11,258,811.31 10,959,015.87

Payment Document : IRWD Wire								
10735		08-DEC-14	CALPERS	SACRAMENTO	365,286.97			Negotiable

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
10736		08-DEC-14	BANK OF NEW YORK MELLON TRUST COMPANY NA	NEWARK	176,110.00			Negotiable
10737		08-DEC-14	SUMITOMO MITSUI BANKING CORPORATION	NEW YORK	1,671.78			Negotiable
10738		08-DEC-14	BANK OF NEW YORK MELLON TRUST COMPANY NA	NEWARK	741.78			Negotiable
10739		08-DEC-14	BANK OF NEW YORK MELLON TRUST COMPANY NA	NEWARK	2,348.55			Negotiable
10740		08-DEC-14	BANK OF NEW YORK MELLON TRUST COMPANY NA	NEWARK	1,565.70			Negotiable
10741		08-DEC-14	SUMITOMO MITSUI BANKING CORPORATION	NEW YORK	501.53			Negotiable
10742		08-DEC-14	U.S. BANK NATIONALPAY ASSOCIATION		1,960.27			Negotiable

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 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD Wire								
10743		08-DEC-14	BANK OF AMERICA	SAN FRANCISCO	1,775.35			Negotiable
10744		09-DEC-14	YORK INSURANCE SERVICES GROUP INC - CA	PAY	27,097.81			Negotiable
10745		10-DEC-14	EMPLOYEE BENEFIT SPECIALIST, INC	PAY	2,864.13			Negotiable
10746		11-DEC-14	PCL CONSTRUCTION, INC.	ACCT 6971821722	2,679,866.10			Negotiable
10747		11-DEC-14	PCL CONSTRUCTION, INC.	ESR 141511.1	297,762.90			Negotiable
10748		15-DEC-14	J.R. FILANC CONSTRUCTION COMPANY INC.	ESCONDIDO	655,000.00			Negotiable
10749		15-DEC-14	FILANC-BALFOUR BEATY JV	ACT 4427724347	2,325,510.13			Negotiable
10750		15-DEC-14	FILANC-BALFOUR BEATY JV	ESR 211084000	290,688.77			Negotiable
10751		15-DEC-14	INOUYE, CHRIS	GLENDALE	15.50			Negotiable
10752		15-DEC-14	MANAGEMENT ONE	DANA POINT	17.00			Negotiable
10753		17-DEC-14	YORK INSURANCE SERVICES GROUP INC - CA	PAY	12,247.72			Negotiable
10754		17-DEC-14	INTERNAL REVENUE SERVICE	FRESNO	167,658.58			Negotiable
10755		17-DEC-14	FRANCHISE TAX BOARD	SACRAMENTO	46,175.45			Negotiable
10756		17-DEC-14	EMPLOYMENT DEVELOPMENT DEPARTMENT	W SACRAMENTO	7,747.43			Negotiable
10757		17-DEC-14	ORDONEZ, CYNTHIA MARIE	DESERT HOT SPR	500.17			Negotiable
10758		17-DEC-14	CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES	SACRAMENTO	1,991.98			Negotiable
10759		17-DEC-14	EMPLOYEE BENEFIT SPECIALIST, INC	PAY	10,605.21			Negotiable
10760		17-DEC-14	GREAT WEST	DENVER	90,462.28			Negotiable
10761		17-DEC-14	CALPERS	SACRAMENTO	82,086.93			Negotiable
10762		17-DEC-14	MUNICIPAL WATER DISTRICT OF ORANGEVALLEY COUNTY	FOUNTAIN	1,592,405.01			Negotiable
10763		17-DEC-14	YORK INSURANCE SERVICES GROUP INC - CA	PAY	18,190.29			Negotiable

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
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 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD Wire								
10764		17-DEC-14	MERRILL LYNCH CAPITAL SERVICES, INC	CHARLOTTE	604,294.16			Negotiable
10765		18-DEC-14	CITIGROUP GLOBAL MARKETS INC.	NEW YORK	604,294.53			Negotiable
10766		18-DEC-14	CITIGROUP GLOBAL	NEW YORK	897,482.97			Negotiable

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
10767	18-DEC-14	MARKETS INC. U.S. BANK NATIONALST. LOUIS ASSOCIATION			8,082.32			Negotiable
10768	22-DEC-14	CITIGROUP GLOBAL MARKETS INC.	NEW YORK		1,104,356.24			Negotiable
10769	22-DEC-14	CALPERS	SACRAMENTO		83,811.52			Negotiable
10770	23-DEC-14	J.R. FILANC CONSTRUCTION COMPANY INC.	ESCONDIDO		243,563.55			Negotiable
10771	23-DEC-14	INTERNAL REVENUE SERVICE	FRESNO		161,368.32			Negotiable
10772	23-DEC-14	FRANCHISE TAX BOARD	SACRAMENTO		43,915.07			Negotiable
10773	23-DEC-14	EMPLOYMENT DEVELOPMENT DEPARTMENT	W SACRAMENTO		7,035.58			Negotiable
10774	23-DEC-14	ORDONEZ, CYNTHIA MARIE	DESERT HOT SPR		500.17			Negotiable
10775	23-DEC-14	CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES	SACRAMENTO		1,991.98			Negotiable
10776	23-DEC-14	EMPLOYEE BENEFIT SPECIALIST, INC	PAY		10,121.88			Negotiable
10777	23-DEC-14	GREAT WEST	DENVER		87,193.27			Negotiable
10778	23-DEC-14	CALPERS	SACRAMENTO		84,242.71			Negotiable
10779	23-DEC-14	FILANC-BALFOUR BEATTY JV	ACT 4427724347		3,759,806.12			Negotiable
10780	23-DEC-14	FILANC-BALFOUR BEATTY JV	ESR 211084000		431,874.84			Negotiable
10781	29-DEC-14	YORK INSURANCE SERVICES GROUP INC - CA	PAY		54,093.82			Negotiable
10782	31-DEC-14	EMPLOYMENT DEVELOPMENT DEPARTMENT	W SACRAMENTO		6.58			Voided
10783	31-DEC-14	EMPLOYMENT DEVELOPMENT DEPARTMENT	W SACRAMENTO		6.48			Voided

IRWD Ledger Payment Register For 01-DEC-14 To 31-DEC-14 Report Date: 06-JAN-2015 10:01
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 32
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD Wire								
10784	31-DEC-14	EMPLOYMENT DEVELOPMENT DEPARTMENT	W SACRAMENTO		6.58			Negotiable
Payment Document Subtotal:					17,048,904.01			
Bank Account Subtotal :					28,307,715.32		10,959,015.87	
Report Count : 800	Report Total:				28,307,715.32	10,959,015.87		
Total Disbursements								

*** End of Report ***

\$ 28,307,715.32 Total Disbursements
 <81,375.97> Total Voids
 28,226,339.35 Total Disbursements and Voids ✓

Exhibit "E"

IRWD Gov Code 53065.5 Disclosure Report

Payment or Reimbursements for Individual charges of \$100 or more per transaction for services or product received.

01-DEC-14 to 31-DEC-14

NAME	CHECK	CHECK DATE	TRANSACTION	ITEM DESCRIPTION	EXPENSE JUSTIFICATION
Bertsch, Jeff	354113	4-Dec-14	804.92	Lodging	Attended BrainShare Conf., Salt Lake City, UT Nov. 2-6, 2014
Bonkowski, Leslie	354521	18-Dec-14	114.19	Other(Misc)	Meeting supplies
Bonkowski, Leslie	354521	18-Dec-14	1,453.03	Other(Misc)	Annual Holiday breakfast and Holiday Luncheon
Bowman, Brandon	354512	18-Dec-14	145.00	Membership/Certification	CWEA certification renewal
Bowman, Brandon	354512	18-Dec-14	156.00	Membership/Certification	CWEA membership renewal
Broderick, Jacob	354361	11-Dec-14	107.99	Other(Misc)	Safety shoes reimbursement
Calderon, Alfonso	354760	23-Dec-14	120.00	Membership/Certification	CA State Water Resources Control Board D1 Certificate Renewal Fee
Cho, Harry	354518	18-Dec-14	249.00	Membership/Certification	AWWA Annual Dues
Clinton, Bryan	354110	4-Dec-14	105.00	Membership/Certification	CA State Water Resources Control Board D5 Certificate Renewal Fee
Compton, Christine	354111	4-Dec-14	106.79	Mileage	Attended CSDA Annual Conf., Palm Springs, CA Sept. 29-30, 2014
Fournier, Tanja	354366	11-Dec-14	199.00	Membership/Certification	Morningstar membership renewal
Hoffman, Michael	354523	18-Dec-14	167.39	Other(Misc)	Safety shoes reimbursement
Hoolihan, Mike	354117	4-Dec-14	115.00	Membership/Certification	Principal Engineer's liscense renewal
Hoolihan, Mike	354524	18-Dec-14	280.00	Membership/Certification	ASCE Membership
Martin, Didene	354360	11-Dec-14	195.75	Other(Misc)	Safety shoes reimbursement
Martin, Didene	354517	18-Dec-14	300.00	Membership/Certification	Wastewater Treatment Plant Operator Grade III Certificate Renewal Fee
Norman, Tammy	354761	23-Dec-14	137.04	Other(Misc)	Meeting supplies
Sarabia, Mark	354522	18-Dec-14	300.00	Membership/Certification	Wastewater Treatment Plant Operator Grade III renewal fee
Schulze, Richard	354364	11-Dec-14	156.00	Membership/Certification	CWEA membership renewal
Spangenberg, Carl	354514	18-Dec-14	280.00	Membership/Certification	ASCE membership Renewal
Swan, Peer	354525	18-Dec-14	255.36	Mileage	Attended ACWA Regions 6 & 7 event, Visalia, CA Oct. 17, 2014
Swan, Peer	354525	18-Dec-14	496.20	Airfare	Attended CWA Region 5 event, Livermore, CA Oct. 19, 2014
Swan, Peer	354525	18-Dec-14	145.21	Lodging	Attended ACWA Regions 8, 9, & 10 event, San Diego, CA Oct. 26-27, 2014
Swan, Peer	354525	18-Dec-14	494.20	Airfare	Attended ACWA Board meeting in Sacramento, CA Nov. 20, 2014
Swan, Peer	354525	18-Dec-14	125.50	Lodging	Attended ACWA Board meeting in Sacramento, CA Nov. 20, 2014
Torres, Richard	354118	4-Dec-14	195.75	Other(Misc)	Safety shoes reimbursement
Torres, Richard	354365	11-Dec-14	156.00	Membership/Certification	CWEA membership renewal
Withers, John	354520	18-Dec-14	212.84	Lodging	Attended ACWA Fall Conf., San Diego, CA Dec. 2-5, 2014
Withers, John	354520	18-Dec-14	212.84	Lodging	Attended ACWA Fall Conf., San Diego, CA Dec. 2-5, 2014
Withers, John	354520	18-Dec-14	106.41	Lodging	Attended ACWA Fall Conf., San Diego, CA Dec. 2-5, 2014 (early check out fee)
Total Amount:			\$7,892.41		

February 9, 2015

Prepared by: C. Compton *CC*

Submitted by: P. Weghorst *PW*

Approved by: Paul A. Cook *Paul A. Cook*

CONSENT CALENDAR

2015 STATE LEGISLATIVE UPDATE

SUMMARY:

This report provides an update on the 2015-2016 legislative session and IRWD priorities. As legislation develops, staff will provide updates and recommendations to the Water Resources Policy and Communications Committee and the Board, as appropriate.

Staff recommends that the Board:

- Adopt a position in support of the State Water Resources Control Board (SWRCB) increasing the per project cap on recycled water grants above the current \$5,000,000 limit for Proposition 1 funding;
- Adopt a position in support of the SWRCB allocating a larger percentage of Proposition 1 recycled water funds to grants instead of loans; and
- Continue to engage in discussions with the Water Reuse Association of California, decision makers at the SWRCB and key stakeholders on identifying a solution to storm-induced overflow restrictions on recycled water impoundments.

BACKGROUND:

On January 5, 2015, the Legislature reconvened to begin the first year of the 2015-2016 legislative session. On January 9 Governor Brown unveiled his proposed budget for Fiscal Year 2015-2016. With the legislative session underway, legislative deadlines are quickly approaching. The last day for bills to be submitted to the Office of Legislative Counsel is January 30, and the bill introduction deadline is February 27. A copy of the 2015 State Legislative Matrix is attached as Exhibit "A".

State Budget Update:

Governor Brown submitted his proposed budget to the Legislature on January 9, 2015, — one day before the constitutional deadline. The Governor's budget proposes \$113.3 billion in General Fund expenditures and \$164.7 billion in total expenditures. The proposed budget forecasts revenues at \$113.4 billion in Fiscal Year 2015-2016, which is \$1 billion higher than the forecast contained in the Fiscal Year 2014-2015 approved budget. The improved revenue forecast has been driven by higher capital gains estimates and higher tax receipts from wages.

While higher-than-expected revenues have helped the State's financial situation in the current fiscal year and are projected to continue aiding the State in Fiscal Year 2015-2016, the proposed budget notes that spending commitments must remain constrained given the State's fiscal outlook over the next few years.

The proposed budget cites three factors which require the State to constrain spending. First, the proposed budget cites the fact that the coming year will be the last full year of revenues from Proposition 30, the quarter-cent sales tax increase, and from the higher income tax rates assessed on wealthier Californians — both of which are set to expire in 2016. These four-year tax increases were intended to provide the State with a temporary increase in resources during the economic downturn. Second, the proposed budget notes that the State must address its long-term liabilities. These liabilities include \$66 billion in deferred maintenance and \$227 billion in long-term costs, debts and liabilities, which largely relate to retirement costs and University of California employees. These costs and liabilities will put added pressure on the State's financial resources over the next few years. Finally, the proposed budget states that,

“Already, the commitments that the State made in the past two years are straining the State's finances. Under a projection of current policies, the State would begin to spend more than it receives in annual revenues by 2018-19 (by about \$1 billion). While forecasts four years into the future are subject to greater uncertainty (and the State would have operating reserves on hand to maintain a balanced budget in that year), it is obvious that the State cannot take on new-ongoing spending commitments.” *2015-16 Governor's Budget Summary, Page 3.*

These three factors have led Governor Brown to propose a budget which is only 1.4 percent higher than the Fiscal Year 2014-2015 approved budget.

The proposed budget contains several items of interest to IRWD. Of interest to the District are the budget's proposed Climate Change policies, \$1 billion Cap-and-Trade Revenue expenditure plan, and proposal to spend \$1.7 billion to implement the Water Action Plan including \$532 million in Proposition 1 funds. Detail on each of these proposals is provided below.

Climate Change Policies and Cap-and-Trade Revenues:

California has held nine Cap-and-Trade auctions to date and has invested over \$870 million from auction proceeds in low carbon transportation, sustainable communities, energy efficiency, urban forests and high-speed rail. Despite this investment, the Administration has concluded in the proposed budget that “continued and even steeper reductions in carbon pollutants are necessary to address the ongoing threat posed by climate change.” As a result, the Administration will work to develop a greenhouse gas (GHG) emissions reduction target for 2030, and will work to develop an integrated, economy-wide plan for meeting the established 2030 target over the next year.

The economy-wide, GHG reduction plan will target:

- Decarbonizing electricity by significantly increasing the share of renewable energy;
- Improving the energy efficiency of the existing building stock;
- Reducing the use of petroleum-based transportation fuels and the number of vehicle miles traveled statewide;

- Increasing the use of cleaner fuels—low carbon electricity or low carbon gas—for water and space heating in our buildings;
- Enhancing California’s natural landscape;
- Addressing short-lived climate pollutants;
- Continuing policies that put a price on carbon; and
- Implementing climate adaptation strategies.

Additionally, Governor Brown has proposed expending \$1.002 billion in Cap-and-Trade revenues in programs that seek to address many of the targeted areas listed above. The expenditure plan proposed is as follows:

*Cap-and-Trade Expenditure Plan
 (Fiscal Year 2015-2016 Proposed Budget)*

Investment Category	Department	Program	Amount
Sustainable Communities and Clean Transportation	High-Speed Rail Authority/Caltrans/State Transit Assistance	High-Speed Rail (\$250 million)	\$400,000,000
		Integration of Rail Systems (\$100 million)	
		Low Carbon Transit Operations Program (\$50 million)	
	Strategic Growth Council	Sustainable Communities	\$200,000,000
	Air Resources Board	Low Carbon Transportation	\$200,000,000
Energy Efficiency and Clean Energy	Department of Community Services and Development	Energy Efficiency Upgrades/Weatherization in disadvantaged communities	\$ 75,000,000
	Energy Commission	Energy Efficiency for Public Buildings	\$ 20,000,000
	Department of Food and Agriculture	Agricultural Energy and Operational Efficiency	\$ 15,000,000
Natural Resources and Waste Diversion	Department of Fish and Wildlife	Water Action Plan - Wetlands and Watershed Restoration	\$ 25,000,000
	Department of Forestry and Fire Protection	Fire Prevention and Urban Forestry Projects	\$ 42,000,000
	Cal Recycled	Waste Diversion	\$ 25,000,000
TOTAL			\$1,002,000,000

SB 535 (2011) requires that at least 10 percent of the Cap-and-Trade proceeds be invested directly in disadvantaged communities and that at least 25 percent of the proceeds benefit those

communities. The proposed budget provides that 25 percent of the investments will be specifically targeted to benefit disadvantaged communities. The communities which qualify as disadvantaged have been identified by the California Environmental Protection Agency using CalEnviroScreen.

State Water Action Plan Investments and Proposition 1:

On January 28, 2014, the California Natural Resources Agency, jointly with the California Environmental Protection Agency and the Department of Food and Agriculture, released the Final California Water Action Plan. The five-year plan is aimed at moving California towards sustainable water management.

The Governor's budget again proposes additional investments in water infrastructure to continue the State's progress in implementing the Water Action Plan. The Governor has proposed an investment of \$1.7 billion in the Fiscal Year 2015-2016 budget of which \$532.5 million will come from Proposition 1. The \$532.5 million in Proposition 1 funds is the first year of a multiyear expenditure plan of water bond funds. The \$532.5 million investment is proposed to be allocated as show below:

Proposed 2015-16 Proposition 1 (Water Bond) Expenditure Plan

Bond Investment Category	Department	Program	Amount (millions)
Safe Drinking Water	State Water Resources Control Board	Wastewater Treatment Projects	\$66.3
	State Water Resources Control Board	Safe Drinking Water in Small Disadvantaged Communities	\$69.2
Watershed Protection and Restoration	State Conservancies	Water Projects	\$83.5
	Wildlife Conservation Board	Enhanced Stream Flow Projects	\$38.9
	Santa Monica and San Gabriel Conservancies	Urban Rivers and Creeks	\$19.1
	Department of Fish and Wildlife	Watershed Restoration Projects (Non-Delta and In-Delta)	\$36.5
Regional Water Reliability	Department of Water Resources	Integrated Regional Water Management Program	\$32.8
	Department of Water Resources	Water Conservation	\$23.2
	State Water Resources Control Board	Stormwater Management	\$0.6
Water Storage	Department of Water Resources	Statewide water System Operational Improvement	\$3.3

Water Recycling	Department of Water Resources	Water Recycling and Desalination	\$5.5
	State Water Resources Control Board	Water Recycling and Treatment Technology Projects	\$131.7
Groundwater Sustainability	Department of Water Resources	Groundwater Management Planning	\$21.3
	State Water Resources Control Board	Groundwater Contamination	\$0.6
TOTAL			\$532.5

The Governor’s budget also proposes expending:

- \$1.1 billion in Proposition 1E funds for flood protection activities consistent with the resource allocation recommendations of the Central Valley Flood Protection Plan and consistent with legislation expected this year;
- \$4 million for in-stream flow improvements;
- \$9.3 million to implement the Delta Science Plan, to incorporate the Bay Delta Conservation Plan into the Delta Plan and to coordinate federal approval of the Delta Plan; and
- \$115 million on a one-time basis for critical drought response.

Proposition 1 Implementation:

Staff has begun working with the District’s industry and association partners on Proposition 1 implementation strategies. Initial discussions have revolved around the implementation of the storage and recycled water programs. As part of the recycled water program, it is rumored that SWRCB staff are contemplating a higher per project cap on Proposition 1 recycled water grants than has been traditionally provided. Under Proposition 13, the cap was set at \$5,000,000. Additionally, it is rumored that SWRCB staff are contemplating recommending that a higher percentage of the Proposition 1 recycled water funds go towards grants instead of loans. Staff will provide an oral update on any new developments in these discussions and in other Proposition 1 implementation discussions. Staff will continue to update the Committee and the Board on going forward, as appropriate.

At this time, staff recommends that the Board adopt a position in support of SWRCB increasing the per project cap on recycled water grants above the current \$5,000,000 limit for Proposition 1 funding and adopt a position in support of the SWRCB allocating a larger percentage of Proposition 1 recycled water funds to grants instead of loans.

December’s Revenue Numbers:

On January 9, 2015, State Controller Betty Yee released her monthly report on the State’s finances. She announced that the State took in \$13.1 billion during the month of December.

This amount was \$1.9 billion, or 17.2 percent, above budget estimates. The surplus reflects the fact that corporate taxes came in \$483.8 million, or 38.1 percent, above estimates and sales tax receipts were \$193.4, or 9.3 percent, higher than anticipated. Total revenues for the first six months of the fiscal year were \$3 billion, or 6.7 percent, ahead of estimates.

The State ended the month with a General Fund cash deficit of \$16 billion, which was covered by internal and external borrowing. This figure is down from a year ago, when the State had a cash deficit of \$18.3 billion.

IRWD 2015 Legislative Priorities:

Sustainable Groundwater Management Act Clean-up:

After last year's enactment of the Sustainable Groundwater Management Act, authored by Senator Fran Pavley (D-Agoura Hills) and Assemblymember Roger Dickinson (D-Sacramento), there were discussions that a clean-up bill would be necessary to address ambiguities and unresolved issues in the enacted version of the Act. Senator Pavley indicated that she would introduce clean-up legislation in 2015.

As promised, Senator Pavley has introduced SB 13 as a vehicle for a Sustainable Groundwater Management Act clean-up bill. As introduced, the bill attempts to tackle two areas where clean-up is needed. Specifically, it would clarify the amount of time a local agency or groundwater sustainability agency (GSA) has to remedy deficiencies that cause a basin to be designated a probationary basin. The bill would also clarify the Department of Water Resources's authority to determine whether there is sufficient interest in establishing a groundwater sustainability plan in groundwater basins where groundwater levels are not being actively monitored. A copy of SB 13, as introduced, is attached as Exhibit "B".

As the legislative session progresses, additional clean-up items will certainly be added into Senator Pavley's bill. Already, the Semitropic Water Storage District, Sonoma County Water Agency and others have developed a list of 14 items that need to be cleaned up. The 14 items relate to mutual water companies' involvement in GSAs, presumptions surrounding GSA groundwater allocations, the role of State agencies under the Act, public-private partnerships, CEQA exemptions, AB 3030 groundwater plans, treatment of adjudicated basins, tolling of statutory deadlines, probationary basin designations, election notifications, organization of multiple groundwater plans in a basin, future groundwater adjudications and expedited adjudication processes. Association of California Water Agencies (ACWA) staff, who are working on the clean-up legislation, have summarized these clean-up items and have provided some analysis on each item. A copy of ACWA staff's analysis is attached as Exhibit "C".

IRWD's Proposed Recycled Water Storage Legislation:

As approved by the Board, the District's recycled water legislative proposal was modified to only address recycled water storage and storm-induced overflow issues. Given the amendments made to the proposal, the proposal now relates to a much more narrow recycled water issue, which has already been discussed at great length at WaterReuse. The WaterReuse Legislative and

Regulatory Committee considered IRWD's recycled water proposal on January 16. After a productive discussion on the proposal and the issues surrounding storm-induced overflow restrictions, the committee recommended that IRWD and WaterReuse work with interested stakeholders to discuss the storm-induced overflow challenges in greater detail and discuss potential solutions with decision makers at the SWRCB and key stakeholders within the environmental community. Staff will provide an oral update on any new developments surrounding these discussions.

Given the positive discussion at WaterReuse regarding finding a solution to mitigate the impact of storm-induced overflow restrictions on recycled water impoundment capacity, staff recommends that the Board authorize IRWD staff to engage in discussions with WaterReuse, decision makers at the SWRCB and key stakeholders.

Other 2015 Legislation:

Renewable Gas Standard:

The Bioenergy Association of California (BAC) recently finalized a report entitled "*Decarbonizing The Gas Sector: Why California Needs A Renewable Gas Standard*". The report describes the role of natural gas in California, the potential for renewable gas to generate power and fuels, and how a Renewable Gas Standard could cut greenhouse gas emissions, create jobs and increase energy security. The report finds that replacing just 10 percent of California's gas supply with renewable gas would reduce greenhouse gas emissions by tens of millions of metric tons per year, while cutting wildfire, air pollution and landfilling. It concludes that California needs a Renewable Gas Standard (RGS), modeled after the Renewable Portfolio Standard for electricity. The report proposes setting the RGS — the percentage of natural gas that must be derived from renewable sources — at one percent in 2020 gradually increasing to 10 percent by 2030.

The proposal of an RGS has garnered interest from the Legislature and the Administration. Staff will discuss BAC's report with the Committee, and recent developments surrounding the RGS proposal.

A copy of the report's executive summary is attached as Exhibit "D". The full report can be viewed at <http://www.bioenergyca.org/wp-content/uploads/2014/11/BAC-Report-on-Renewable-Gas-Standard.pdf>.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on February 4, 2015.

RECOMMENDATION:

THAT THE BOARD ADOPT A POSITION IN SUPPORT OF THE STATE WATER RESOURCES CONTROL BOARD (SWRCB) INCREASING THE PER PROJECT CAP ON RECYCLED WATER GRANTS ABOVE THE CURRENT \$5,000,000 LIMIT FOR PROPOSITION 1 FUNDING; ADOPT A POSITION IN SUPPORT OF THE SWRCB ALLOCATING A LARGER PERCENTAGE OF PROPOSITION 1 RECYCLED WATER FUNDS TO GRANTS INSTEAD OF LOANS; AND CONTINUE TO ENGAGE IN DISCUSSIONS WITH THE WATEREUSE ASSOCIATION OF CALIFORNIA, DECISION MAKERS AT THE SWRCB AND KEY STAKEHOLDERS ON IDENTIFYING A SOLUTION TO STORM-INDUCED OVERFLOW RESTRICTIONS ON RECYCLED WATER IMPOUNDMENTS.

LIST OF EXHIBITS:

- Exhibit "A" – 2015 IRWD Legislative Matrix
- Exhibit "B" – Copy of SB 13 (Pavley), as introduced
- Exhibit "C" – ACWA's Analysis of Sustainable Groundwater Management Act Cleanup Items
- Exhibit "D" – "*Decarbonizing The Gas Sector: Why California Needs A Renewable Gas Standard*" Executive Summary

EXHIBIT "A"
IRWD 2015 LEGISLATIVE MATRIX
Updated January 28, 2015

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
<u>AB 1</u> Brown (D)	Drought: Local Governments: Fines		Prohibits a city, county, or city and county from imposing a fine under any local maintenance ordinance or other relevant ordinance for a failure to water a lawn or having a brown lawn during a period for which the Governor has issued a proclamation of a state of emergency based on drought conditions.	01/16/2015 - To ASSEMBLY Committee on LOCAL GOVERNMENT.	
<u>AB 10</u> Gatto (D)	Political Reform Act of 1974.		Increases the thresholds at which a public official has a disqualifying financial interest in sources of income in investments in business entities and in interests in real property. Revises the dollar amounts associated with the value ranges for reporting the value of economic interests. Requires certain public officials to disclose information relating to governmental decisions for which the public official had a disqualifying financial interest.	01/16/2015 - To ASSEMBLY Committee on ELECTIONS AND REDISTRICTING.	
<u>AB 14</u> Waldron (R)	Unmanned Aircraft: Task Force		Creates the Unmanned Aircraft Task Force to formulate a comprehensive plan for state regulation of unmanned aircraft. Requires a comprehensive policy draft and suggested legislation pertaining to unmanned aircraft.	01/16/2015 - To ASSEMBLY Committees on TRANSPORTATION and PRIVACY AND CONSUMER PROTECTION.	
<u>AB 21</u> Perea (D)	Global Warming Solutions Act of 2006: Emissions Limit		Requires the State Air Resources Board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions.	01/16/2015 - To ASSEMBLY Committee on NATURAL RESOURCES.	
<u>AB 23</u> Patterson (R)	Global Warming Solutions Act of 2006: Compliance		Exempts categories of persons or entities that did not have a compliance obligation under a market-based compliance mechanism from being subject to that market-based compliance mechanism.	01/16/2015 - To ASSEMBLY Committee on NATURAL RESOURCES.	
<u>AB 33</u> Quirk (D)	Global Warming Solutions Act: Scoping Plan		Requires, for purposes of advising the update of the next scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions, the State Air Resources Board to develop specified information and to submit a	01/22/2015 - To ASSEMBLY Committee on NATURAL	

IRWD 2015 LEGISLATIVE MATRIX
Updated January 28, 2015

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
AB 37 Campos (D)	Unmanned Aircraft Systems		report to the appropriate committees of the Legislature. Prohibits the use of unmanned aircraft systems by public agencies or the contracting therefor. Exempts law enforcement agencies. Requires public notice by agencies when intending to deploy such system. Provides the time frame for destruction of images and data collected. Prohibits public dissemination of images or data. Prohibits arming such system. Relates to surveillance restrictions. Applies to private entities contracting with public agencies. Makes providing data and images subject to disclosure.	RESOURCES. 01/22/2015 - To ASSEMBLY Committees on PUBLIC SAFETY and PRIVACY AND CONSUMER PROTECTION.	
AB 56 Quirk (D)	Unmanned Aircraft Systems		Prohibits the use of unmanned aircraft systems by public agencies or the contracting therefor. Exempts law enforcement agencies. Requires public notice by agencies when intending to deploy such system. Provides the time frame for destruction of images and data collected. Prohibits public dissemination of images and data. Prohibits arming such system. Relates to surveillance restrictions. Applies to private entities contracting with public agencies. Makes providing data and images subject to disclosure.	01/22/2015 - To ASSEMBLY Committees on PUBLIC SAFETY and PRIVACY AND CONSUMER PROTECTION.	
AB 67 Gonzalez (D)	Double Pay on the Holiday Act of 2015		Enacts the Double Pay on the Holiday Act of 2015. Requires an employer to pay at least 2 times the regular rate of pay to an employee for work on a family holiday.	01/22/2015 - To ASSEMBLY Committee on LABOR AND EMPLOYMENT.	
AB 78 Mathis (R)	Groundwater Basins		Makes technical nonsubstantive changes to existing law that requires the Department of Water Resources to categorize each basin or subbasin as high-, medium-, low-, or very low priority and to establish ground water the initial priority for each basin.	01/05/2015 - INTRODUCED.	
AB 149 Chavez (R)	Urban Water Management Plans		Requires an urban water supplier to update its water management plan at least once every 5 years on or before December 31 in years ending in 6 and one. Requires the Department of Water Resources to submit its report to the Legislature, on or before December 31, in years ending in 7 and two.	01/15/2015 - INTRODUCED.	
AB 156 Perea (D)	Global Warming Solutions Act of 2006: Investment Plan		Requires the Department of Finance to include in the 3-year investment plan for moneys deposited in the Greenhouse Gas Reduction Fund an allocation to provide technical assistance to	01/20/2015 - INTRODUCED.	

IRWD 2015 LEGISLATIVE MATRIX
Updated January 28, 2015

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
			disadvantaged communities to assist them in proposing specified projects for inclusion in the investment plan.		
SB 7 Wolk (D)	Housing: Water Meters: Multi-unit Structures		Encourages the conservation of water in multifamily residential rental buildings through means within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and including appropriate safeguards for both tenants and landlords. Authorizes building standards that require the installation of water submeters in multiunit residential buildings. Defines the term submeter for the Water Measurement Law.	01/15/2015 - To SENATE Committee on TRANSPORTATION AND HOUSING.	
SB 13 Pavley (D)	Groundwater		Authorizes the State Water Resource Control Board to designate a basin as a probationary basin and to develop an interim plan. Provides a local agency or groundwater sustainability agency a specified time to remedy deficiencies. Provides that if the Department of Water Resources determines that all or part of a basin or sub-basin is not being monitored, then it would require the Department to determine whether there is sufficient interest in establishing a groundwater sustainability plan.	01/15/2015 - To SENATE Committee on NATURAL RESOURCES AND WATER.	
SB 20 Pavley (D)	Wells: Reports: Public Availability		Amends an existing law which requires a person who digs, bores, or drills a water well, cathodic protection well, or a monitoring well to file a report of completion with the Department of Water Resources. Requires the Department to make reports available to the public. Requires the Department to redact from the report specified information pertaining to the well owner.	01/15/2015 - To SENATE Committees on NATURAL RESOURCES AND WATER and ENVIRONMENTAL QUALITY.	
SB 32 Pavley (D)	Global Warning Solutions Act of 2006: Emissions Limit		Requires the State Air Resources Board to approve a specified statewide greenhouse gas emission limit.	01/15/2015 - To SENATE Committee on ENVIRONMENTAL QUALITY.	
SB 45 Mendoza (D)	Economic Development		States the intent of the Legislature to enact legislation that would authorize local government entities to use tax increment financing for the development of economic planning, infrastructure, and educational facilities.	01/15/2015 - To SENATE Committee on RULES.	

IRWD 2015 LEGISLATIVE MATRIX
Updated January 28, 2015

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
<u>SB 47</u> Hill (D)	Environmental Health: Synthetic Turf		Requires the Office of Environmental Health Hazard Assessment, in consultation with the Department of Resources Recycling and Recovery, the State Department of Public Health, and the Department of Toxic Substances Control, to prepare and provide to the Legislature and post on the office's Internet Web site a study analyzing synthetic turf, for potential adverse health impacts.	01/15/2015 - To SENATE Committee on ENVIRONMENTAL QUALITY.	
<u>SB 113</u> Galgiani (D)	Disaster Preparedness and Flood Prevention Bond Act		Specifies that the Disaster Preparedness and Flood Prevention Bond Act of 2006 funds provided by the act are only available for appropriation until a specified date and at that time the amount of indebtedness authorized by the act is reduced by the amount of funds that have not been appropriated. Removes the restriction that the funds are available for appropriation only until that specified date.	01/13/2015 - INTRODUCED.	
<u>SB 119</u> Hill (D)	Protection of Subsurface Installations		Requires the Contractors' State License Board to adopt a program to enforce violations of provisions relating to excavation. Authorizes the Board to require a contractor to undergo training, levy a fine, and suspend a contractor's license for a violation. Defines and redefines terms relating to a regional notification center. Requires certain actions prior to a planned excavation. Exempts an excavator from damages due to an inaccurate field mark. Exempts a land owner who only uses certain tools.	01/14/2015 - INTRODUCED.	
<u>SB 122</u> Jackson (D)	California Environmental Quality Act: Records		Requires the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, environmental impact report, or other environmental document for projects.	01/15/2015 - INTRODUCED.	
<u>SB 127</u> Vidak (R)	Water Quality, Supply, and Infrastructure Improvement		Relates to the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Requires the public agency, in certifying the environmental impact report and in granting approvals for projects funded, in whole or in part, by Proposition 1, including the concurrent preparation of the record of proceedings and the certification of the record of proceeding within 5 days of the filing of a specified notice, to comply with specified procedures.	01/20/2015 - INTRODUCED.	
<u>SB 142</u>	Civil law: Unmanned Aerial		Extends liability for wrongful occupation of real property and	01/26/2015 -	

IRWD 2015 LEGISLATIVE MATRIX
Updated January 28, 2015

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
Jackson (D)	Vehicles		damages to a person who without permission operates an unmanned aerial vehicle below the navigable airspace overlaying the real property.	INTRODUCED.	
<u>SJR 1</u> Beall (D)	Social Security: Retirement Benefits: Public Employees		Requests the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and the Windfall Elimination Provisions from the Social Security Act.	01/15/2015 - Re-referred to SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT.	

EXHIBIT "B"

SENATE BILL

No. 13

Introduced by Senator Pavley

December 1, 2014

An act to amend Sections 10735.4, 10735.6, and 10933 of the Water Code, relating to groundwater.

LEGISLATIVE COUNSEL'S DIGEST

SB 13, as introduced, Pavley. Groundwater.

Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. The act authorizes the State Water Resources Control Board to designate a basin as a probationary basin if the state board makes a certain determination and to develop an interim plan for the probationary basin. The act requires a local agency or groundwater sustainability agency to have 90 or 180 days, as prescribed, to remedy the deficiency if the board designates the basin as a probationary basin.

This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin.

Existing law establishes a groundwater monitoring program pursuant to which specified entities, including a groundwater sustainability agency, may propose to be designated by the department as groundwater monitoring entities, as defined, for the purposes of monitoring and reporting with regard to groundwater elevations in all or part of a groundwater basin or subbasin. Existing law requires the department to identify the extent of monitoring of groundwater elevations that is being undertaken in groundwater basins and subbasins, and if the department determines that all or part of a basin or subbasin is not being monitored, to determine whether there is sufficient interest in establishing a groundwater management plan, an integrated regional water management plan, or a groundwater monitoring association.

This bill, if the department determines that all or part of a basin or subbasin is not being monitored, would require the department to determine whether there is sufficient interest in establishing a groundwater sustainability plan.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10735.4 of the Water Code is amended
- 2 to read:
- 3 10735.4. (a) If the board designates a basin as a probationary
- 4 basin pursuant to paragraph ~~(1)~~ or ~~(2)~~ (1), (2), or (4) of subdivision
- 5 (a) of Section 10735.2, a local agency or groundwater sustainability
- 6 agency shall have 180 days to remedy the deficiency. The board
- 7 may appoint a mediator or other facilitator, after consultation with
- 8 affected local agencies, to assist in resolving disputes, and
- 9 identifying and implementing actions that will remedy the
- 10 deficiency.
- 11 (b) After the 180-day period provided by subdivision (a), the
- 12 board may provide additional time to remedy the deficiency if it
- 13 finds that a local agency is making substantial progress toward
- 14 remedying the deficiency.
- 15 (c) The board may develop an interim plan pursuant to Section
- 16 10735.8 for the probationary basin at the end of the period provided
- 17 by subdivision (a) or any extension provided pursuant to
- 18 subdivision (b), if the board, in consultation with the department,

1 determines that a local agency has not remedied the deficiency
2 that resulted in designating the basin as a probationary basin.

3 SEC. 2. Section 10735.6 of the Water Code is amended to read:

4 10735.6. (a) If the board designates a basin as a probationary
5 basin pursuant to paragraph (3) *or* (5) of subdivision (a) of Section
6 10735.2, the board shall identify the specific deficiencies and
7 identify potential actions to address the deficiencies. The board
8 may request the department to provide local agencies, within 90
9 days of the designation of a probationary basin, with technical
10 recommendations to remedy the deficiencies.

11 (b) The board may develop an interim plan pursuant to Section
12 10735.8 for the probationary basin one year after the designation
13 of the basin pursuant to paragraph (3) *or* (5) of subdivision (a) of
14 Section 10735.2, if the board, in consultation with the department,
15 determines that a local agency has not remedied the deficiency
16 that resulted in designating the basin a probationary basin.

17 SEC. 3. Section 10933 of the Water Code is amended to read:

18 10933. (a) The department shall commence to identify the
19 extent of monitoring of groundwater elevations that is being
20 undertaken within each basin and subbasin.

21 (b) The department shall prioritize groundwater basins and
22 subbasins for the purpose of implementing this section. In
23 prioritizing the basins and subbasins, the department shall, to the
24 extent data are available, consider all of the following:

- 25 (1) The population overlying the basin or subbasin.
- 26 (2) The rate of current and projected growth of the population
27 overlying the basin or subbasin.
- 28 (3) The number of public supply wells that draw from the basin
29 or subbasin.
- 30 (4) The total number of wells that draw from the basin or
31 subbasin.
- 32 (5) The irrigated acreage overlying the basin or subbasin.
- 33 (6) The degree to which persons overlying the basin or subbasin
34 rely on groundwater as their primary source of water.
- 35 (7) Any documented impacts on the groundwater within the
36 basin or subbasin, including overdraft, subsidence, saline intrusion,
37 and other water quality degradation.
- 38 (8) Any other information determined to be relevant by the
39 department, including adverse impacts on local habitat and local
40 streamflows.

- 1 (c) If the department determines that all or part of a basin or
2 subbasin is not being monitored pursuant to this part, the
3 department shall do all of the following:
- 4 (1) Attempt to contact all well owners within the area not being
5 monitored.
- 6 (2) Determine if there is an interest in establishing any of the
7 following:
- 8 (A) *A groundwater sustainability plan pursuant to Part 2.74*
9 *(commencing with Section 10720).*
- 10 ~~(A)~~
- 11 (B) *A groundwater management plan pursuant to Part 2.75*
12 *(commencing with Section 10750).*
- 13 ~~(B)~~
- 14 (C) *An integrated regional water management plan pursuant to*
15 *Part 2.2 (commencing with Section 10530) that includes a*
16 *groundwater management component that complies with the*
17 *requirements of Section 10753.7.*
- 18 ~~(C)~~
- 19 (D) *A voluntary groundwater monitoring association pursuant*
20 *to Section 10935.*
- 21 (d) If the department determines that there is sufficient interest
22 in establishing a plan or association described in paragraph (2) of
23 subdivision (c), or if the county agrees to perform the groundwater
24 monitoring functions in accordance with this part, the department
25 shall work cooperatively with the interested parties to comply with
26 the requirements of this part within two years.
- 27 (e) If the department determines, with regard to a basin or
28 subbasin, that there is insufficient interest in establishing a plan
29 or association described in paragraph (2) of subdivision (c), and
30 if the county decides not to perform the groundwater monitoring
31 and reporting functions of this part, the department shall do all of
32 the following:
- 33 (1) Identify any existing monitoring wells that overlie the basin
34 or subbasin that are owned or operated by the department or any
35 other state or federal agency.
- 36 (2) Determine whether the monitoring wells identified pursuant
37 to paragraph (1) provide sufficient information to demonstrate
38 seasonal and long-term trends in groundwater elevations.
- 39 (3) If the department determines that the monitoring wells
40 identified pursuant to paragraph (1) provide sufficient information

1 to demonstrate seasonal and long-term trends in groundwater
2 elevations, the department shall not perform groundwater
3 monitoring functions pursuant to Section 10933.5.

4 (4) If the department determines that the monitoring wells
5 identified pursuant to paragraph (1) provide insufficient
6 information to demonstrate seasonal and long-term trends in
7 groundwater elevations, the department shall perform groundwater
8 monitoring functions pursuant to Section 10933.5.

EXHIBIT "C"

**ACWA State Legislative Committee
Legislative Proposal
January 16, 2015**

**Sustainable Groundwater Management Act Cleanup
Submitted by: Semitropic Water Storage District, Sonoma County Water
Agency and supported by others
Advocate: Whitnie Wiley
Analyst: Jessica Brandt**

I. BACKGROUND:

On September 16, 2014, Governor Brown signed into law the Sustainable Groundwater Management Act (SGMA or Act). SGMA is comprised of three bills, AB 1739 (Dickinson) and SB 1168 and SB 1319 both authored by Senator Pavley.

The Association of California Water Agencies was instrumental in the development of the language and passage of the Act. ACWA staff was directed to negotiate and lobby for language in the bills that stayed true to the principles outlined in the Board adopted "Recommendations for Achieving Groundwater Sustainability."

II. DISCUSSION:

As happens frequently with legislation, and in particular major legislation with lots of moving parts, there are often areas that don't get addressed or language that despite best efforts to draft carefully results in ambiguities. Several ACWA Members have identified the following areas as appropriate for cleanup and have provided proposed language where indicated.

1) Definitions—The definition of "groundwater recharge" is not inclusive enough.

Amend Section 10721(i) as follows:

Groundwater recharge means the augmentation of groundwater, by natural or artificial means, and may include in lieu recharge through delivery of surface water to parties that would otherwise extract groundwater, leaving groundwater in the basin.

2) Mutual Water Companies—For decades mutual water companies have been permitted to be included in joint powers authorities (JPA), but language in the Act could raise an ambiguity of whether a JPA creating a Groundwater Sustainability Agency (GSA) could include a mutual water company. Including mutual water companies is critical in many parts of the state where they are major urban and agricultural purveyors.

Amend Section 10723.6 as follows:

(a) A combination of local agencies, mutual water companies, or both, may form a groundwater sustainability agency using any of the following methods: (1) A joint powers agreement, which may include mutual water companies as authorized by Government Code section 6525.

(2) ***

(b) ***

(c) Notwithstanding any other provision of law, a groundwater sustainability agency that is formed under a joint powers agreement may exercise all the powers granted by Chapter 5 of this Part.

3) Groundwater Allocations—A key management tool of a GSA in an overdrafted basin is to impose extraction allocations, which “shall not be construed to be a final determination of rights to extract groundwater” [Sec. 10726.2(a)(2)]. In order to ensure such allocations do not compromise any parties’ rights, any potential claims or defenses need to be extended to include the period such an allocation plan is in place, whereas Section 10720.5(a) only provides for tolling until a Groundwater Sustainability Plan (GSP) is adopted.

Amend Section 10720.5(a) as follows:

Groundwater management pursuant to this part shall be consistent with Section 2 of Article X of the California Constitution. Nothing in this part modifies rights or priorities to use or store groundwater consistent with Section 2 of Article X of the California Constitution, except that in basins designated medium- or high-priority basins by the department, no extraction of groundwater between January 1, 2015, and the date of adoption of a groundwater sustainability plan pursuant to this part, or any action to control groundwater extractions pursuant to Section 10726.4(a)(2) whichever is sooner, may be used as evidence of, or to establish or defend against, any claim to use groundwater. ~~of prescription~~

4) Role of State Agencies—State agencies must comply with an “interim” plan adopted by the State Board, unless otherwise directed by statute, however they are not required to comply with a GSP (except to pay extractions fees) [Sec. 10726.2(d) and (e) and 10735.8(f)]. The standard should be the same, particularly since state agencies are significant extractors of groundwater in certain areas.

5) Public-Private “Partnerships”—To be effective, GSAs need broad powers to implement GSPs, including the power to pursue innovative public/private partnerships with non-governmental organizations, landowners, and others, and such authority should be added.

Add Section 10726.10 as follows:

In addition to any other authorities granted to a groundwater sustainability agency by this part or other provisions of law, groundwater sustainability agencies may enter into agreements and funding or other arrangements with private parties that assist in or facilitate the implementation

of groundwater sustainability plans or any elements thereof. This section is to be interpreted broadly to authorize all such agreements and arrangements.

6) CEQA Exemption—The CEQA exemption does not appear to apply to formation of GSA, which should be expressly provided for so that the GSP planning process can proceed without delay.

Amend Section 10728.6 as follows:

Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the preparation and adoption of plan or the formation of or election to become a groundwater sustainability agency pursuant to this chapter. Nothing in this part shall be interpreted as exempting from Division 13 (commencing with Section 21000) of the Public Resources Code a project that would implement actions taken pursuant to a plan adopted pursuant to this chapter.

7) Transition Groundwater Charges under 3030 Plans— Local agencies need to be able to transition from a 3030 plan to a GSP under the new legislation. They need the following before they can require groundwater extraction fees: (i) a provision for collection of pumping data, (ii) access to other provisions of the applicable Chapter, and (iii) recognition that most, if not all, 3030 plans do not presently cover an “entire basin.” Authorizing the imposition of groundwater extraction fees under a 3030 plan until a GSP is adopted needs to be revised as follows to avoid any ambiguity.

Amend Section 10730.2(b) as follows:

Until a groundwater sustainability plan is adopted pursuant to this part, a local agency may impose fees in accordance with the procedures provided in this Chapter and collect groundwater pumping information as provided by Sections 10725.6 and 10725.8 ~~section~~ for purposes of Part 2.75 (commencing with Section 10750) as long as a groundwater management plan originally adopted before January 1, 2015, is in effect ~~for the basin.~~

8) Adjudicated Basins—Section 10720.8 is clear that certain identified adjudicated basins are not subject to the Act, however Section 10733.6 addresses an alternative process to comply with the Act, which creates an ambiguity.

Amend Section 10733.6 as follows:

(a) Subject to Section 10720.8, if a local agency believes that an alternative described in subdivision (b) satisfies the objectives of this part, the local agency may submit the alternative to the department for evaluation and assessment of whether the alternative satisfies the objectives of this part for the basin.

(b) ***

9) Tolling Where Litigation Prevents Performance—Section 10735.2(d) is a good start but should also “toll” the time period to complete tasks required under the Act to include litigation challenging designation of a GSA, adoption of a GSP, CEQA compliance and funding (such as 218 litigation).

Delete current Section 10735.2(d) and replace with the following:

If a groundwater sustainability agency for a basin, or an agency proposing to be a groundwater sustainability agency for a basin, provides credible evidence to the board that the agency was unable to meet any deadline or other requirement established by this part due to litigation brought by another party, the board shall not designate the basin as a probationary basin for a period of time equal to the delay caused by the litigation plus a reasonable additional period of time to allow the agency to comply with this part.

10) “Good Actors” Not Being Probationary—The language added at Section 10735.2(e) by SB 1319, which is very helpful, needs to be clarified because it is not clear what standard applies and there are numerous conflicting provisions in the Act. Additionally, numerous potentially conflicting references need to be cross referenced or otherwise addressed, for example, Section 10733.4 providing GSPs must be submitted for the “entire basin.”

Amend Section 10735.2 (e) as follows:

Notwithstanding any other provision of this part, the board shall exclude from probationary status any portion of a basin for which a groundwater sustainability agency demonstrates compliance with the sustainability ~~has adopted and is pursuing implementation of its groundwater sustainability plan.~~

11) Election Notification—10723(d) states that an agency (or agencies) “that elects to be the groundwater sustainability agency” must file a “notice of intent” with DWR. Simultaneously, 10723.8(a) states, “Within 30 days of electing to be or forming a groundwater sustainability agency, the groundwater sustainability agency shall inform the department of its election or formation and its intent to undertake sustainable groundwater management.” This notice then triggers a 90-day period after which the agency providing the notice is “presumed” to be the exclusive GSA if no other notices were filed.

It seems that these sections require two separate notices: a notice of intent and a “notice of election or formation.” This is reinforced by Section 10733.3 (what DWR has to do when it receives notice), which refers to “all notices it receives pursuant to Section 10723 or 10723.8” ... clearly indicating two separate notices. The confusion is that both 10723(d) and 10723.8(a) refer to a notice that is given once the local agency “elects” to be the GSA; and, of course, election can only occur after public notice and hearing.

12) Multiple Plans in a Basin--Section 10727.6 addresses how agencies with coordinated plans in the same basin will interact. This section could be interpreted to require that agencies with existing effective plans conduct expensive technical work such as sustainable yield studies, even where not necessary to effectively manage their basins. Such studies can be extremely controversial because they generally have to quantify contributions to a basin from various water sources, which may trigger water-right disputes about those sources. Currently cooperating agencies should not be forced into expensive, controversial work that may not even be necessary for good management.

Amended 10727.6 as follows:

Groundwater sustainability agencies intending to develop and implement multiple groundwater sustainability plans pursuant to paragraph (3) of subdivision (b) of Section 10727 shall ~~coordinate~~ describe, in their coordination agreement, with other agencies preparing a groundwater sustainability plan within the basin to ensure that how the plans will utilize the same consistent data and methodologies for the following assumptions in developing the plans, if necessary for those plans:

(a) ***

At a minimum, this language needs work. The “if necessary for those plans” clause at the end is ambiguous. It could be read to allow an “out” for some of the required data/assumptions altogether. That would be going back on what ACWA agreed to last year. Staff believes it would be rejected as drafted. As to the rest of the language, there needs to be more discussion about the intent and language – the concept may be workable.

13) Future Groundwater Adjudications --Water Code section 10733.6(b) provides for “management pursuant to an adjudication action” as a basis for a local agency to seek DWR approval of a GSP “alternative.” This provides that a local agency may submit the alternative (adjudication judgment) to the department for evaluation and assessment of whether the adjudication judgment satisfies the objectives of this part. This process is fundamentally inappropriate and arguably a violation of the separation of powers doctrine.

In adjudicated groundwater basins, the court has exclusive authority over basin management, and the court is bound to the requirements Section 2 of Article X of the California Constitution to ensure optimal basin management. If there is an allegation of basin plan inadequacy, the appropriate recourse is by motion to the court subject to the court’s continuing jurisdiction. As drafted, section 10733.6 would require DWR to assess the sufficiency of the judgment. Presumptively, if DWR determined that the judgment was insufficient, that could result in the SWRCB designating the basin as a “probationary basin.” This would be an absurd result in which basin stakeholders could face competing directives from the court and DWR/SWRCB, and most importantly would discourage cooperative resolution of adjudications because there

would be the possibility DWR or the SWRCB would declare the parties' negotiated and court approved settlement/management plan to be inadequate.

Amend Section 10720.8 as follows:

—insert a new subdivision (e) and re-letter (e) to (f) and (f) to (g):

(e) Any future adjudicated basin other than provided in subdivisions (b), (c) or (d) shall be treated as an adjudicated basin pursuant to this section if the superior court issues a final judgment, order, or decree.

Amend Section 10733.6 as follows:

—in subdivision (b), delete paragraph (2) [which provides “(2) Management pursuant to an adjudication action.”] and re-number (3) to (2).

This issue should be separated from the above list and be addressed as part of the expedited adjudication discussions. See below.

14) Expedited Adjudication Process—There has been much discussion of the need to streamline and make the process for judicial groundwater adjudications more efficient, which undoubtedly will be needed to a greater extent with implementation of the Act.

Both Governor Brown in his signing message and Senator Pavley in a committee hearing committed to addressing the need to streamline the adjudication process this legislative session. This effort has been taken on by the California Farm Bureau Federation with active participation by ACWA staff and the attorney's group. Much of the proposal that the Farm Bureau is working is the result of the work of the ACWA attorneys and both groups have committed to working together to develop the language for introduction in the next couple of weeks.

ACWA should advocate for the inclusion of the first 11 amendments into Senator Pavley's SB 13 or other cleanup legislation introduced this session. The committee can discuss whether the 12th concept should also be included on a list of amendments ACWA should advocate.

III. RECOMMENDATION: Support, amending above provisions 1-11 into existing or future cleanup bills; deferring action on provision 12 pending further development by proponents; and referring 13 and 14 to the Farm Bureau and attorneys group for reconciliation.

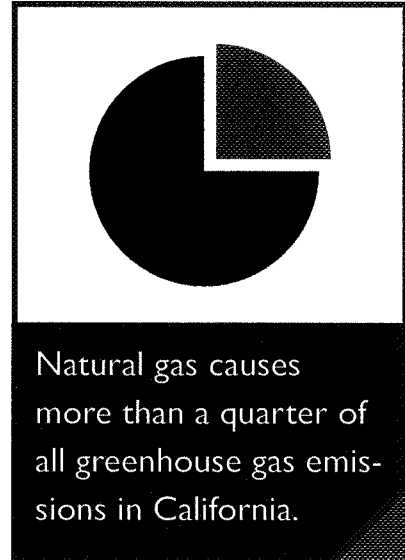
Executive Summary

California uses more than 2 trillion cubic feet of natural gas per year and that amount is going up.¹ Natural gas provides more than half of the state's electricity, heating and cooling, and a growing share of transportation fuels. Although cleaner and cheaper than other fossil fuels, natural gas is a major source of greenhouse gas emissions, air and water pollution. In addition, California imports 91 percent of its gas, making the state vulnerable to supply and price fluctuations and costing more than \$9 billion per year in lost revenues and jobs.²

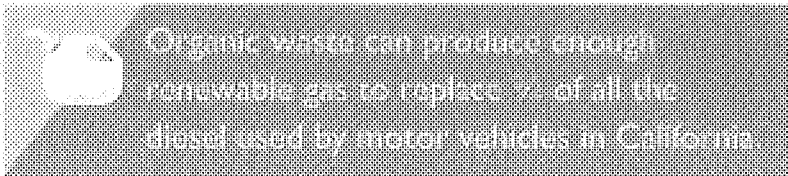
Renewable gas provides a cleaner, safer and more sustainable alternative to fossil fuel gas. Made from organic waste, renewable gas can replace fossil fuel gas and provide many other benefits. Most importantly, renewable gas can:

- Cut greenhouse gas emissions by millions of tons per year;
- Produce renewable electricity that is available 24/7;
- Provide the lowest carbon transportation fuels;³
- Cut fossil fuel use, air and water pollution;
- Reduce landfilling by millions of tons per year;
- Reduce catastrophic wildfire;
- Protect ratepayers by diversifying California's gas supply; and
- Produce two to six times as many jobs as fossil fuel power.

California could produce almost 300 billion cubic feet of renewable gas per year just from organic waste --the waste from food and food processing, livestock, agriculture, yard waste, construction debris and other wood waste, soiled paper and forest biomass. Instead of landfilling or burning that waste, California could use it to generate enough renewable electricity to power 2 to 3 million homes or to generate 2.5 billion gallons of clean, ultra-low carbon



transportation fuels.



California has adopted several policies to promote biogas, but their implementation has

1 California Energy Commission (CEC), 2014, Overview of Natural Gas in California. *CEC Energy Almanac*. <http://energyalmanac.ca.gov/naturalgas/overview.html>.

2 Based on \$4 per MMBtu x 2,405,520,000 MMBtu (2,313 billion scf of natural gas).

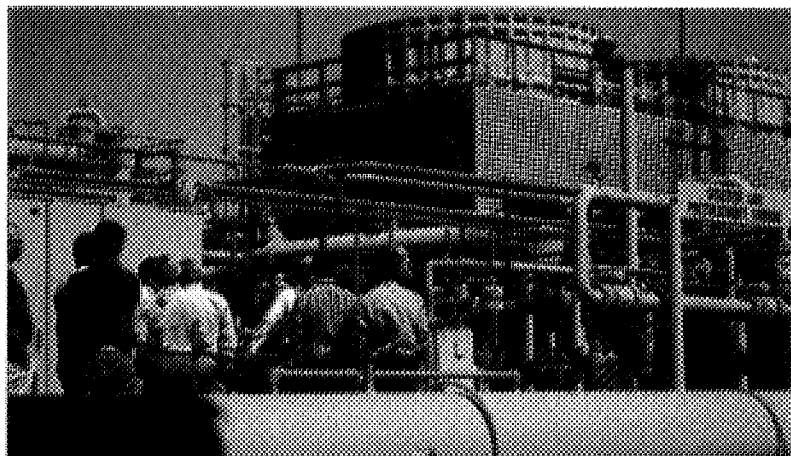
3 California Air Resources Board, 2014 Look-Up Table, available at: <http://www.arb.ca.gov/fuels/lcfs/2a2b/2a-2b-apps.htm>.

Biogas generates 2 to 6 times as many jobs per megawatt as fossil fuel gas.

been slow and they do not provide the long-term certainty needed for biogas to compete with the historically low cost of natural gas. In order to capture the many benefits of biogas, California needs a statewide policy to expand the biogas market enough to drive down costs and become self-sustaining.

California needs a Renewable Gas Standard (RGS). An RGS would require a small but increasing percentage of the state's gas to be renewable. Modeled after the state's Renewable Portfolio Standard, which has doubled renewable electricity in just over a decade, the RGS would require an increasing percentage of renewable gas, beginning with just 1 percent in 2020 and gradually increasing to 10 percent in 2030. This modest but steady increase in the renewable gas market will provide enormous benefits to public health and safety, the environment and the economy.

It is time for California to diversify and decarbonize its gas supply. It is time for a Renewable Gas Standard.



Los Angeles County Sanitation Districts produce 88 MW of renewable electricity from wastewater and landfill biogas, saving \$19 million in electricity costs and cutting GHG emissions by about 325,600 metric tons per year.

February 9, 2015
Prepared by: H. Cho/M. Cortez
Submitted by: K. Burton ^(K.B.)
Approved by: Paul Cook *PC*

CONSENT CALENDAR

2014 SEWER REHABILITATION FINAL ACCEPTANCE

SUMMARY:

The 2014 Sewer Rehabilitation Project is complete. The contractor, Sancon Engineering, completed the required work and all punch list items. The project has received final inspection and acceptance of construction is recommended.

BACKGROUND:

The 2014 Sewer Rehabilitation Project installed Cured-In-Place-Pipe in 14 sewer reaches in Irvine, Lake Forest, and Newport Beach. The design was completed in June 2014. Sancon Engineering was awarded the construction contract on August 11, 2014 and completed construction in December 2014.

Project Title:	2014 Sewer Rehabilitation Project
Project No.:	21166 (5098)
Design Engineer:	Kleinfelder
Construction Management by:	IRWD Staff
Contractor:	Sancon Engineering
Original Contract Cost:	\$143,661.25
Final Contract Cost:	\$133,605.25
Original Contract Days:	120
Final Contract Days:	120
Final Change Order Approved On:	January 14, 2015

FISCAL IMPACTS:

Project 21166 (5098) is included in the FY 2014-15 Capital Budget. The existing budget is sufficient to fund the final payment for the project.

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15301(B), which provides exemption for minor alterations of existing public or private structures, facilities, used

to provide electric power, natural gas, sewerage or other public utility services. A Notice of Exemption for the project was filed with the County of Orange on June 3, 2014.

COMMITTEE:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD ACCEPT CONSTRUCTION OF THE 2014 SEWER REHABILITATION, PROJECT 21166 (5098); AUTHORIZE THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION; AND AUTHORIZE THE PAYMENT OF THE RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION.

LIST OF EXHIBITS:

None.

February 9, 2015
Prepared by: K. Ryan/J. Moeder/R. Mori
Submitted by: K. Burton *KRB*
Approved by: Paul Cook *Paul Cook*

CONSENT CALENDAR

WELL 115 REPLACEMENT WELL DRILLING AND EQUIPPING
FINAL ACCEPTANCE

SUMMARY:

Construction of the Well 115 Replacement Well Drilling and Equipping Project is complete. The Contractor, SS Mechanical, has completed the required work and all punch list items. The project has received final inspection and acceptance of construction is recommended.

BACKGROUND:

SS Mechanical destroyed the old Well 115, drilled the new replacement well, equipped the stainless steel well with a 1,000 gallon per minute pump, installed a new motor control center and programmable logic controller, and constructed the associated discharge piping and instrumentation. SS Mechanical was awarded the construction contract on May 15, 2013 and completed construction in October 2014. The contract change order total for the project is \$111,593.41.

Project Title:	Well 115 Replacement Well Drilling and Equipping
Project No.:	11627 (3717)
Design Engineer:	Tetra Tech
Construction Management by:	IRWD Staff
Contractor:	SS Mechanical
Original Contract Cost:	\$3,091,494.90
Final Contract Cost:	\$3,264,095.31
Original Contract Days:	410
Final Contract Days:	486
Total Budget:	\$4,178,200
Total Project Cost (Est.):	\$3,987,000

FISCAL IMPACTS:

Project 11627 (3717) is included in the FY 2014-15 Capital Budget. The existing budget is sufficient to complete the project. To date, the State Water Resources Control Board has provided matching funds in the amount of \$1,500,431.12 as part of the Proposition 50 funding. As the final project invoices become available, staff will continue to seek reimbursement for up to 50 percent of the project total cost, which is approximately a total amount of \$1,993,000.

ENVIRONMENTAL COMPLIANCE:

This project is subject to the California Environmental Quality Act (CEQA). In conformance with the California Code of Regulations Title 14, Chapter 3, Section 15004, a Notice of Exemption was filed at the County Recorder's Office on August 29, 2012.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO ACCEPT CONSTRUCTION OF WELL 115 REPLACEMENT WELL DRILLING AND EQUIPPING, PROJECT 11627 (3717); AUTHORIZE THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION; AND AUTHORIZE THE RELEASE OF RETENTION 35 DAYS AFTER FILING OF THE NOTICE OF COMPLETION.

LIST OF EXHIBITS:

None.

February 9, 2015

Prepared by: H. Cho/M. Cortez

Submitted by: K. Burton *KLB*

Approved by: Paul Cook *Paul Cook*

CONSENT CALENDAR

SYPHON RESERVOIR SLIDE GATE REPLACEMENT BUDGET ADDITION

SUMMARY:

The Syphon Reservoir Slide Gate Replacement project will replace the inoperable slide gate and valve stem located on the reservoir's outlet pipeline. Staff recommends that the Board authorize the addition of the Syphon Reservoir Slide Gate Replacement project in the amount of \$99,000 to the Fiscal Year 2014-15 Capital Budget.

BACKGROUND:

Syphon Reservoir was purchased from the Irvine Company in 2010 to provide additional recycled water storage. The recently completed Syphon Reservoir Interim Facilities project constructed filtration and disinfection facilities and pipeline improvements to connect Syphon Reservoir to the Zone A recycled water system. A site plan is provided as Exhibit "A". Flow out of the reservoir is controlled by a slide gate at the entrance of the outlet pipeline in the reservoir at the bottom of the dam. Due to the expectation of accumulated silt at the reservoir bottom and outlet pipeline, staff controlled outflow from the reservoir during testing of the new interim facilities by slowly opening the outlet pipeline's slide gate. Outflow peaked at 3 cfs then rapidly decreased to 0.5 cfs, and then essentially came to a stop. Staff's repeated attempts to open or close the slide gate were unsuccessful. Staff deduced that the valve stem had sheared and the slide gate moved down into the closed position.

Staff retained divers from Inland Potable Service to investigate the slide gate and valve stem and it was confirmed that the valve stem was not operating beneath the water surface and that the slide gate was in the closed position. The divers also determined that the slide gate stem and the majority of the outlet structure were covered by approximately three feet of accumulated silt. Due to the silt accumulation and zero visibility the divers were unable to repair the break in the gate stem, but they were able to partially open the slide gate. The divers measured the existing slide gate and structure for use in future designs. Staff notified the Division of Safety of Dams (DSOD) of the broken valve stem and that repairs would be started quickly to restore valve operation. DSOD considered this repair as a minor maintenance item and asked to inspect the operation of the new valve prior to filling the reservoir.

This project will remove some accumulated silt around the outlet, replace the valve stem and slide gate, and assess the need for other improvements, such as the installation of a snorkel to raise the entrance of the outlet pipeline above the silt. To perform the work, the reservoir must be fully drained for access to the facilities. Staff is currently draining the reservoir as recycled water demands allow and the reservoir outlet should be exposed in April 2015. Staff will retain an engineer to assist in the evaluation of the existing facility and to design any recommended improvements.

Schedule:

Staff will procure the new slide gate and valve stem after the reservoir is drafted down in April 2015. Once the reservoir is drafted down, DSOD will not approve filling the reservoir until the slide gate is operable. There is a 10-week lead time to order the slide gate and valve stem, and staff does not plan to refill the reservoir until November 2015. Discussions with DSOD indicate the design of a snorkel on the outlet will require its approval which will take approximately six months. Slide gate and stem replacement along with the snorkel installation, if necessary, will take place in October 2015. Staff will notify the Val Verde Sportsmen’s Club that the reservoir will be drafted down and not be filled until November 2015.

FISCAL IMPACTS:

Staff requests the addition of the Syphon Reservoir Slide Gate Replacement, Project 30530 (6055), to the FY 2014-15 Capital Budget as shown in the table below. The cost for the new slide gate is approximately \$20,000, and the cost for the new 100-foot valve stem is approximately \$20,000. Installation for both the slide gate and valve stem will be approximately \$20,000.

Project No.	Current Budget	Addition <Reduction>	Total Budget
30530 (6055)	\$-0-	\$99,000	\$99,000

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) and in conformance with California Code of Regulation, Title 14, Chapter 3, Section 15301 provides exemption for minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Staff will file a Notice of Exemption with the County of Orange Clerk/Recorder.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on January 20, 2015.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE ADDITION OF PROJECT 30530 (6055) IN THE AMOUNT OF \$99,000 TO THE FISCAL YEAR 2014-15 CAPITAL BUDGET FOR THE SYPHON RESERVOIR SLIDE GATE REPLACEMENT PROJECT.

LIST OF EXHIBITS:

Exhibit “A” – Site Plan

EXHIBIT "A"

Syphon Reservoir Slide Gate Replacement



February 9, 2015

Prepared by: R. Bennett/K. Welch *RB*

Submitted by: F. Sanchez/P. Weghorst *FW*

Approved by: Paul Cook *PC*

CONSENT CALENDAR

AMENDMENT NO. 1 TO PETERS CANYON CHANNEL WATER CAPTURE AND REUSE PIPELINE PROJECT AGREEMENT

SUMMARY:

On November 13, 2013, the Board authorized the execution of the Peters Canyon Channel Water Capture and Reuse Pipeline Project Agreement between the City of Irvine, City of Tustin, Orange County Flood Control District (OCFCD), the California Department of Transportation (Caltrans), the County of Orange (these agencies also being referred to as the "Funding Parties"), and IRWD. The Agreement provides for the funding, design, construction, operation and maintenance of the Peters Canyon Channel Water Capture and Reuse Pipeline Project. An amendment to the Agreement is needed to allow for expediting the solicitation of bids, to increase the budget to complete the design and environmental phases of the project and to update the project schedule. Staff recommends that the Board authorize the General Manager to execute Amendment No. 1 to the Peters Canyon Wash Channel Water Capture and Reuse Pipeline Project Agreement with the cities of Irvine and Tustin, OCFCD, the County and Caltrans, subject to non-substantial changes.

BACKGROUND:

In 2002 the Environmental Protection Agency declared the Newport Bay/San Diego Creek watershed impaired and established a Total Maximum Daily Load (TMDL) of 5 µg/l for selenium. Discharges into the watershed which exceed the water quality standard of 5 µg/l are regulated pursuant to the Regional Water Quality Control Board's Order No. R8-2007-004. Staff has been working with the Funding Parties to develop a feasible project to reduce discharges with high concentrations of selenium into the watershed. Currently most high concentration flows are discharged to Peters Canyon Channel (a tributary to San Diego Creek), while Caltrans currently discharges its flows to an IRWD sewer under a temporary special discharge permit. The Funding Parties are partnering on the development of the Peters Canyon Pipeline as a means of controlling high concentrations of selenium in the channel.

Project Description:

The Peters Canyon Pipeline will divert nuisance surface and perched groundwater flows with high concentrations of selenium and nitrates from selected tributaries to Peters Canyon Channel and deliver them in a pressure pipeline to the Orange County Sanitation District (OCSA) for treatment and then reuse. The location of the proposed facilities is shown in Exhibit "A". The project would include installation of a pipeline conveyance system with diversion structures that begin on the west side of Peters Canyon Channel near Walnut Avenue where the Caltrans Ground Water Treatment Facility (GWTF) is located. From the GWTF, an eight-inch pressure pipeline will carry approximately 490 gallons per minute (gpm) across Peters Canyon Channel and proceed downstream along the east side of Peters Canyon Channel to Barranca Parkway. In this reach, the pressure pipeline will increase to 16-inches and divert approximately 1,130 gpm

of additional flow from Como Channel, Edinger Circular Drain, and Valencia Drain. At Barranca Parkway total flows of approximately 1,620 gpm, will again cross Peters Canyon Channel, parallel the east side of San Diego Creek and discharge into the Main Street sewer for treatment and reuse by OCSD and reuse by the Orange County Water District.

Pursuant to the Agreement, IRWD will oversee the design and construction, and will operate and maintain the project for 20 years. In exchange, IRWD will receive "Nitrogen and Selenium Credits" expected to be generated by the project which can be used throughout the San Diego Creek watershed including the San Joaquin Marsh.

Grant Funding:

The City of Irvine, on behalf of all Project participants, was awarded grant funding for the Peters Canyon Pipeline in the amount of \$1,000,000 from the "One Water One Watershed" Proposition 84 Grant Program administered by the California Department of Water Resources. In addition, the project received a grant in the amount of \$3,273,105 from the Orange County Transportation Authority Measure M2 2012 Tier 2 Environmental Cleanup Program (OCTA Grant). The terms of the OCTA Grant require that a construction contract for the Project be awarded by June 30, 2015.

Amendments to Agreement:

IRWD and the Funding Partners have identified the need for two amendments to the Agreement to address anticipated budget increases to the Peters Canyon Pipeline Project and to meet the schedule requirements associated with the OCTA Grant.

Amendment No. 1 updates the project timeline and allows expediting the solicitation of bids for construction so that a reliable construction cost estimate can be obtained from the bidding process. The amendment also increases funding for Phase 1 design and environmental review work without changing the total estimated project costs. IRWD's legal counsel prepared Amendment No. 1 to the Agreement in cooperation with the Funding Parties which is included as Exhibit "B". Amendment No. 1 does not establish any new obligations to be fulfilled by IRWD.

Amendment No. 1 was approved by Caltrans on December 17, 2014, the City of Irvine on January 14, 2015, the City of Tustin on January 20, 2015, and the County of Orange and OCFCD on January 27, 2015. Staff recommends that the Board authorize the General Manager to execute Amendment No. 1 to the Peters Canyon Wash Channel Water Capture and Reuse Pipeline Project Agreement.

After the construction costs are obtained from the bidding process and are reviewed by the Funding Parties, a second amendment to the Agreement will be prepared to provide for a budget adjustment for the construction of the project facilities and costs for mitigation as required by the Impact Avoidance Framework within the Initial Study/Mitigation Negative Declaration

(IS/MND). This second amendment is expected to be prepared in March 2015 and presented to the Board for its consideration in May 2015.

FISCAL IMPACTS:

The Project 21163 (4985) is included in the FY 2014-15 capital budget. The budget is sufficient to fund the additional Phase 1 design and environmental tasks included in Amendment No. 1.

ENVIRONMENTAL COMPLIANCE:

The construction and operation of the Peters Canyon Pipeline will be subject to compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. IRWD is the lead agency for the CEQA development and an IS/MND was prepared and released for public review on January 14, 2015. Staff expects to provide a final IS/MND to the Board for consideration in May, 2015.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on January 20, 2015.

RECOMMENDATION:

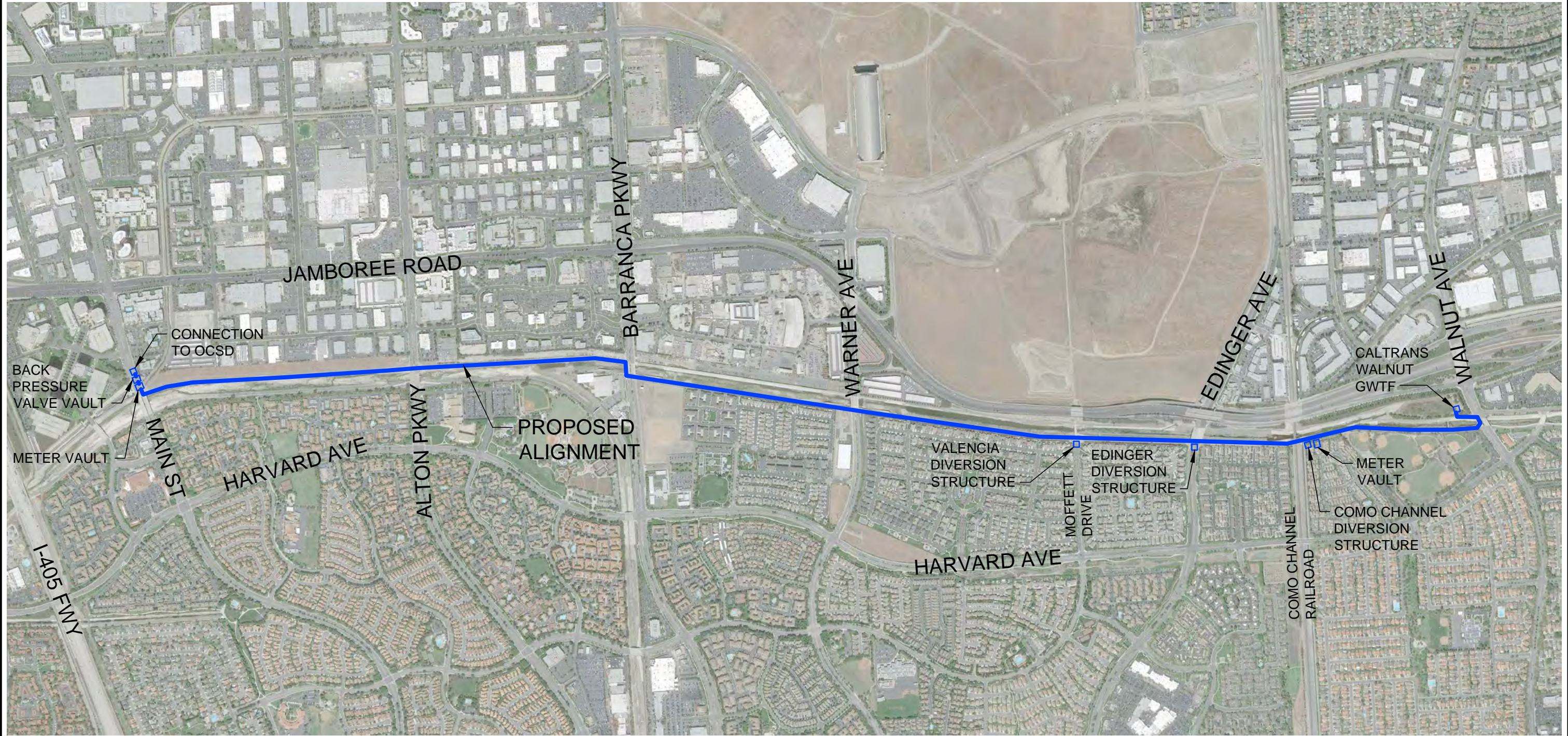
THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE PETERS CANYON CHANNEL WATER CAPTURE AND REUSE PIPELINE AGREEMENT WITH THE CITIES OF IRVINE AND TUSTIN, THE COUNTY OF ORANGE AND THE CALIFORNIA DEPARTMENT OF TRANSPORTATION, SUBJECT TO NON-SUBSTANTIAL CHANGES.

LIST OF EXHIBITS:

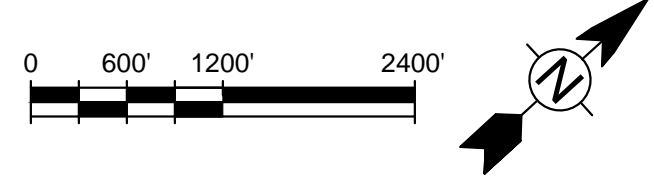
Exhibit "A" – Project Location


Exhibit "B" – Amendment No. 1 to the Peters Canyon Wash Channel Water Capture and Reuse Pipeline Project Agreement

Exhibit "A"



5/29/2014 9:53:35 AM - P:\09368135-09368-14002\CAD\CONCEPTUAL\C-703-SITELAYOUT.DWG - SEBHATU, ELIAS



 TETRA TECH www.tetrattech.com 17885 Von Karman Ave, Suite 500 Irvine, CA 92614 Tel: (949) 809-5000 Fax: (949) 809-5010	IRVINE RANCH WATER DISTRICT	Project No.: 135-09368-14002
	PETERS CANYON CHANNEL WATER CAPTURE AND REUSE PIPELINE	Date: JUNE 2014
	OVERALL ALIGNMENT	Designed By: CH
		FIGURE 1

Copyright: Tetra Tech

Exhibit "B"

AMENDMENT NO. 1 to

Peters Canyon Wash Channel Water Capture and Reuse Pipeline Project Agreement

(Including Operations and Maintenance)

City of Irvine
City of Tustin
Orange County Flood Control District
County of Orange
Irvine Ranch Water District
California Department of Transportation

This **Amendment No. 1** (“**Amendment**”) to Peters Canyon Wash Channel Water Capture and Reuse Pipeline Project Agreement (“**Agreement**”) is made as of this ____ day of _____, 2014, (“**Effective Date**”) by and among **Irvine Ranch Water District**, a body corporate and politic (“**IRWD**”), **City of Irvine**, a charter city (“**Irvine**”), **City of Tustin**, a California municipal corporation (“**Tustin**”), **Orange County Flood Control District**, a body corporate and politic (“**OCFCD**”), **County of Orange**, a political subdivision of the State of California (“**County**”), and **California Department of Transportation**, an agency of the State of California (“**Caltrans**”), hereinafter sometimes individually referred to as “**Party**” or collectively as the “**Parties.**” OCFCD and County are each individually Parties to this Amendment, but are collectively referred to in this Amendment as OCFCD. Irvine, Tustin, OCFCD, and Caltrans are providing funds to pay capital costs and are individually referred to as a “**Funding Party**”, and are collectively referred to as the “**Funding Parties**”. OCFCD, IRWD, Irvine, and Tustin are individually referred to as an “**Excess Credit Party**”, and are collectively referred to as the “**Excess Credit Parties**”.

RECITALS

A. The Parties entered into the Agreement as of December 12, 2013 to: (i) set forth their respective rights and obligations with respect to financing of the Project and completion of the Project design, at which point, subject to all necessary approvals having been obtained and compliance with applicable state and federal laws, including CEQA and, if federal funding is provided for the Project, subject to compliance with the NEPA, the Parties will determine whether or not to proceed with construction and operation of the Project as provided for in this Agreement; and (ii) to memorialize the basis for the overall Project development and financing, including but not limited to obtaining permits from resource agencies and other government entities, design and construction of the Project, and operation and maintenance of the Pipeline, if the Parties determine to proceed with the Project. All capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

B. The Parties desire to amend the Agreement to update the Project Schedule (Exhibit “D”) to reflect the currently anticipated Project timeline, to revise Section 4.6 to facilitate expediting of the solicitation of bids for construction of the Project so that a reliable cost estimate for the Project can be obtained by bidding, and to increase the funding of Phase 1 costs at this time without changing the Estimated Project Cost.

C. The Parties already made the First Installment Payment, referenced in Exhibit 1 to this Amendment, for the funding of Phase 1 of the Project (design, environmental/regulatory review and approvals, and access acquisition) on or about February 18, 2014. The Parties have now determined that a supplemental installment payment (“**Supplemental Installment**”), as reflected in Exhibit 1 attached hereto (which amends Exhibit B of the Agreement), is required for the Parties to timely complete all required work under Phase 1 of the Project in accordance with pertinent regulatory schedules and grant funding timelines.

AMENDMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by reference, and the mutual covenants and promises among the Parties hereinafter set forth, the Parties agree as follows:

Section 1. Project Sequence and Funding Installments.

1.1. Amendment Pertaining to Sequence of Construction Bidding and Award. Section 4.6.1 of the Agreement is hereby amended in its entirety to read as follows:

“4.6.1 Following final approval of the Plans per Section 1.3, and in accordance with the mutually agreed-upon Project Schedule, IRWD shall advertise a contract for construction of the Project for formal bids per applicable sections of the California Public Contracts Code. Notwithstanding the foregoing, the Parties mutually understand and agree that a contract for construction of the Project may not be awarded until and unless all of the following have occurred: the Parties have unanimously determined to move forward with the Project (after compliance with CEQA and/or NEPA (if applicable)), certification and approval of all necessary environmental documents, approval by all of the Parties of associated mitigation requirements, receipt of all regulatory agency approvals, and confirmation that the twenty percent (20%) contingency built into the Estimated Project Cost remains in full. The Funding Parties shall have the opportunity to review all bids. If the lowest responsive and responsible bid would cause the Estimated Project Cost shown in Exhibit B (which includes the 20% contingency amount) to be exceeded, then the Funding Parties shall meet and confer and mutually agree by unanimous vote whether (i) IRWD should award a contract for construction of the Project to the lowest responsive and responsible bidder, (ii) IRWD should reject all bids and re-bid the Project, or (iii) to terminate this Agreement.”

1.2 Increase in Phase 1 Funding; Supplemental Installment. Notwithstanding anything to the contrary in Sections 5.2 and 5.3 of the Agreement, IRWD will invoice the Funding Parties for their respective Project Capital Cost Contribution shares in three installments, set forth in Exhibit B. The Funding Parties will pay their respective Project Capital Cost Contribution shares of the Supplemental Installment as provided in this Section. The Supplemental Installment will fund additional Capital Costs of Phase 1 of the Project, in the amount of \$522,000, and will be paid by Irvine, Tustin, and OCFCD/County in the amounts identified in Exhibit 1 hereto. IRWD shall invoice Irvine, Tustin, and OCFCD/County for the Supplemental Installment following execution of this Amendment by all of the Parties. The provisions of the Agreement, including without limitation the provisions of Section 5.3 relating to holding of funds, provision of statements and accrual of interest and the provisions of Section 5.5 relating to the payment of invoices, will apply to the Supplemental Installment in the same manner as to the First Installment and the Second Installment.

1.3 Revised Exhibits. The table set forth in Exhibit 1 (Exhibit B-1) attached hereto and incorporated herein by reference will replace the table attached as Exhibit B to the Agreement. Any reference to Exhibit B in the Agreement is deemed to be a reference to the

revised Exhibit B-1. The revised "Project Schedule" set forth in Exhibit 2 (Exhibit D-1) attached hereto and incorporated herein by reference will replace the table attached as Exhibit D to the Agreement. Any reference to Exhibit D in the Agreement is deemed to be a reference to the revised Exhibit D-1.

Section 2. Intent of Amendment. Except as otherwise expressly provided herein, this Amendment is not intended to affect any Party's rights or obligations under the Agreement, including, but not limited to, the Parties' respective termination rights under Section 18 of the Agreement. To the extent not otherwise expressly modified by this Amendment, the terms and conditions of the Agreement shall remain in full force and effect.

Section 3. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the Effective Date hereinabove written.

IRVINE RANCH WATER DISTRICT, a
body corporate and politic

By: _____
Name: _____
Title: _____

CITY OF IRVINE, a charter city

By: _____
Name: _____
Title: _____

CITY OF TUSTIN, a California municipal
corporation

By: _____
Name: _____
Title: _____

ORANGE COUNTY FLOOD CONTROL
DISTRICT, a body corporate and politic

By: _____
Name: _____
Title: _____

COUNTY OF ORANGE, a political
subdivision of the state of California

By: _____

Name: _____

Title: _____

CALIFORNIA DEPARTMENT OF
TRANSPORTATION, an agency of the State
of California

By: _____

Name: _____

Title: _____

CERTIFIED AS TO FUNDS FOR THE
CALIFORNIA DEPARTMENT OF
TRANSPORTATION:

By: _____

Neda Saber Ansari
District Budget Manager

Exhibit 1 to Amendment No. 1

EXHIBIT B-1

Estimated Project Cost, Project Capital Cost Contribution, IRWD O&M Contribution, Flow-based Percentages, and Installment Payments

Party/Grant Source	Estimated Project Cost ¹	Project Capital Cost Contribution ²	IRWD O&M Contribution ³	Flow-based Percentage	Total Project Contribution	First Installment Payment	Supplemental Installment	Estimated Second Installment Payment
Caltrans		\$ 2,223,726	\$ -	29% ⁴	\$ 2,223,726	\$ -	\$ -	\$2,223,726
County/OCFCD		\$ 973,222	\$ -	32%	\$ 973,222	\$ 446,068	\$ 232,812	\$ 294,342
City of Irvine		\$ 812,526	\$ -	26%	\$ 812,526	\$ 372,414	\$ 194,184	\$ 245,928
City of Tustin		\$ 396,033	\$ -	13%	\$ 396,033	\$ 181,518	\$ 95,004	\$ 119,511
Irvine Ranch Water District		\$ -	\$ 1,008,627	0	\$ 1,008,627	n/a	n/a	n/a
Proposition 84 Grant ⁵		\$ 1,000,000	n/a	n/a	\$ 1,000,000	\$ -	\$ -	\$1,000,000
Orange County Transportation Agency Grant ⁵		\$ 3,273,105	n/a	n/a	\$ 3,273,105	\$ -	\$ -	\$3,273,105
Total	\$8,678,611	\$ 8,678,611	\$ 1,008,627	100	\$ 9,687,238	\$1,000,000	\$ 522,000	\$7,156,611

¹Taken from the Feasibility Study.

²Project Capital Cost Contributions are not-to-exceed amounts.

³The IRWD O&M Contribution is the estimated present value of \$60,000/year escalated annually using a 2.5% inflation rate and a 4% discount rate. The actual IRWD O&M Contribution shall be calculated annually pursuant to Section 1.5 of this Agreement. The actual amount of IRWD's O&M Contribution calculated under Section 1.5 of the Agreement may be different than this estimate.

⁴Caltrans share of the O&M Costs for the budget year shall at no instance exceed \$12,000 without an amendment to this Agreement.

⁵Caltrans, Irvine, Tustin, OCFCD and IRWD are all partners in the OWOW Grant.

⁶Irvine, Tustin, OCFCD and IRWD are partners in the OCTA Grant. Caltrans is not eligible to benefit from the OCTA Grant.

February 9, 2015 *DJ*
Prepared by: D. Johnson/A. McNulty *Ap.*
Submitted by: F. Sanchez/P. Weghorst *PW*
Approved by: Paul A. Cook *Paul Cook*

CONSENT CALENDAR

BUREAU OF RECLAMATION WATERSMART GRANT APPLICATION

SUMMARY:

The Bureau of Reclamation (Reclamation) is accepting applications for grant funding under its 2015 Fiscal Year WaterSMART Program. The goal of the program is to fund programs that reduce water and energy use in the western United States. Staff has prepared an application for a Water and Energy Residential Resource Savings Program, which is a device installation program that will be implemented in partnership with Southern California Gas Company (SCGC) and Southern California Edison (SCE). Staff is requesting \$300,000 in grant funding and has proposed an IRWD cost share of \$350,000. As part of the application process, Reclamation requires a resolution adopted by each applicant's governing body designating an authorized representative to submit a proposal for the grant and to enter into an agreement to receive the funding with a commitment to provide at least 50% of the project cost. Staff recommends that the Board authorize staff to apply for a Bureau of Reclamation WaterSMART Grant with a maximum award of \$300,000 in total funding to improve water and energy use efficiency, commit to authorizing matching funds of at least 50% of the project cost; authorize the General Manager to execute a related agreement to receive grant funding; and adopt a resolution authorizing staff to submit an application to Reclamation for 2015 WaterSMART Program funding.

BACKGROUND:

Reclamation is providing up to \$19 million in funding for water sustainability and energy projects in the western United States through its 2015 WaterSMART grant program. There is a maximum funding of up to \$300,000 per agreement for smaller projects to be completed within two years and up to \$1 million for larger-phased projects that may take up to three years to complete. Applicants are required to provide a minimum match of at least 50% of project costs. The due date for grant applications was January 23, 2015; awards will be announced in June 2015 or later based on the enactment of Fiscal Year 2015 appropriations. As part of the application process, Reclamation requires a resolution adopted by each applicant's governing body that designates an authorized representative to submit an application for a grant and to enter into an agreement with Reclamation to receive the funding. After review of conditions for project eligibility, staff recommends submitting a resolution in support of an application for up to \$300,000 in grant funding for the Water and Energy Residential Resource Savings Program.

Water and Energy Residential Resource Savings Program:

Staff evaluated several potential projects for grant funding and determined that a water use efficiency and energy savings program best met the eligibility criteria. The proposed program is an efficiency partnership with SCGC and SCE which will optimize each utility's best practices

by using one contractor to perform direct installs of water, gas, energy efficiency devices and technologies to enhance the overall efficiency of each participating residence. This program will help IRWD's customers save water, gas, and electricity by maximizing the water and energy efficiency measures of each household. Staff will work closely with SCGC and SCE representatives to target customers and evaluate water and energy savings opportunities. Staff anticipates that up to 900 single-family and multi-family dwelling units may enroll in the program over the two-year period. A grant application for this program was also submitted by staff to the California Department of Water Resources.

In compliance with the Reclamation's requirements, a resolution has been prepared, attached as Exhibit "A", authorizing staff to submit an application to Reclamation for the proposed Water and Energy Residential Resource Savings Program, committing the District to authorize matching funds of at least 50% of project costs and authorizing the General Manager to execute an agreement for the District to receive grant funding.

FISCAL IMPACTS:

A request for the funding of the District's proposed \$350,000 cost share for this project will be included in the proposed FY 2015-16 Operating Budget.

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15061 (b) (3). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on February 4, 2015.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE STAFF TO APPLY FOR A BUREAU OF RECLAMATION WATERSMART GRANT WITH A MAXIMUM AWARD OF \$300,000 IN TOTAL FUNDING TO IMPROVE WATER AND ENERGY USE EFFICIENCY, COMMIT TO AUTHORIZING MATCHING FUNDS OF AT LEAST 50% OF THE PROJECT COST; AUTHORIZE THE GENERAL MANAGER TO EXECUTE A RELATED AGREEMENT TO RECEIVE GRANT FUNDING; AND ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2015 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT AUTHORIZING SUBMISSION OF
A GRANT APPLICATION FOR THE WATER AND ENERGY RESIDENTIAL RESOURCE
SAVINGS PROGRAM TO THE DEPARTMENT OF THE INTERIOR, BUREAU OF
RECLAMATION, POLICY AND ADMINISTRATION

LIST OF EXHIBITS:

Exhibit "A" – Resolution for the Water and Energy Residential Resource Savings Program

EXHIBIT "A"

RESOLUTION NO. 2015 -

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT AUTHORIZING SUBMISSION OF
A GRANT APPLICATION FOR THE WATER AND ENERGY RESIDENTIAL RESOURCE
SAVINGS PROGRAM TO THE DEPARTMENT OF THE INTERIOR, BUREAU OF
RECLAMATION, POLICY AND ADMINISTRATION

WHEREAS the Department of the Interior, Bureau of Reclamation, Policy and Administration (Reclamation) has released a Funding Opportunity Announcement to provide federal grant funding under the WaterSMART: Water and Energy Efficiency Grants for Fiscal Year (FY) 2015; and

WHEREAS Reclamation is seeking applications from eligible water or power delivery agencies to cost share 50 percent or more with Reclamation on projects that save water, improve energy efficiency, provide benefit to endangered species, and facilitate water markets or prevent water related crisis or conflict; and

WHEREAS the Irvine Ranch Water District is eligible to submit an application for grant funding up to \$300,000 for its Water and Energy Residential Resource Savings Program with a cost share of 50 percent or more of the total project costs.

NOW, THEREFORE, the Board of Directors of IRVINE RANCH WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE and ORDER as follows:

Section 1. The General Manager of the Irvine Ranch Water District or his/her designee is hereby authorized to submit an application to Reclamation for grant funding up to \$300,000 for the Water and Energy Residential Resource Savings Program.

Section 2. The Board of Directors of the Irvine Ranch Water District has reviewed and supports the application for a grant from Reclamation for the Water and Energy Residential Resource Savings Program.

Section 3. The Irvine Ranch Water District hereby agrees and further confirms that it has the capability to provide its cost share funding (50 percent or more of the total project costs) as specified in the application's project funding plan.

Section 4. The General Manager or his/her designee is hereby authorized to enter into a cooperative agreement and any amendments thereto with Reclamation on behalf of the Irvine Ranch Water District.

Section 5. The General Manager or his/her designee is hereby authorized to work with Reclamation to meet the established deadlines for entering into a cooperative agreement.

Section 6. That the Secretary is hereby authorized to certify a copy of this resolution to accompany the grant application.

February 9, 2015

Prepared by: L. Lewis

Submitted by: K. Burton ^{ALB}

Approved by: Paul Cook 

ACTION CALENDAR

ORDINANCE AMENDING REGULATIONS FOR WASTEWATER DISCHARGES TO IRWD SEWERAGE FACILITIES TRIBUTARY TO SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FIRST READING AND INTRODUCTION

SUMMARY:

The current IRWD regulations to control industrial discharges to IRWD sewerage facilities tributary to the South Orange County Wastewater Authority (SOCWA) were last amended in 2011. Periodic amendments to these regulations are needed to incorporate the requirements of new state and federal pretreatment regulations to address changes in administrative procedures and/or as a result of regulatory audits. Staff recommends that the Board direct the Secretary to read the Ordinance by title only, waive further reading of the Ordinance, and place the Ordinance on the agenda for the March 9, 2015 Board meeting for a second reading, hearing, and adoption.

BACKGROUND:

IRWD is required by state and federal laws and regulations to control the discharge of non-domestic sewage to its collection and treatment systems to prevent pollutants from upsetting the treatment systems or passing through to the environment. To comply with these requirements, IRWD has an established Pretreatment and Source Control Program (Program) through Ordinance No. 2011-1, for the portions of its sewage collection systems that are tributary to IRWD's Los Alisos Water Recycling Plant. When recycled water demand is low, all or a portion of LAWRP's secondary treated effluent is discharged to the ocean via SOCWA's Aliso Creek Ocean Outfall. SOCWA, as the owner of the ocean outfall, is the lead agency responsible for the implementation of the provisions contained in the Ordinance. An interagency agreement has been adopted between the IRWD and SOCWA that defines each agency's duties and responsibilities in the implementation of the Ordinance.

The Ordinance regulates sewer use and discharges in compliance with applicable state and federal regulations, establishes quality and quantity limitations on all sewer discharges, and imposes pretreatment requirements on the degree of waste authorized to be discharged to IRWD sewerage treatment facilities that are tributary to SOCWA. The Ordinance also provides for the issuance of permits to impose additional case-by-case requirements as appropriate, establishes fees and other penalties for noncompliance and/or violations, and establishes specific facility requirements, inspection, monitoring, sampling, notification and reporting requirements.

Revisions are made periodically to the Ordinance to maintain compliance with changing federal pretreatment regulations to update administrative provisions and/or as a result of a regulatory audit. As a result of SOCWA's recent pretreatment program audit conducted by the San Diego Regional Water Quality Control Board on April 9 -10, 2014, SOCWA was required to amend its own, as well as its member agencies' pretreatment ordinances, to include hazardous waste

discharge notification provisions as specified in the Code of Federal Regulations (CFR), Title 40, Section 403.12(p)(1). IRWD worked cooperatively with SOCWA to incorporate the required changes to IRWD's Ordinance. Attached as Exhibit "A" is a draft Ordinance consisting of the updated provisions for the portions of IRWD's sewage collection and treatment systems that are tributary to SOCWA. The proposed revisions to the Ordinance are summarized in Exhibit "B".

The Ordinance will repeal Ordinance No. 2011-1 and amend regulations for discharges to sewerage facilities of IRWD that are tributary to SOCWA. Adoption of the Ordinance is a two-step process that requires: 1) a first reading and introduction and 2) a public hearing, second reading, and adoption, tentatively scheduled for March 9, 2015.

FISCAL IMPACTS:

The Program is already being administered, and the proposed revisions are not expected to result in a significant fiscal impact to IRWD.

ENVIRONMENTAL COMPLIANCE:

The adoption of the Ordinance is categorically exempt from the California Environmental Quality Act pursuant to the California Code of Regulations, Title 14, Division 6, Chapter 3, Sections 15307 and 15308, which provide exemptions for actions by regulatory agencies for protection of natural resources and the environment.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on January 20, 2015.

RECOMMENDATION:

THAT THE ORDINANCE BE READ BY TITLE ONLY, WAIVE FURTHER READING OF THE ORDINANCE, AND DIRECT THE SECRETARY TO PLACE THE ORDINANCE ON THE AGENDA FOR THE MARCH 9, 2015 MEETING OF THE BOARD OF DIRECTORS FOR A SECOND READING, HEARING AND ADOPTION.

Secretary: Read the title of the proposed Ordinance:

ORDINANCE NO. 2015-1

ORDINANCE OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT REPEALING ORDINANCE NO. 2011-1 AND ADOPTING AMENDED REGULATIONS FOR THE DISCHARGE OF WASTEWATER TO SEWERAGE FACILITIES OF THE IRVINE RANCH WATER DISTRICT THAT ARE TRIBUTARY TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Action Calendar: Ordinance Amending Regulations for Wastewater Discharges to IRWD
Sewerage Facilities Tributary to South Orange County Wastewater Authority
February 9, 2015
Page 3

LIST OF EXHIBITS:

Exhibit "A" – Ordinance

Exhibit "B" – Summary of Revisions to Ordinance

EXHIBIT "A"

**IRVINE RANCH WATER DISTRICT
WASTE DISCHARGE PRETREATMENT
AND
SOURCE CONTROL PROGRAM**

An Ordinance Repealing Ordinance No. ~~2011-196-42-4~~ and Adopting
Amended Regulations for the Discharge of
Wastewater to Sewerage Facilities of the
Irvine Ranch Water District
that are in the
South Orange County Wastewater Authority Service Area

ORDINANCE
~~201544-1XX~~

Prepared by the
Industrial Waste Division
South Orange County Wastewater Authority
for the
Irvine Ranch Water District
~~201540~~

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THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT DOES ORDAIN AS FOLLOWS:

**ARTICLE 1
GENERAL PROVISIONS**

101 INTRODUCTION

- A. The Irvine Ranch Water District ("IRWD") was organized in 1961 by authority of the California Water District Law (Section 34000 of the Water Code of the State of California). The IRWD is governed by a five member Board of Directors (Board) elected from the qualified voters in the entire IRWD service area. For the purpose of this ordinance, the IRWD provides water distribution and wastewater collection and treatment services to residential and commercial establishments in the City of Lake Forest area. Wastewater is treated at the IRWD's Los Alisos ~~Wastewater~~ ~~Water Reclamation~~ ~~Recycling~~ Plant. Any unused wastewater is discharged to the ocean via the South Orange County Wastewater Authority's (SOCWA) Aliso Creek Ocean Outfall.
- B. SOCWA is governed by its own Board of Directors with each director representing a member agency (MA). MAs join together in various project committees to construct and operate joint sewerage facilities. The SOCWA Ocean Outfalls are the key facilities in the SOCWA system. Treated wastewater is discharged to the outfalls from SOCWA wastewater treatment plants and the IRWD's Los Alisos ~~Wastewater~~ ~~Water Reclamation~~ ~~Recycling~~ Plant.
- C. SOCWA is the lead agency responsible for the implementation of the provisions contained in this ordinance. The IRWD, a MA of SOCWA may opt to administer and enforce these provisions under SOCWA's oversight, or may contract with SOCWA to have these services provided directly to the IRWD. An interagency agreement has been adopted between the IRWD and SOCWA that defines each agency's duties and responsibilities. This interagency agreement is on file at the IRWD and SOCWA offices.

102 OBJECTIVES

- A. The objectives of this ordinance are to:
 - 1. Ensure compliance with various regulatory agencies and the National Pollutant Discharge Elimination System (NPDES) Requirements.
 - 2. Prevent the introduction of pollutants that may cause interference of sewerage facility operations.
 - 3. Identify the goals, objectives and procedures for complying with federal pretreatment standards.
 - 4. Prevent biosolids contamination.
 - 5. Promote the opportunity to recycle and reclaim wastewaters or biosolids from sewerage facilities.
 - 6. Encourage waste minimization and material substitution by users.
 - 7. Protect sewerage facility employees and the general public who may be affected by wastewater, biosolids and chemical hazards.
 - 8. Encourage the reuse, recycling and reduction of water, wastewater or solids that are discharged to sewerage facilities.
 - 9. Minimize the discharge of volatile organic compounds that could individually or collectively contribute to a decrease in the quality of air emission from sewerage facilities.
 - 10. Establish an effective monitoring program for the control of user discharges to sewerage facilities.
 - 11. Establish an enforcement response plan (ERP).
 - 12. Equitably distribute costs.

13. Prevent the introduction of pollutants into sewerage facilities that may pass through a sewerage facility, inadequately treated, into the receiving waters, or otherwise be incompatible with sewerage facilities.
14. Incorporate the necessary laws and regulations in order to implement and enforce federal, State of California (State), IRWD and SOCWA standards.
15. Seek to identify users that discharge or have the potential to discharge toxic pollutants, non-compatible or excessive amounts of compatible wastes to sewerage facilities.

103 PURPOSE

- A. The purpose of this ordinance is to:
 1. Provide for the maximum public benefit from the use of IRWD sewerage facilities. This is accomplished by regulating the use of sewerage facilities and wastewater discharges by providing equitable distribution of costs in compliance with applicable state and federal regulations and by providing procedures that will allow the IRWD to comply with requirements placed upon it by other regulatory agencies. Any revenues derived from the application of this ordinance may be used to recover the cost of providing services by the IRWD which includes but are not limited to administration, monitoring, and enforcement.
 2. Comply with federal and state regulations which allow the IRWD to meet applicable standards for the final effluent and ocean outfall quality. This ordinance establishes quality and quantity limitations on all wastewater discharges whether or not the discharges adversely affect IRWD's sewerage facilities, processes, ocean outfall effluent quality, or inhibit IRWD's ability to meet its specific discharge limitations. It is the intent of this ordinance to improve the quality of wastewater being received for treatment and to encourage water conservation by all users connected to a sewerage facility. It is the IRWD's intent to discourage the increase in quantity (mass emission) of waste constituents being discharged. This ordinance also imposes pretreatment requirements on the degree of waste authorized to be discharged to the IRWD's sewerage facilities; provides for the issuance of wastewater discharge permits or other controlling mechanism to impose additional case-by-case requirements, as appropriate, and establishes fees and other penalties for noncompliance and/or violation of this ordinance.

104 POLICY

- A. The policy of this ordinance is to be:
 1. Interpreted in accordance with the definitions set forth in Article 2. The provisions of this ordinance shall apply to the discharge of all wastes carried to IRWD sewerage facilities, and have been liberally construed so as to effectuate the environmental purposes, objectives, and other provisions set forth herein.
 2. Committed to wastewater reclamation and reuse in order to provide an alternate source of water supply. The adoption of programs for reclamation through secondary and tertiary wastewater treatment processes may necessitate more stringent quality requirements on wastewater discharges. In the event that more stringent quality requirements are necessary, this ordinance may be amended to reflect those changes.
 3. Committed to the beneficial use of biosolids. The implementation of programs to land apply or provide for the marketing and distribution of biosolids may necessitate more stringent quality requirements on waste water discharges. In the event that more stringent quality requirements are necessary, this ordinance may be amended to reflect these changes.
 4. Committed to compliance with all applicable state and federal laws including the Clean Water Act in 33 United States Code 1251 et seq. and the general pretreatment regulations described in 40 CFR 403.

105 APPLICABILITY

This ordinance applies to users within the portion of the IRWD service area that discharges wastewater to facilities served by the SOCWA wastewater collection, treatment and disposal facilities and to users outside the IRWD service area who, by wastewater discharge permit or other controlling mechanism, make use of IRWD sewerage facilities that discharge wastewater to facilities served by the SOCWA wastewater collection, treatment and disposal facilities. IRWD also provides sewer service to the portions of its service area that are served by IRWD's Michelson Water Reclamation Plant and/or regional facilities of the Orange County Sanitation District. This ordinance does not apply to users within or outside the IRWD service area who make use of IRWD sewerage facilities that discharge wastewater to facilities served by IRWD's Michelson Water Reclamation Plant and/or the facilities of the Orange County Sanitation District.

106 AVAILABILITY OF SEWERAGE FACILITIES

If capacity in a sewerage facility as a whole is not available, IRWD may restrict discharge of existing users until sufficient capacity can be made available. The IRWD may refuse immediate service to new users where their proposed quality or quantity of wastewater is unacceptable to the available sewerage facilities.

107 NOTICE TO EMPLOYEES

- A. The IRWD may provide one (1) copy of this ordinance to each user that has received a wastewater discharge permit, upon request.
- B. Users who are issued a wastewater discharge permit may make available to their employees, copies of this ordinance.
- C. Users who are issued a wastewater discharge permit may make copies of it, so as to make it available to all personnel at all times.
- D. A notice may be permanently posted in prominent places advising employees to call the IRWD in the event of an uncontrolled spill or discharge as soon as possible and to submit a report as indicated in section 803 or 804 of this ordinance. The notice shall provide for necessary instruction and information, including but not limited to:
 - 1. IRWD phone numbers.
 - 2. SOCWA phone numbers.
 - 3. Recording the time of the incident.
 - 4. Name and location of user.
 - 5. Type, concentration and volume of the discharge.
 - 6. Corrective action taken.
 - 7. Name of person reporting the incident.

ARTICLE 2
DEFINITIONS AND ABBREVIATIONS

201 DEFINITIONS CONTAINED IN PUBLICATION

- A. Unless otherwise defined herein, terms related to water quality shall be defined in the same manner as in the latest edition of Standard Methods for the Examination of Water and Wastewater, published jointly by the American Public Health Association (APHA), The American Water Works Association (AWWA), and the Water Environment Federation (WEF).
- B. The testing procedure for waste constituents and characteristics shall be as described in 40 CFR 136.

202 DEFINITION OF TERMS

- A. Words used in this ordinance in the singular may include the plural and the plural singular. Use of masculine shall mean feminine and the use of feminine shall mean masculine.
- B. The definitions in this ordinance are not intended to narrow the scope of definitions set forth in federal or state regulations. Unless the context specifically indicates otherwise the following terms, or pronouns used in their place, shall be interpreted as follows:
 - 1. Act or "the Act". The Federal Water Pollution Control Act also known as the Clean Water Act (CWA) as well as any amendments, guidelines, limitation or standards promulgated by the EPA pursuant to the Act, (33 USC 1251 et seq).
 - 2. Approval Authority. Refers to the US Environmental Protection Agency (EPA), the California State Water Resources Control Board (SWRCB), or the local California Regional Water Quality Control Board (RWQCB).
 - 3. Baseline Monitoring Report (BMR). A required report for all industrial users subject to a categorical pretreatment standard. A BMR provides information that documents an industrial user's compliance status with all applicable pretreatment standards.
 - 4. Batch Dump. The discharge of pollutants or compatible wastes in a manner or method that is not approved or is prohibited by the IRWD.
 - 5. Best Available Technology (BAT). A level of technology that is based on the very best (state of the art) control and treatment measures that have been developed or are capable of being developed for a particular industrial category.
 - 6. Best Management Practices (BMPs). A set of schedules of activities, prohibitions of practices, maintenance procedures, operating procedures and other management practices used to control a user or a group of similar users' discharge to sewerage facilities. BMPs may include, but are not limited to treatment requirements, operating procedures, and practices to control plant site runoff, spillage of leaks, sludge or waste disposal, or drainage from raw materials storage.
 - 7. Best Practicable Technology (BPT). A level of technology represented by the average of the best existing wastewater treatment performance levels within an industrial category.
 - 8. Biochemical Oxygen Demand (BOD). The quantity of oxygen utilized in the biochemical oxidation of organic matter in wastewater using appropriate testing procedure and expressed as a concentration (e.g. mg/L).
 - 9. Biodegradable. A material that can be decomposed by a biological process.
 - 10. Biohazardous Waste. Area material that is likely to transmit etiologic agents that cause, or significantly contribute to the cause of, increased morbidity or mortality of human beings as set forth by the State Medical Waste Management Act.

11. Board. The Board of Directors of the Irvine Ranch Water District (IRWD).
12. Building Sewer. The entire length of private sewage service lateral extending from the building or structure that is connected to a sewerage facility.
13. By-Pass. Any intentional diversion of waste streams around any portion of a user's pretreatment equipment.
14. Categorical Industrial User (CIU). A user subject to a federal categorical pretreatment standard or categorical standard
15. Chain of Custody. A document used to ensure the integrity of a sample, which includes a record of each person involved in the possession of a sample, securing the sample, and final disposal of the sample.
16. Chemical Oxygen Demand (COD). The quantity of oxygen required to oxidize all compounds, both organic and inorganic, in wastewater using the appropriate testing procedure and expressed as a concentration (e.g. mg/L).
17. Class I User. Any user determined by the IRWD that meets the criteria of significant industrial user (SIU) as described in 40 CFR 403.
18. Class II User. Any user determined by the IRWD that is not a SIU and may discharge pollutants or non-compatible wastes which may impact sewerage facilities.
19. Class III User. Any user determined by the IRWD that is not a SIU and may discharge conventional pollutants or compatible wastes, which may impact sewerage facilities.
20. Class IV User. Any user determined by IRWD that may discharge or is proposing to discharge special wastewater that may contain toxic or conventional pollutants, or non-compatible or compatible wastes which may impact sewerage facilities.
21. Code of Federal Regulations (CFR). The code of the Federal Government of the United States of America, which contains all of the federal regulations including environmental regulations.
22. Company Authorized Representative (CAR). An individual designated by the user, who is responsible for signing all submittals to the IRWD and who meets the criteria as described in 40 CFR 403.
23. Compatible Waste. Waste that does not contain toxic pollutants or non-compatible wastes. This may include a combination of, but not limited to, conventional pollutants or other wastes that sewerage facilities are designed to accept and/or remove. Compatible wastes are non-compatible when discharged in quantities that have an adverse effect on sewerage facilities or NPDES Permit, or when discharged in qualities or quantities violating any National Pretreatment Standard or other discharge requirement or as determined by the IRWD.
24. Composite Sample. A collection of individual samples obtained at intervals based on an increment of either flow or time. The resulting mixture, a composite sample, forms a representative sample of the wastestream discharged during the sample period.
25. Control Authority (CA). The Irvine Ranch Water District (IRWD) and/or the South Orange County Wastewater Authority (SOCWA).
26. Conventional Pollutants. Those pollutants which are designated pursuant to section 304(a)(4) of the Act which include, biochemical oxygen demand (BOD), total suspended solids (TSS), fecal coliform, pH, and oil and grease.

27. Daily Maximum. The arithmetic average of all effluent samples for a pollutant collected during a calendar day.
28. Daily Maximum Limit. The maximum allowable discharge limit of a pollutant during a calendar day. Where Daily Maximum Limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where Daily Maximum Limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.
29. Discharger. Any entity which discharges or causes a discharge of wastewater that is directly or indirectly discharged to sewerage facilities. May be interchangeable with indirect discharger, industrial user, permittee, person or user.
30. Discharge Requirements. The requirements of federal, state or local public agencies having jurisdiction over the effluent discharged to sewerage facilities or the environment.
31. Disposal. A controlled release to sewerage facilities or to the environment.
32. Effluent. Usually water or wastewater discharged partially or completely treated or untreated from an industrial user or treatment plant, or part thereof.
33. Enforcement. A series of progressively more stringent actions used to seek compliance with federal, state or local laws, regulations, limitations and this ordinance. Any enforcement may include monetary fees, fines or penalties.
34. Environmental Protection Agency (EPA). The U. S. Environmental Protection Agency or, where appropriate, the Regional Water Management Division Director, the Regional Administrator, or other duly authorized official of said agency.
35. Existing Source. Any source of discharge that is not a "New Source".
36. Fee. Any amount assessed to a discharger for the use of any portion of a sewerage facility which shall include, but not be limited to, connection fees, monthly sewer service, wastewater discharge permit, excess capacity fee, industrial wastewater treatment, laboratory testing, industrial inspection, and monitoring fees.
37. Flow Monitoring Equipment. Equipment and/or structures provided at the user's sole expense to measure, totalize, record and/or sample incoming water to the user's site or the wastewater discharged to sewerage facilities.
38. General Manager. The individual duly designated by the Board of the IRWD to administer this ordinance.
39. Grab Sample. A sample collected from a wastestream without regard to the flow in the wastestream and over a period of time not to exceed fifteen (15) minutes.
40. Grease. Includes, but is not limited to fats, oils and grease (FOG), waxes and other non-volatile materials as determined by the appropriate testing procedures.
41. Groundwater. Water that is beneath the surface of the earth.
42. Hazardous Waste. Any waste that is potentially damaging to of the environment or a person's health due to toxicity, ignitability, corrosivity, chemical reactivity or other reasons.
43. Industrial User. Any site that discharges industrial wastewater to sewerage facilities. May be interchangeable with discharger, indirect discharger, permittee or user.
44. Industrial Wastewater. All liquid-carried wastes or wastewater of the community, excluding domestic wastewater, and may include all wastewater from any producing, manufacturing, processing, agricultural, or other operation or location.

45. Inspector. A person authorized by the General Manager to inspect and/or monitor any industrial user's discharge or anticipated discharge to any sewerage facility.
46. Interference. A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts any sewerage facilities, any treatment processes or operations or any sludge processes, use or disposal and therefore, is a cause of violation of the IRWD's or SOCWA's NPDES permits (including an increase in the magnitude or duration of a violation) or prevents lawful biosolids or treated effluent use or disposal.
47. Interjurisdictional Agreements (Also referred to as Interagency Agreements). An agreement between SOCWA and any individual or combination of MA's or other local sewerage agency that defines the authority and responsibility to implement the Waste Discharge Pretreatment and Source Control Program and to enforce the regulations contained in this ordinance within the individual and/or combination of MAs, or any other local sewerage agency's service area.
48. Irvine Ranch Water District (IRWD). The agency that is responsible for the adoption of this ordinance and is a MA of SOCWA.
49. Local Limits. A set of specific discharge limits developed and enforced by the IRWD and/or SOCWA upon a user's site in order to implement the general and specific discharge prohibitions as described in 40 CFR 403.
50. Local Sewering Agency. Any public agency or private company responsible for the collection, treatment or disposal of wastewater to sewerage facilities that is duly authorized under the laws of the State to construct and/or maintain sewerage facilities.
51. Lower Explosive Limit (LEL). The point where an explosive gas in an area of atmosphere that is at a sufficient concentration as to result in an explosion if a sufficient ignition source is present.
52. Mass Emission Rate. The weight of material discharged to sewerage facilities during a given time interval. Unless otherwise specified, the mass emission rate shall mean pounds per day of a particular constituent or combinations of constituents.
53. May. Permissive or discretionary.
54. Member Agency (MA). Any one, combination, or all of the individual districts or cities which are members of SOCWA. They are: City of Laguna Beach (CLB), City of San Clemente (CSC), City of San Juan Capistrano (CSJC), El Toro Water District (ETWD), Emerald Bay Service District (EBS), Irvine Ranch Water District (IRWD), Moulton Niguel Water District (MNWD), Santa Margarita Water District, (SMWD), South Coast Water District, (SCWD) and the Trabuco Canyon Water District (TCWD).
55. Monthly Average. The sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during the month.
56. National Pollutant Discharge Elimination System (NPDES) Permit. The document issued for the control of discharges to surface waters of the United States as detailed in Section 402 of the Act.
57. National Pretreatment Standards. Includes the following terms: "Prohibited Discharges", "General Prohibitions", "Specific Prohibitions", "Local Limits", "Categorical Standards", "Categorical Pretreatment Standards", "Pretreatment Standards" and "Standards". These terms apply to any pollutant discharge regulations that are promulgated by the EPA in accordance with Section 307 (b) and (c) of the Act that limits and/or prohibits the wastewater discharged by users into a sewerage facility.
58. New Source. Those sources that are new as defined by 40 CFR 403.
59. Non-Compatible Waste. Waste that contains toxic or non-compatible pollutants that may pass-through or cause interference if discharged to sewerage facilities.

60. Non-industrial Wastewater Discharge (NIWD) Form. A form issued users that are considered to have wastewater of no concern discharging to sewerage facilities. This form may contain BMP's.
61. Normal Working Day. Any period of time during which production or operation is taking place or any period which discharge to sewerage facilities is occurring.
62. North America Industry Classification System (NAICS). An industry classification system that groups establishments into industries based on the activities which they are primarily engaged.
63. Nuisance. Anything which may be injurious to health or is indecent or offensive to the senses or an obstruction to the free use of property so as to interfere with the comfort or enjoyment of life or property or which affects at the same time an entire community or neighborhood or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal.
64. Ordinance. The document entitled "An Ordinance of Regulations for the Discharge of Wastewater to Sewerage Facilities of the Irvine Ranch Water District that are in the South Orange County Wastewater Authority Service Area" containing IRWD's requirements, conditions and limitations for discharging to sewerage facilities, as may be amended and modified.
65. Pass Through. A discharge from a user which exits sewerage facilities into waters of the United States in quantities or concentrations which, alone or in conjunction with any discharge from other sources, is a cause of a violation of any requirement of IRWD's or SOCWA's NPDES Permits, including an increase in the magnitude or duration of a violation.
66. Permittee. A discharger who has received a permit to discharge wastewater into the IRWD's sewerage facilities subject to the requirements and conditions established by the IRWD. May be interchangeable with discharger, indirect discharger, industrial user, person or user.
67. Person. Any individual, partnership, copartnership, firm, company, corporation, association, joint stock company, trust, estate, tenant, lessee, renter, governmental entity, or any other legal entity; or their legal representatives, agents or assigns. This definition includes all federal, state and local government entities. May be interchangeable with discharger, indirect discharger, industrial user, permittee or user.
68. Pesticides. Those compounds classified as such under Federal or State law or regulations including, but not limited to, DDT (dichlorodiphenyltrichloroethane, both isomers), DDE (dichlorodiphenylethylene), DDD (dichlorodiphenyldichloroethane), Aldrin, Benzene Hexachloride (alpha, beta and gamma isomers), Chlordane, Endrin, Endrin aldehyde, TCDD (2,3,7,8-tetrachlorodibenzo-p-dioxin), Toxaphene, Alpha-endosulfan, Beta-endosulfan, Endosulfan sulfate, Heptachlor, Heptachlor epoxide, Dieldrin, Demeton, Guthion, Malathion, Methoxychlor, Merex and Parathion.
69. pH. A measure of the acidity or alkalinity of a solution, expressed in standard units.
70. Pollutant. Any substance, constituent, compound or characteristic of wastewaters on which a discharge limitation may be imposed either by the IRWD, SOCWA, or the regulatory agencies empowered to regulate the IRWD and SOCWA.
71. Polychlorinated Biphenyls (PCBs). Those compounds classified as such under Federal and State law or regulations including, but not limited to Aroclors 1016, 1221, 1228, 1232, 1242, 1248, 1254, 1260 and 1262.
72. Pretreatment. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to or in lieu of introducing such pollutants into sewerage facilities. This reduction, elimination or alteration of pollutants can be obtained by physical, chemical, or biological process, by process changes or other means except as described by 40 CFR 403.

73. Pretreatment Equipment. Any equipment, structures or devices used for the treatment or flow limitation of industrial wastewater prior to discharge to sewerage facilities.
74. Pretreatment Requirements. Any substantive or procedural requirement related to pretreatment imposed on a user, other than a national pretreatment standard.
75. Prohibited Discharges. Any prohibitions against the discharge of certain substances; these prohibitions appear in Article 5.
76. Public Agency. The State and any city, county, district, agency, other local authority or public body of or within this state.
77. Rainwater. Water resulting from precipitation which directly falls upon any surface.
78. Regulatory Agencies. Those Agencies having jurisdiction over the operation of the IRWD, including, but not limited to, the following:
 - a. United States Environmental Protection Agency (EPA).
 - b. State Water Resources Control Board (SWRCB).
 - c. Regional Water Quality Control Board (RWQCB).
 - d. South Coast Air Quality Management District (SCAQMD).
 - e. Department of Health Services (DOHS).
 - f. California Environmental Protection Agency (Cal-EPA).
79. Representative Sample Point. A location set forth in the user's wastewater discharge permit or other control mechanism from which wastewater can be collected that is as nearly identical in content and consistency as possible to that of the entire flow of wastewater being sampled. For categorical users, this point shall be at the end of each regulated process, and for all other users shall be determined on a case-by-case basis.
80. Resource Conservation and Recovery Act (RCRA). The RCRA Act of 1976 (42 U.S.A. 6901, et seq.) to implement the conservation and recovery of used or spent resources and as amended.
81. Routine Sampling. Any sampling conducted by the IRWD to verify compliance of a user's discharge to sewerage facilities. Sampling may consist of either grab or composite samples or a combination of both.
82. Sampling Equipment. Equipment or structure provided at the user's sole expense for the IRWD or the user to measure and record wastewater constituents, collection of samples or provide access to plug or terminate the discharge.
83. Scum. Any layer of matter or combination of air and matter that forms on or rises to the surface of a liquid or body of water.
84. Sewage. Wastewater.
85. Sewerage Facilities. Any and all systems used for collecting, conveying, pumping, reclamation, recycling, reuse, storage, transportation, treatment or disposal of sewage, industrial waste of a liquid nature, wastewater, sludge or biosolids that are owned and/or operated by the IRWD, SOCWA or other public agency and which discharge wastewater to systems operated by SOCWA. This definition includes, but is not limited to, publicly owned treatment works (POTW's) as defined by Section 212 of the Act (33 U.S.C. Section 1292), public sewers, trunk lines, sewer mains, wet wells, treatments plants and ocean outfalls which are owned by the IRWD and discharge wastewater to systems operated by SOCWA, or are owned by SOCWA.

86. Shall. Mandatory.
87. Significant Industrial User (SIU). A user as defined by 40 CFR 403, except as provided in paragraphs c and d of this definition, which includes the following:
- a. An industrial users subject to categorical pretreatment standards; or
 - b. An industrial user that: discharges an average of twenty-five (25,000) gallons per day or more of process wastewater to the IRWD or SOCWA (excluding sanitary, noncontact cooling water, and boiler blowdown wastewater); contributes a process wastestream which makes up five percent (5%) or more of the average dry weather hydraulic or organic capacity of IRWD's or SOCWA's sewerage facilities; or is designated as such by the IRWD on the basis that the industrial user has a reasonable potential for adversely affecting the IRWD's or SOCWA's operation or for violating any pretreatment standard or requirement.
 - c. The IRWD may determine that an industrial user subject to categorical pretreatment standards is a Non-Significant Categorical Industrial User (NSCIU) rather than a Significant Industrial User on a finding that the industrial user never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, noncontact cooling and boiler blowdown wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:
 - i. The industrial user, prior to IRWD's finding, has consistently complied with all applicable categorical pretreatment standards and requirements;
 - ii. The industrial user annually submits the certification statement required in 40 CFR 403.12(q) together with any additional information necessary to support the certification statement; and
 - iii. The industrial user never discharges any untreated concentrated wastewater.
 - d. Upon a finding that an industrial user meeting the criteria in paragraph b above of this definition has no reasonable potential for adversely affecting IRWD's operation or for violating any pretreatment standard or requirement, IRWD may at any time, on its own initiative or in response to a petition received from a industrial user, and in accordance with 40 CFR 403.8(f)(6), determine that such industrial user should not be considered a significant industrial user.
88. Significant Non-Compliance. A violation by a SIU (or any IU which violates paragraphs c, d or h of this definition) as described in 40CFR 403.8(f)(2)(viii)(A-H) which meets one or more of the following criteria:
- a. Chronic violations of wastewater discharge limits, defined here as those in which sixty-six percent (66%) or more of all of the measurements taken for the same pollutant parameter during a six (6) month period exceed (by any magnitude) a numeric pretreatment standard or requirement, including instantaneous limits, as described in 40 CFR 403.3(l);
 - b. Technical Review Criteria (TRC) violations, defined here as those in which thirty-three percent (33%) or more of all of the measurements taken for the same pollutant parameter during a six (6) month period equals or exceeds the product of the numeric pretreatment standards or requirement including instantaneous limits, as described in 40 CFR 403.3(l) multiplied by the applicable TRC (TRC = 1.4 for BOD, TSS, fats, oil and grease, and 1.2 for all other pollutants except pH);
 - c. Any other violation of a pretreatment standard or requirement as defined in 40 CFR 403.3(l) (daily maximum, long-term average, instantaneous limit, or narrative standard) that IRWD determines has caused, alone or in combination with other discharges, interference or pass through, including endangering the health of IRWD or SOCWA personnel or the general public;
 - d. Any discharge of a pollutant that has caused imminent endangerment to human health, welfare or to the environment or has resulted in the IRWD's exercise of its emergency authority under 40 CFR 403.8(f)(1)(vi)(B) to halt or prevent such a discharge;

- e. Failure to meet, within ninety (90) days after the scheduled date, a compliance schedule milestone contained in a wastewater discharge permit, other control mechanism or enforcement order for starting construction, completing construction, or attaining final compliance;
 - f. Failure to provide within forty-five (45) days after the due date, required reports, including, but not limited to baseline monitoring reports, 90-day compliance reports, periodic self-monitoring reports and reports on compliance with compliance schedules;
 - g. Failure to accurately report noncompliance;
 - h. Any other violation or group of violations, which may include a violation of Best Management Practices, which IRWD determines will adversely affect the operation or implementation of the local pretreatment program.
89. Sludge. Any solid, semi-solid or liquid decant, subnate, or supernate from an industrial manufacturing process, utility service or pretreatment equipment.
 90. Slug Discharge. A discharge that may exceed the standards and prohibitions contained in Article 5 of this ordinance and significantly exceeds the usual industrial flow or pollutants loading, either mass or concentration.
 91. Solvent. Any substance that is used to dissolve another substance in it.
 92. South Orange County Wastewater Authority. The Joint Powers Authority (JPA) which is formed by the participating MAs. The MAs individually and/or collectively use SOCWA's sewerage facilities. SOCWA is the holder of the NPDES permits, which states the pretreatment and waste discharge requirements for the sewerage facilities.
 93. Spent Solutions. Any concentrated industrial wastewater.
 94. Spill Containment. Any protection equipment provided and installed at the user's sole expense to prohibit the discharge of non-compatible wastes to sewerage facilities.
 95. Standard Methods. Procedures described in the current edition of Standard Methods for the Examination of Water and Wastewater, as published jointly by the American Public Health Association, the American Water Works Association and the Water Environment Federation.
 96. Stormwater. Any flow occurring during or following any form of natural precipitation, including snowmelt, which runs off, or travels over the ground surface to a drainage area or channel.
 97. Street Drainage. Water resulting from surface runoff generated by rainwater, stormwater or other sources.
 98. Subsurface Drainage. A method of draining that is situated under the ground (e.g., leachate control system).
 99. Surface Runoff. Runoff other than that which is caused by rainfall, stormwater, or street drainage (e.g., car wash runoff, washdown runoff) originating from a user.
 100. Total Organic Carbon (TOC). The measure of total organic carbon in domestic or other wastewater as determined by the appropriate testing procedure.
 101. Total Suspended Solids. Any insoluble material contained as a component of wastewater and capable of separation from the liquid portion by laboratory filtration as determined by the appropriate testing procedures and expressed in terms of milligrams per liter (mg/L).
 102. Toxic Pollutant. Any pollutant or combination of pollutants listed as toxic by the EPA under the provisions of Section 307(a) of the Act or other acts or that can harm human health, aquatic life or the biological treatment processes.

103. Unpolluted Water. Water to which no constituent has been added either intentionally or accidentally.
104. Upset. Any upset that meets the criteria as described in 40 CFR 403.
105. User. Any person or entity which discharges or causes a discharge of wastewater to a sewerage facility, as defined by EPA regulations. May be interchangeable with discharger, indirect discharger, industrial user, permittee or person.
106. Volatile. Natural (plant or animal origin) or synthetic substances that is capable of being evaporated or changed to vapor at relatively low temperatures.
107. Waste. Sewage and any other waste substances, liquid, solid, gaseous or radioactive.
108. Waste Manifest. A receipt which is retained by the generator of hazardous wastes as required by the State or the United States Government pursuant to RCRA or the California Hazardous Materials Act or that receipt which is retained by the generator for recyclable wastes or liquid non-hazardous wastes as required by the IRWD.
109. Wastewater. Liquid and water-carried industrial wastes and sewage from residential dwellings, commercial buildings, industrial and manufacturing, and institutions, whether treated or untreated, which are discharged or permitted to enter sewerage facilities.
110. Wastewater Constituents and Characteristics. The individual chemical, physical, bacteriological, radiological, volume, flow rate and such other parameters that serve to define, classify or measure the quality and quantity of wastewater.
111. Wastewater Discharge (WD) Permit. The form of authorization from the IRWD issued to an industrial user for the discharge of wastewater. This wastewater discharge permit sets forth the limits and conditions under which the industrial user shall be able to discharge wastewater into sewerage facilities.

203 ABBREVIATIONS

A. The following abbreviations shall have the designated meanings:

1. BAT: Best Available Technology
2. BMP: Best Management Practice
3. BMR: Baseline Monitoring Report
4. BOD: Biochemical Oxygen Demand
5. BPT: Best Practicable Technology
6. CA: Control Authority
7. CAR: Company Authorized Representative
8. CFR: Code of Federal Regulation
9. CIU: Categorical Industrial Use
10. COD: Chemical Oxygen Demand
11. CWF: Combined Wastestream Formula
12. DO: Dissolved Oxygen
13. EPA: Environmental Protection Agency
14. ERP: Enforcement Response Plan
15. FOG: Fats, Oils and Grease
16. FROG: Fats, Roots, Oil and Grease
17. gpd: Gallons per Day
18. gpm: Gallons per Minute
19. IU: Industrial User
20. IRWD: Irvine Ranch Water District
21. lb/day: Pounds Per Day
22. JPA: Joint Powers Authority
23. LEL: Lower Explosive Limit
24. MA: Member Agency

25.	<u>MGD:</u>	Million Gallons Per Day	
26.	<u>MSDS:</u>	Material Safety Data Sheet	
27.	<u>NAICS:</u>	North America Industry Classification System	
28.	<u>NPDES:</u>	National Pollutant Discharge Elimination System	
29.	<u>NSCIU:</u>	Non-Significant Categorical Industrial User	
30.	<u>O&G:</u>	Oil and Grease	
31.	<u>PCBs:</u>	Polychlorinated Biphenyls	
32.	<u>POTW:</u>	Publicly Owned Treatment Works	
33.	<u>PSES:</u>	Pretreatment Standards for Existing Sources	
34.	<u>PSNS:</u>	Pretreatment Standards for New Sources	
35.	<u>RCRA:</u>	Resource Conservation and Recovery Act	
36.	<u>RWQCB:</u>	Regional Water Quality Control Board	
37.	<u>SOCWA:</u>	South Orange County Wastewater Authority	
38.	<u>SIU:</u>	Significant Industrial User	
39.	<u>SNC:</u>	Significant Non-Compliance	
40.	<u>SWRCB:</u>	State Water Resources Control Board	
41.	<u>TDS:</u>	Total Dissolved Solids	
42.	<u>TOC:</u>	Total Organic Carbon	
43.	<u>TOMP:</u>	Toxic Organic Management Plan	
44.	<u>TRC:</u>	Technical Review Criteria	
45.	<u>TSS:</u>	Total Suspended Solids	
46.	<u>TTO:</u>	Total Toxic Organics	
47.	<u>U.S.C.:</u>	United States Code	
48.	<u>mg/L:</u>	Milligrams per Liter	(0.001)
49.	<u>ug/L:</u>	Microgram per Liter	(0.000001)
50.	<u>ng/L:</u>	Nanograms per Liter	(0.000000001)
51.	<u>pg/L:</u>	Picograms per Liter	(0.000000000001)

**ARTICLE 3
AUTHORITIES AND POWERS**

301 AUTHORITY

- A. The IRWD is regulated by Agencies of the United States Federal Government and the State under provisions of federal and state law. Federal law requires SOCWA and the IRWD and the state grants the IRWD the authority to regulate and/or prohibit by adoption of ordinances, resolutions, and issuance of wastewater discharge permits or other control mechanisms, the discharge of any waste, directly or indirectly, to SOCWA's or the IRWD's sewerage facilities. That authority includes, but is not limited to, the right to establish local limits, conditions, prohibitions, flow rates, prohibit flows discharged to the IRWD's sewerage facilities, and enforce federal, state and local requirements. This may require the implementation of compliance schedules for the installation of flow monitoring equipment by users and for the IRWD to take all actions necessary to enforce its authority, whether within or outside IRWD's service area, including those users to whom this Ordinance is applicable as specified in Section 105.
- B. The IRWD has the authority under California Health and Safety Codes 5471 and 5474 to prescribe, revise, and collect all regulatory fees and to charge for services and sewerage facilities furnished by the IRWD and/or SOCWA either within or without its service area.
- C. Administration and enforcement of the pretreatment program may be carried out on a daily basis by any individual and/or combination of IRWD personnel as granted by an interjurisdictional agreement under the oversight of SOCWA. However, SOCWA retains the authority to assume, at any time, administrative and enforcement powers of the pretreatment program requirements within the IRWD jurisdiction.
- D. The IRWD shall have the authority to seek compliance with 40 CFR 403, its NPDES permit and the provisions of this ordinance by, but not limited to, the following:
 - 1. Issue WD permits.
 - 2. Require the installation of pretreatment equipment.
 - 3. Require the installation of monitoring and/or sampling equipment and/or structures.
 - 4. Require self-monitoring and reporting of the user's discharge.
 - 5. Require the implementation of spill containment plans.

302 DELEGATION OF AUTHORITY

Whenever any authority or power is granted to or a duty imposed upon the General Manager, that authority or power may be exercised or that duty may be performed by a person authorized by the General Manager.

303 ENFORCEMENT POWERS

- A. Enforcement action against a user for being in non-compliance with the provision of this ordinance may include, but is not limited to, the following:
 - 1. Issuing a Warning Notice of Non-compliance letter.
 - 2. Issuing a notice of non-compliance (NON) form.
 - 3. Issuing a notice of violation (NOV) form.
 - 4. Issuing an administrative order (AO) which may also include, but are not limited to, the following:
 - a. Probation Order (PO)
 - b. Show Cause Order (SCO)

c. Cease and Desist Order (CDO)

5. Petition the courts for injunction or civil penalties.

6. Signing criminal complaints.

7. Suspension or revocation of an issued wastewater discharge permit or other control mechanism.

8. Termination of services.

9. Administrative complaints.

B. The issuance of an enforcement action shall not be a bar against, or a prerequisite for, taking any other enforcement action against the user.

**ARTICLE 4
ADMINISTRATION**

401 IRVINE RANCH WATER DISTRICT (IRWD)

- A. The IRWD may implement pretreatment and source control programs in accordance with federal, state, and SOCWA regulations, the provisions of this ordinance, and any interjurisdictional agreements.
- B. If the IRWD desires to perform its own pretreatment and source control program, it shall do so pursuant to the interjurisdictional agreement with SOCWA, under the oversight of SOCWA.
- C. The IRWD, when operating its own pretreatment and source control program, shall keep SOCWA apprised of all activities on a regular and consistent basis. This may be accomplished by, but not limited to, correspondence, meetings and submittal of periodic reports.
- D. The IRWD shall have the authority to use fees and charges provided for within this ordinance when a user is in non-compliance.
- E. The IRWD shall provide SOCWA any and all information and submittals by users for review and central filing.
- F. The IRWD, which may operate its own sewerage facilities, shall coordinate with SOCWA the establishment of technically based local limits. These limits shall be established in accordance with section 402 H. of this ordinance. These limits are to ensure that any user's effluent that is discharged to sewerage facilities does not cause, but is not limited to, the following:
 - 1. Upset, pass through or interference of the biological treatment process.
 - 2. Upset, pass through or interference of the sludge digestion process.
 - 3. Reclaimed or recycled water or generated biosolids to be unable to meet regulatory standards for beneficial reuse or unlimited distribution as defined by regulatory agencies.
 - 4. Violation of any IRWD or SOCWA NPDES permit limitations.
 - 5. Pass-through or interference causing the IRWD or SOCWA to violate any discharge limits of the SOCWA Ocean Outfalls.

402 SOCWA

- A. SOCWA has the authority to implement pretreatment and source control programs in accordance with federal and state regulations and the provisions of this ordinance, SOCWA's pretreatment and source control ordinance and interjurisdictional agreements with the MAs.
- B. SOCWA has the authority to approve all forms used in the pretreatment and source control program.
- C. SOCWA has the authority to, at any time, assume administration and enforcement of this ordinance within the service area of the IRWD.
- D. SOCWA has the authority to locate and terminate any non-compliant discharge that is not discontinued, upon notification that a non-compliant discharge is occurring.
- E. SOCWA has the authority to review all applications, wastewater discharge permits, other control mechanisms and any enforcement actions that have been taken.
- F. SOCWA has the authority to review all ordinances pertaining to pretreatment and source control programs before adoption or implementation by the IRWD.
- G. SOCWA has the authority to audit the IRWD when performing its own pretreatment and source control program.

- H. SOCWA shall oversee the establishment of technically based local limits for the IRWD. A review of the local limits may be conducted every five years or in conjunction with the renewal of SOCWA's NPDES Permits.

403 PROGRAM ENFORCEMENT

- A. The IRWD shall have first priority to enforce the regulations contained within this ordinance in accordance with, but not limited to, the following:
 - 1. SOCWA shall conduct the pretreatment and source control program for the IRWD unless otherwise directed by the interjurisdictional agreement with the IRWD.
 - 2. When the IRWD is performing its own program it shall inform SOCWA of all program activity.
 - 3. The IRWD when performing its own program shall conduct routine sampling of permitted users for constituents the industry must sample and analyze for as part of their self-monitoring program, and inform SOCWA of such activity.

404 APPLICATIONS

All applications for wastewater discharge permits may be reviewed by the IRWD and SOCWA.

405 WASTEWATER DISCHARGE (WD) PERMITS

- A. All proposed WD Permits may be reviewed by the IRWD and SOCWA before being issued to the user.
- B. All issued WD Permits shall be signed, identified and/or numbered by the IRWD or SOCWA.

406 INSPECTIONS, MONITORING, AND ENFORCEMENT

- A. SOCWA shall be notified by the IRWD when inspecting, monitoring, or enforcement activities will or have already occurred. This may be done by, but not limited to, the following:
 - 1. Phone contact or correspondence.
 - 2. Submittal of written schedule reports or status reports.
- B. Emergency enforcement actions by the IRWD shall be reported to SOCWA by phone within twenty-four (24) hours during weekdays and within seventy-two (72) hours during weekends, and by written report within five (5) days of their notice to the user.

407 FUNDING

- A. Upon review by SOCWA, the IRWD may establish a schedule of wastewater discharge permit application fees, annual fees, sample analysis charges, and any other fees or charges required to recover reasonable costs of implementing a pretreatment and source control program.
- B. Costs incurred by the IRWD for its pretreatment activity may be collected by, but not limited to invoicing directly to the industrial user.

408 APPEALS

- A. The IRWD shall have first priority to handle appeals in accordance with the provisions of this ordinance.
 - 1. Appeals on staff action shall be directed to the General Manager.
 - 2. Appeals on the General Manager action shall be directed to the Board.
 - 3. Actions by the Board shall be final.
- B. SOCWA shall have the authority to handle appeals where the IRWD has no jurisdiction, or fails to enforce against a user in accordance with the provision of this ordinance or the interjurisdictional agreements.

ARTICLE 5
GENERAL DISCHARGE PROHIBITIONS AND LIMITATIONS

501 PROHIBITED DISCHARGES

- A. These prohibitions apply to all users of sewerage facilities whether or not they are subject to categorical pretreatment standards or any other national, State or local pretreatment standards or requirement.
- B. No user shall discharge directly or indirectly a quality or quantity of wastes, solids, viscous substances, wastewater or pollutants to sewerage facilities, either alone or by interaction with other substances, which cause or will cause:
 - 1. Obstruction of flow.
 - 2. Pass through or interference.
 - 3. Inhibition of biological activity.
 - 4. The final effluent to fail a toxicity test.
 - 5. Corrosive or physical structural damage to sewerage facilities.
 - 6. Danger to life and/or safety of any person.
 - 7. Impairment of the effective maintenance or operation of any sewerage facility.
 - 8. A fire or explosion hazard based upon a closed cup flashpoint of less than 140 degrees Fahrenheit (60°C) using the test method specified in 40 CFR 261.21.
 - 9. The presence of toxic gases, vapors, fumes, or poisonous, noxious or malodorous gas producing substances that may cause acute worker health and safety problems.
 - 10. Any product of any sewerage facility including, but not limited to the final effluent, biosolids, residue, sludge, or scum to be unsuitable for reclamation, reuse, or disposal.
 - 11. Discoloration or any other condition which affects the quality of the final effluent in such a manner that discharge requirements established by regulatory agencies cannot be met.
 - 12. Conditions which violate any statute, rule, regulation, or ordinance of any public agency or regulatory agency having jurisdiction over the discharge of wastewater through sewerage facilities.
 - 13. The discharge of petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin, which cause interference or pass through.

502 PROHIBITION ON DILUTION

Except where expressly authorized to do so by an applicable standard, no user shall discharge directly or indirectly to sewerage facilities an increase in the use of water to attempt to dilute a waste being discharged, as a partial or complete substitute for treatment to achieve compliance with this ordinance, a wastewater discharge permit, other control mechanism or to establish an artificially high flow rate for mass emission rates.

503 PROHIBITION ON BIOHAZARDOUS WASTE

No user shall discharge directly or indirectly to sewerage facilities a biohazardous waste without rendering it non-biohazardous prior to discharge if the biohazardous waste is deemed to pose a threat to public health and safety or will result in any violation of applicable waste discharge requirements.

504 PROHIBITION ON TOXIC OR HAZARDOUS WASTE

No user shall discharge directly or indirectly to sewerage facilities, any substance that is defined as a toxic or hazardous waste by regulatory agencies, except those wastes which meet the requirements of 40 CFR 403.

505 PROHIBITION ON WARFARE AGENTS

No user shall discharge directly or indirectly to sewerage facilities any radiological, chemical, or biological warfare agent.

506 LIMITATIONS ON DISPOSAL OF SPENT SOLUTIONS AND SLUDGES

- A. Any spent solutions, sludges, and/or other wastes generated by the user that are a hazardous waste and not treated on site shall be hauled by a registered hazardous waste transporter. The user shall complete and maintain a hazardous waste manifest that documents the removal and transport of the waste.
- B. All hazardous waste manifests shall be retained for a minimum of three (3) years and shall be made available to the IRWD upon request. The IRWD may require a longer period of retention if litigation is being considered.
- C. No user shall batch dump to sewerage facilities without written approval from the IRWD.

507 LIMITATIONS ON THE USE OF GRINDERS

Wastes from industrial or commercial grinders shall not be discharged into a sewerage facility, except wastes generated in packing or preparing food or food products on a case by case bases as approved by the IRWD. Such grinders must shred the waste to a degree that all particles will be carried freely under normal flow conditions prevailing in the sewerage facilities.

508 LIMITATIONS ON RAINWATER, STORMWATER, AND STREET DRAINAGE

No user shall discharge or cause to be discharged directly or indirectly into sewerage facilities any rainwater, stormwater, or street drainage that exceeds the first one-tenth (1/10) of an inch of precipitation from any storm event.

509 LIMITATIONS ON GROUNDWATER AND SUBSURFACE DRAINAGE

- A. Groundwater and subsurface drainage shall not be discharged directly or indirectly to sewerage facilities except as provided herein.
- B. The IRWD may approve the discharge of such water, by wastewater discharge permit or other control mechanism only, when no alternate method of disposal is reasonably available or to mitigate an environmental risk or health hazard.
- C. The discharge of such water shall require the following:
 - 1. A Class IV Special Wastewater Discharge Permit or other control mechanism issued by the IRWD, and
 - 2. Documentation from the user or user's consultant that all other alternate methods of disposal have been exhausted, and
 - 3. User shall pay all applicable fees and charges and shall meet any other conditions as required by the IRWD.

510 LIMITATIONS ON TRUCKED OR HAULED WASTES

- A. No user shall discharge trucked or hauled wastes directly or indirectly to sewerage facilities without written approval from the IRWD and SOCWA. Written approval may be in the form of an individual special wastewater discharge permit or other control mechanism.
- B. No user shall transport waste from one location to another for the purpose of treating or discharging it directly or indirectly to sewerage facilities without written approval from the IRWD and SOCWA. Written approval may be in the form of an individual special wastewater discharge permit or other control mechanism.

511 LIMITATIONS ON POINT OF DISCHARGE

No user shall discharge any wastewater directly or indirectly into a manhole or other opening in a sewerage facility other than through an approved building sewer unless approved in writing by the IRWD.

512 LIMITATIONS ON RADIOACTIVE WASTES

- A. No user shall discharge directly or indirectly to sewerage facilities any radioactive waste except as provided herein:
 - 1. When the user is authorized to use radioactive materials by the State Department of Health or other governmental agency empowered to regulate the use of radioactive materials, and
 - 2. When the waste is discharged in strict conformity with current California Radiation Control Regulations (Cal. Adm. Code Title 17) for safe disposal, and
 - 3. When the user is in compliance with all other rules and regulations of all other applicable regulatory agencies.

513 LIMITATION ON UNPOLLUTED WATER

- A. Unpolluted water such as deionized, steam waste, distilled, single pass cooling water in excess of laboratory usage, blow-down or bleed water from cooling towers, or other evaporating coolers, or commercial swimming pool water drainage shall not be discharged directly or indirectly to sewerage facilities except as provided herein.
- B. The IRWD may approve the discharge of such water when no alternate method of disposal or reuse is reasonably available or there is need to mediate an environmental risk or health hazard.
- C. The discharge of such water shall require the following:
 - 1. A Class IV Special Wastewater Discharge Permit or other control mechanism, and
 - 2. Documentation from the user or user's consultant that all other alternate methods of disposal have been exhausted, and
 - 3. User shall pay all applicable fees and charges and shall meet any other conditions as required by the IRWD.

514 MASS EMISSION LIMIT DETERMINATION

- A. Mass emission limits for non-compatible and compatible wastes that are present or anticipated in the user's wastewater discharge may be set for each user and made an applicable part of each user's wastewater discharge permit or other control mechanism. These limits shall be based on Table I, local limits or national pretreatment standards and the user's average daily wastewater discharge for the past three (3) years, the most recent representative data, or other data acceptable by the IRWD.
- B. To verify the user's operating data, the user may be required to submit an inventory of all wastewater streams and production data.
- C. The IRWD may revise local limit concentration limits or mass emission limits previously established in the

user's wastewater discharge permit or other control mechanism at any time, based on current and/or anticipated operating data, the ability to meet NPDES Limits, and/or changes in the requirements of regulatory agencies.

- D. The increased use of water to establish an artificially high flow rate data base for mass emission limit determinations is prohibited.

515 WASTEWATER STRENGTHS AND CHARACTERISTICS

- A. No user shall discharge wastewater directly or indirectly to sewerage facilities with the following strengths and characteristics:
 - 1. Having a temperature higher than 140 degrees Fahrenheit (60 degrees Centigrade) or which causes the temperature at the influent to a wastewater treatment plant to exceed 104 degrees Fahrenheit (40 degrees Centigrade).
 - 2. Containing substances that may precipitate, solidify, or become viscous at temperatures between 50 degrees Fahrenheit (10 degrees Centigrade) and 104 degrees Fahrenheit (40 degrees Centigrade).
 - 3. Containing materials which will readily settle or cause an obstruction to flow in sewerage facilities or be detrimental to the proper operation of a sewerage facility. These materials may include, but are not limited to, asphalt, concrete, dead animals, offal ashes, sand, mud, straw, industrial process shavings, metal, glass, rags, feathers, tar, plastics, wood, whole blood, bones, hair, coffee grounds, egg shells, flashings, diatomaceous earth, seafood shells, and paper products not intended for use in sewerage facilities.
 - 4. Producing a gaseous mixture that is ten percent (10%) or greater of the lower explosive limit (LEL). Prohibited materials include, but are not limited to, gasoline, kerosene, naphtha, benzene, toluene, xylene, ethers, ketones, and alcohols.
 - 5. Having a pH less than 5.0 or greater than 11.0.
 - 6. Containing recognizable portions of human or animal anatomy.
 - 7. Containing excessive flow, constituents or other materials, including but not limited to, biological oxygen demand, chemical oxygen demand, total organic carbon, toxic pollutants, suspended solids, grease and oil of animal or vegetable origin total dissolved solids, detergents, surface active agents, phenolic compounds or other substances that are released in a discharge at a flow rate and/or concentration which will cause problems, pass-through or interference with sewerage facilities.
 - 8. Containing PCBs in excess of 0.01 mg/L as a daily maximum.
 - 9. Containing pesticides in excess of 0.01 mg/L as a daily maximum.
 - 10. Violation of any applicable national pretreatment standards, state standards, or other local regulations covering wastewater disposal.

516 SPECIFIC LOCAL LIMITS

- A. IRWD in coordination with SOCWA is authorized to establish local limits pursuant to 40 CFR 403.
- B. No user shall discharge directly or indirectly a quality or quantity of wastes or wastewater containing toxic pollutants, non-compatible or compatible wastes in excess of Table I, Specific Local Limits. All local limits for the metal pollutants are for the "total metal" amount analyzed, unless indicated otherwise.

Table I
Specific Local Limits

Pollutant	Limit (mg/L)
Arsenic	3.4
Cadmium	0.93
Chromium	4.9
Copper	7.2
Lead	4.9
Mercury	0.19
Nickel	9.5
Silver	2.8
Zinc	7.9
Cyanide	4.3
Oil and Grease	300

- C. Local limits are subject to more stringent standards as established by national pretreatment standards. Local limits are deemed to be pretreatment standards for the purposes of Section 307(d) of the Act, and are enforceable under Section 309 of the Act, potentially subjecting an IU to a penalty of \$25,000 per day for each violation.
- D. The IRWD may place more stringent standards within any wastewater discharge permit or other control mechanism issued to a user at any time, based on current and/or anticipated operating conditions presented in the wastewater discharge permit application, the ability to meet NPDES permit limits, and/or changes in the requirements of regulatory agencies.
- E. The IRWD may develop Best Management Practices (BMPs) for use in any wastewater discharge permit or other control mechanism to implement local limits and the requirements in this ordinance.

517 STATE REQUIREMENTS

Upon the adoption of any state requirements on user discharges that are more stringent than federal requirements or the limitations contained in this ordinance, that state standard shall then immediately supersede the federal standard and the limitations of this ordinance.

518 FEDERAL REQUIREMENTS

- A. Upon adoption of a national pretreatment standard more stringent than those contained in this ordinance, the federal standard shall immediately supersede the limitations listed in this ordinance and the affected significant industrial users shall be notified of the new standards and applicable reporting requirements.
- B. The significant industrial user shall comply with the national pretreatment standard within the time provided in the federal regulations that establish such standards even if their wastewater discharge permit has not yet been modified to incorporate the new requirement or standards.
- C. The significant industrial user shall comply with any applicable requirements under Sections 204(b) and 405 of the Act and Subtitles C and D of the RCRA.

**ARTICLE 6
WASTEWATER DISCHARGE PERMITS**

601 WRITTEN AUTHORIZATION

- A. Users may be required to obtain written authorization to use sewerage facilities. This written authorization may be in the form of a wastewater discharge permit or other control mechanism issued by the IRWD. No vested right shall be given or be granted by issuance of wastewater discharge permit or other control mechanism as provided for in this ordinance.
- B. When written authorization is granted, all the types of wastewater discharge permits and any other control mechanisms shall be expressly subject to all provisions of this ordinance and all other regulations, charges for use and fees established by the IRWD. The requirements contained in wastewater discharge permits or other control mechanisms are subject to enforcement under this ordinance and under state and federal law.
- C. All users that have obtained written authorization shall discharge their process wastewater only as provided for by their wastewater discharge permit or other control document.
- D. Compliance with wastewater discharge permit or other control mechanism provisions does not relieve the user from complying with any other applicable federal, state or local requirement.

602 TYPES OF WASTEWATER DISCHARGE PERMITS

- A. The wastewater discharge permit may be in one of four (4) types and is dependent upon process, volume and pollutant characteristics of the users discharge. The four types of wastewater discharge permits are:
 - 1. Class I – Wastewater Discharge (WD) Permit.
 - 2. Class II – Wastewater Discharge (WD) Permit.
 - 3. Class III – Wastewater Discharge (WD) Permit.
 - 4. Class IV – Special Wastewater Discharge (SWD) Permit.

603 TRANSFER PROHIBITION

Wastewater discharge permits issued under this ordinance are for a specific user, for a specific operation at a specific location. Wastewater discharge permits shall not be transferred for an operation at a different location.

604 CHANGE OF OWNERSHIP

- A. Upon the sale or transfer of ownership of any business operating under a wastewater discharge permit issued by the IRWD, the user shall notify the IRWD in writing prior to the change of ownership. The successor owner shall be required to apply for a new wastewater discharge permit prior to the sale or transfer of ownership.
- B. In the event that the original owner fails to notify the IRWD of the sale or transfer of ownership than said original owner may be jointly liable for any charges incurred by the new owner.
- C. This does not relieve the new owner of any liability for non-compliance with any federal, state, or local regulations or the provisions of this ordinance.

605 EXCESS CAPACITY REGULATORY FEE

New users or existing users that expand operations that require substantial sewerage facility capacity may be subject to an excess capacity sewerage facility regulatory fee in an amount and method to be solely determined by the IRWD on a case-by-case basis.

606 OUT OF SERVICE AREA WASTEWATER DISCHARGE PERMITS

Wastewater discharge permits for users located outside of the IRWD's service area but tributary to the IRWD's sewerage facilities shall only be issued after approval by the IRWD. Inspection and sampling of the user's discharge to determine compliance with discharge regulations will be made under a coordinated plan developed by SOCWA, the IRWD and the local sewerage agency. The more stringent discharge regulations and effluent limitations of affected agencies shall apply to the user. The fees for use shall be determined by the IRWD and set forth in an interjurisdictional agreement.

607 REQUIRED INFORMATION

- A. To provide for the equitable use of sewerage facilities, the IRWD shall have the right to require a user to provide all information necessary to maintain compliance with the provisions of this ordinance, including treatability studies to determine whether the wastewater would be compatible with all sewerage facilities. This information shall include, but is not limited to the following:
1. Wastewater discharge flow rates, peak flow rates and volume over any period of time.
 2. Physical, chemical or bacteriological analysis of wastewater.
 3. Information on raw materials, processes and products.
 4. Quantity, disposition and waste manifests of specific liquids, sludge, oil, solvent or other materials.
 5. Details of any pretreatment equipment.
 6. Details of systems to prevent and control the loss of material through spills and slug discharges.
 7. Review of all types of water bills.

608 CONFIDENTIAL INFORMATION

All user information and data on file shall be available to the public and governmental agencies without restriction, unless the user specifically requests and is able to demonstrate to the satisfaction of the IRWD that the release of such information would divulge information, processes or methods which would be detrimental to the user's competitive position. The demonstration of the need for confidentiality made by the user must meet the burden necessary for withholding such information from the general public under applicable state and federal law. Any such claim must be made at the time of submittal of the information by marking "Confidential Business Information" on each page containing such information within the submittal. Information which is demonstrated to be confidential shall not be transmitted to any governmental agency without prior notification to the user. Information concerning wastewater quality and quantity shall not be recognized as confidential information and shall be available to the public without reservation.

609 CLASS I – WASTEWATER DISCHARGE (WD) PERMIT

No user requiring a Class I WD Permit shall discharge wastewater without obtaining a Class I WD Permit. A Class I user, as determined by the IRWD, proposing to discharge directly or indirectly into a sewerage facility shall obtain a WD Permit by filing an application and paying any applicable fees before discharging.

610 CLASS II – WASTEWATER DISCHARGE (WD) PERMIT

No user requiring a Class II WD Permit shall discharge wastewater without obtaining a Class II WD Permit. A Class II user, as determined by the IRWD, proposing to discharge directly or indirectly into a sewerage facility shall obtain a WD Permit by filing an application and paying any applicable fees before discharging.

611 CLASS III – WASTEWATER DISCHARGE (WD) PERMIT

No user requiring a Class III WD Permit shall discharge wastewater without obtaining a Class III WD Permit. A Class III user, as determined by the IRWD, proposing to discharge directly or indirectly into a sewerage facility shall obtain a WD Permit by filing an application and paying any applicable fees before discharging.

612 CLASS IV – SPECIAL WASTEWATER DISCHARGE (SWD) PERMIT

- A. No user requiring a Class IV SWD Permit shall discharge wastewater without obtaining a Class IV SWD Permit. A Class IV user, as determined by the IRWD, proposing to discharge directly or indirectly into a sewerage facility shall obtain a SWD Permit by filing an application and paying any applicable fees before discharging.
- B. The SWD Permit may be issued when no alternative method of disposal is reasonably available or to mitigate an environmental risk or health hazard.
- C. A user proposing to discharge diverted urban nuisance water may be issued a nuisance special wastewater discharge (NSWD) Permit only after they have completed the requirements contained in the IRWD and SOCWA "Nuisance Flow Diversion Policy."
- D. A user proposing to discharge trucked or hauled wastes may be issued a hauled special wastewater discharge (HSWD) Permit only after they have completed all requirements set forth by the IRWD on a case by case basis. All trucked or hauled waste users shall comply with the terms, conditions and limitation set forth in a HSWD Permit as determined by the IRWD to be necessary to protect sewerage facilities. A trucked or hauled waste user proposing to discharge waste into a IRWD or SOCWA sewerage facility may be required to obtain both a valid Orange County Health Department permit (where applicable) and a HSWD Permit prior to any discharge.

613 NON-INDUSTRIAL WASTEWATER DISCHARGE (NIWD) FORM

- A. At the sole discretion of the IRWD, any user that is considered to have wastewater of no concern discharging to sewerage facilities may be classified as an NIWD user and issued an NIWD form.
- B. Any user that has had a Class I, II, or III WD Permit that no longer has a discharge containing noncompatible wastes to the IRWD's sewerage facilities may be classified as an NIWD user and issued an NIWD form.
- C. The main functions of the NIWD form are to assist in maintaining the IRWD's user survey data base and to track and verify by inspection any user that is considered to have wastewater of no concern discharging to sewerage facilities.

614 APPLICATION FOR WASTEWATER DISCHARGE PERMIT

- A. Users required to obtain a WD Permit shall complete and file with the IRWD, prior to commencing discharge, if applicable, an application on a form prescribed by the IRWD.
- B. Users seeking a WD Permit may be required to submit, in unit and terms appropriate for evaluation, the following information:
 - 1. Name, address of the site, NAICS numbers (if applicable), and a description of the manufacturing process or service activity.
 - 2. Name, address of any and all, (whichever is applicable) principals/owners/major share holders of company; articles of incorporation; most recent report of the Secretary of State and business license.
 - 3. Flow, volume, time, duration and type of wastewater to be discharged.
 - 4. Name, address and contact information of the individual who shall serve as the CAR.

5. Name and address of property owner, landlord and/or manager of the property.
 6. Water supplier and water account numbers.
 7. Wastewater constituents and characteristics as required or deemed necessary by the IRWD, including but not limited to, those mentioned in this ordinance. These constituents and characteristics shall be determined by a laboratory of the discharger approved by the IRWD.
 8. Number of employees and average hours of work per employee per day.
 9. Waste minimization, best management practices and water conservation practices.
 10. All production records, if applicable.
 11. Waste manifests, if applicable.
 12. Tons of cooling tower capacity, if applicable.
 13. List of other environmental control permits and EPA Hazardous Waste Generator number, if applicable.
 14. Application signed by CAR of the user and contains the certification statement in Section 802.E
 15. Any other information as specified.
- C. Users may be required to submit site floor, mechanical, plumbing, toxic organic management, and spill containment plans for evaluation.
- D. After evaluation of the data furnished, the IRWD may issue a WD Permit, a NIWD Form or other control mechanism subject to the terms and conditions set forth in this ordinance and as otherwise determined by the General Manager to be necessary to protect sewerage facilities.
- E. The WD Permit application may be denied if the user fails to establish to IRWD's satisfaction that adequate pretreatment equipment is included within the user's plans to ensure that the discharge limits will be met or if the user has, in the past demonstrated an inability to comply with applicable discharge limits or has in the past demonstrated an inability to keep current with invoices for the items such as WD Permit fees, noncompliance fees, civil penalties, administrative civil penalties or charge for use.

615 APPLICATION FOR SPECIAL WASTEWATER DISCHARGE PERMIT

- A. Users required to obtain a SWD Permit shall complete and file with the IRWD, prior to commencing discharge, if applicable, an application on a form prescribed by the IRWD.
- B. Users seeking a SWD Permit may be required to submit, in unit and terms appropriate for evaluation, the following information:
1. Name, address and a description of the wastewater to be discharged.
 2. Name, address and contact information of the individual who shall serve as the CAR.
 3. Volume, time and duration of wastewater to be discharged.
 4. Construction and plumbing plans, if applicable.
 5. Detailed analysis of the alternatives for wastewater disposal, if applicable.
 6. Wastewater constituents and characteristics as required or deemed necessary by the IRWD, including but not limited to, those mentioned in this ordinance. These constituents and characteristics shall be determined by a laboratory selected by the user acceptable to the IRWD.

7. Any other data as specified.

- C. Users may be required to submit site, mechanical, plumbing, toxic organic management, and spill containment plans for evaluation if applicable.
- D. After evaluation of the information furnished, IRWD may issue a SWD Permit or other control mechanism subject to the terms and conditions set forth in this ordinance and as otherwise determined by the General Manager to be necessary to protect sewerage facilities.
- E. In the case of diverted urban nuisance water, after evaluation of the information furnished, IRWD may issue a NSWD Permit, subject to the terms and conditions set forth in this ordinance and the "Nuisance Flow Diversion Policy" as otherwise determined by the General Manager to be necessary to protect sewerage facilities.
- F. The SWD Permit application may be denied if the user fails to establish to IRWD's satisfaction that adequate pretreatment equipment is included within the user's plans to ensure that the discharge limits will be met or if the user has, in the past demonstrated an inability to comply with applicable discharge limits or has in the past demonstrated an inability to keep current with invoices for items such as SWD Permit fees, non-compliance fees, civil penalties, administrative civil penalties or charges for use .

616 APPLICATION FOR NON-INDUSTRIAL WASTEWATER DISCHARGE (NIWD) FORM

- A. Users meeting the criteria for a NIWD form may be asked to complete and file with the IRWD an application on a form prescribed by the IRWD.
- B. Information on users that meet the criteria for a NIWD form may be obtained solely by the IRWD during site inspections or by other means.
- C. After evaluation of the data furnished by the user or from information collected solely by the IRWD an NIWD form may be issued.

617 WASTEWATER DISCHARGE PERMIT TERMS, CONDITIONS, AND LIMITATIONS

- A. All wastewater discharge permits shall be expressly subject to all terms, conditions, and limitations of this ordinance, other regulatory agencies, Best Management Practices, charge for use, and fees established by the IRWD. The terms, conditions, and limitations in a WD Permits are subject to enforcement by the IRWD in accordance with this ordinance, and applicable state and federal regulations. Any WD Permit violation shall be a violation of this ordinance.
- B. The terms, conditions, and limitations of any issued WD Permit may be subject to modification and changes by the IRWD during the life of the WD Permit based on:
 - 1. The discharger's current or anticipated operating data.
 - 2. The IRWD's current or anticipated operating data.
 - 3. Changes in the requirements of regulatory agencies.
- C. Users may request a modification to the terms, conditions, and limitations of an issued WD Permit. The request shall be in writing stating the requested change, and the reasons for the change. The IRWD shall review the request, make a determination and respond in writing. A request for a wastewater discharge permit modification does not relieve a user from complying with its existing WD Permit terms, conditions and limitations.
- D. Any changes to the terms, conditions or limitations in a WD Permit shall include a reasonable time schedule for compliance where allowed under applicable federal, state and local law.
- E. A WD Permit may contain any, but is not limited to, the following terms, conditions and limitations:
 - 1. Effluent limits, including mass emission rates, concentration limits or best management practices

based on applicable pretreatment standards for regulated pollutants.

2. Discharge limits based upon the combined wastestream formula (CWF).
3. Limits on rate and time of discharge or requirements for flow regulation and equalization.
4. Requirements for the user to make notification in writing prior to the physical expansion or any change to any wet processes. Notification is also required in the event of changes in production if production-based limits are being applied.
5. Requirements for the user to construct and maintain, at the user's own expense, pH control, flow monitoring and/or sampling equipment and/or structures.
6. Requirements for submission of technical reports, discharge reports and waste manifests.
7. Location of sampling point(s) and the requirements to self-monitor.
8. Requirements for maintaining plant records relating to wastewater discharge and waste manifests as specified by the IRWD.
9. Predetermined rates or values for wastewater strength characteristics.
10. Requirements to submit copies of water bills.
11. Other provisions which may be applicable to ensure compliance with this ordinance.
12. Other terms, conditions and limitations determined by the IRWD to be necessary to protect sewerage facilities.
13. Predetermined rate or value for BOD and suspended solids.
14. Requirements for notification of bypass discharges.
15. Requirements for notification of any new introduction of wastewater constituents or any substantial change in the volume or character of wastewater constituents.
16. Requirements to meet compliance schedules.
17. Requirements for the user to control slug discharges by developing and implementing a slug discharge control plan if determined by the IRWD to be necessary as described in 40 CFR 403.8(f)(1)(iii)(B)(6).
18. Requirements for the user to control toxic organic discharges by developing and implementing a toxic organics management plan if determined by the IRWD to be necessary.

618 WASTEWATER DISCHARGE PERMIT DURATION

All wastewater discharge permits shall not exceed a duration of five (5) years. Any wastewater discharge permit may be issued for a shorter period of time at the sole discretion of the IRWD.

619 WASTEWATER DISCHARGE PERMIT RENEWAL

- A. The user may file a new application prior to the expiration date of any existing wastewater discharge permit for renewal.
- B. Discharge after the termination date of a wastewater discharge permit is prohibited except:
 1. If the user filed a timely renewal application which is complete, and:
 2. The IRWD, through no fault of the user, does not issue a new wastewater discharge permit with an

effective date on or before the expiration date of the previous wastewater discharge permit.

620 IRWD's RIGHT OF REVISION

- A. The IRWD reserves the right to establish, by ordinance, or by wastewater discharge permit or by Best Management Practices, or by any other control mechanism, more stringent standards or requirements on the discharge of users to sewerage facilities
- B. The terms, conditions and limitations contained in any WD Permit, Best Management Practices or other control mechanism may be modified by the IRWD at any time. This modification shall be by written notification to the user.

ARTICLE 7
PRETREATMENT EQUIPMENT REQUIREMENTS

701 PRETREATMENT

- A. All pretreatment equipment or devices may be reviewed by the IRWD. Such review shall not absolve the user of any responsibility of meeting prohibitions, limitations, requirements, standards and local limits on discharges.
- B. User shall provide wastewater treatment as necessary which may include, but is not limited to, the use of best available technology (BAT) or best practicable technology (BPT) concepts to comply with this ordinance and shall achieve compliance with all prohibitions, limitations, standards and local limits before discharging to any sewerage facility. Any equipment required to pretreat, sample, control or transport wastewater shall be provided and maintained in proper operating condition at all times at the user's sole expense.
- C. User may be required to submit waste analysis plans, contingency plans, and meet other requirements to ensure proper operation of pretreatment equipment and compliance with their wastewater discharge permit limits and this ordinance.
- D. No user shall increase the use of water or in any other manner attempt to dilute a discharge as a partial or complete substitute for treatment to achieve compliance with this ordinance, a wastewater discharge permit or other control mechanism.

702 SPILL CONTAINMENT

- A. Each user shall provide spill containment for protection against the discharge of prohibited materials or other wastes regulated by this ordinance. This protection shall be designed in accordance with reasonable engineering standards to secure the discharges and to prevent them from entering into a sewerage facility. This equipment shall be provided and maintained at the user's sole expense.
- B. If it can be shown that a user's spill containment equipment did not prevent a discharge which caused the IRWD to violate its requirements, incur additional operational expenses, or suffer loss or damage to sewerage facilities, that user shall be responsible for any costs or expenses, including assessment by other agencies or any costs incurred by the IRWD.
- C. A notice may be permanently posted on the user's bulletin board or other prominent place advising employees who to call in the event of a prohibited discharge. Employers shall ensure that all employees who may cause or suffer such a prohibited discharge to occur are advised of the emergency notification procedure.

703 MONITORING AND METERING EQUIPMENT

- A. The user may be required to construct and maintain in proper operating condition at the user's sole expense, flow and/or constituent monitoring and/or sampling equipment.
- B. Any sample taken from a user's sample point shall be considered to be representative of the discharge to sewerage facilities.
- C. Monitoring or metering equipment may be required to include a security enclosure that can be locked with an IRWD provided lock during any sampling and monitoring periods.
- D. Location of the monitoring or metering equipment shall be subject to approval by the IRWD.
- E. The IRWD shall be provided clear and uninterrupted access to monitoring or metering locations.
- F. When one or more users discharge into a sewerage facility, those users may be required to install a separate monitoring location for each user. Also in the judgment of the IRWD, if there is a significant difference in wastewater constituents and characteristics produced by different operations of a single user, that user may be required to install separate monitoring locations for each operation. Separate

monitoring may also be required for different processes subject to categorical pretreatment standards.

- G. Users with the potential to discharge flammable solutions may be required to install and maintain at their sole expense a combustible gas detection meter.
- H. All wastewater samples shall be representative of the user's discharge. Wastewater monitoring and flow measurement equipment shall be operated, kept clean, and maintained in good working order at all times. Failure by the user to keep its monitoring equipment in good working order shall not be grounds for the user to claim that sample results are unrepresentative of its discharge.

704 DRAWING SUBMITTALS

- A. Detailed plans of any proposed construction of pretreatment, spill containment, monitoring and metering equipment and operating procedures shall be submitted for review by the due date contained within a written request from the IRWD. The review of the plans and procedures shall in no way relieve the user of the responsibility of modifying the equipment or procedures in the future as necessary to meet the requirements of this ordinance or any other requirement of other regulatory agencies.
- B. All drawings shall include:
 - 1. North arrow.
 - 2. Scale size.
 - 3. User name and address.
 - 4. Date drawn or revised.
 - 5. Location of proposed pretreatment, spill containment, monitoring and metering equipment.
- C. The IRWD may require drawings to scale depicting the manufacturing process (waste generating source), spill containment, pretreatment and/or monitoring or metering equipment.
- D. The IRWD may require a schematic drawing of the pretreatment, spill containment, monitoring and metering equipment.
- E. The IRWD may require the drawings be prepared by a California registered chemical, mechanical, or civil engineer.

705 WASTE MINIMIZATION, RECYCLING, AND TREATMENT

- A. User shall provide waste minimization plans to conserve water, investigate product and/or materials substitution, maintain inventory control records and implement employee education, and other steps as necessary to minimize waste produced by the due date contained within a written request from the IRWD.
- B. Waste minimization, recycling and treatment shall be demonstrated wherever feasible in the following priority:
 - 1. Source reduction which includes, but is not limited to, substitution of less hazardous materials, spill prevention and control measures, proper storage and handling of chemicals and raw materials.
 - 2. Recovery and reuse which includes, but is not limited to, substitution of less hazardous materials, spill prevention and control measures, proper storage and handling of chemicals and raw materials.
 - 3. Treatment which includes, but is not limited to, pretreatment techniques as to render hazardous wastes harmless or suitable for disposal to sewerage facilities.

**ARTICLE 8
INSPECTION, MONITORING, SAMPLING,
NOTIFICATION, AND REPORTING REQUIREMENTS**

801 INSPECTION AND MONITORING

- A. The IRWD may inspect and sample the wastewater generating and disposal equipment of any user's site to ascertain whether the requirements of this ordinance are being met and the user is complying with all requirements.
- B. Where a user has instituted security measures requiring proper identification and clearance before entry onto the premises, the user shall make all necessary arrangements with its security in order that the inspectors of the IRWD shall be allowed to enter the premises without delay for the purpose of performing their authorized duties.
- C. The IRWD shall have the right to set up on the user's property or any other locations, as determined by the IRWD, such devices as are necessary to conduct sampling or metering operations of the user's discharge to sewerage facilities.
- D. In order for the IRWD to determine the wastewater characteristics of a discharge for compliance with this ordinance, wastewater discharge permit, or other control mechanism requirements, the user may be required to make available for inspection and copying all records including, but not limited to, production records, required self-monitoring and chain of custody records, any additional records of information obtained pursuant to monitoring activities undertaken by the user independent of such requirements, documents associated with Best Management Practices and waste manifests without restriction, but subject to the confidential provisions set forth in this ordinance. All records shall be maintained by users for a minimum of three (3) years. This period shall be automatically extended for the duration of any litigation concerning the user, or when the user has been notified by written request from the IRWD. Such records shall be made available to the IRWD upon request.
- E. Any temporary or permanent obstruction to safe and easy access to the user's site to be inspected and/or sampled shall be promptly removed by the user at the written or verbal request of the IRWD and shall not be replaced. The costs of cleaning such access shall be at the sole expense of the user.
- F. Inspection and/or sampling of any user's site shall be conducted at any time, by any means, in any amount, at any location, on any limit, requirement or pollutant in a manner and frequency as determined at the sole discretion of the IRWD.

802 SELF-MONITORING AND REPORTING

- A. Self-monitoring of wastewater pollutants, constituents and characteristics of the user needed for determining compliance with any limitations and requirements as specified in the user's wastewater discharge permit, federal regulations, or this ordinance may be required. The self-monitoring requirement, frequency, forms and reporting shall be set forth in the user's wastewater discharge permit or other control mechanism. These reports may include, but are not limited to, the following:
 - 1. Baseline monitoring reports (BMR's).
 - 2. Compliance schedule progress reports.
 - 3. 90-day compliance reports.
 - 4. Self-monitoring reports containing monitoring and analysis to demonstrate continued compliance as described in 40 CFR 403.12(g)(1-6).
 - 5. Other reports as required by the IRWD, other regulatory agencies or applicable law.
- B. Failure by the user to perform any self-monitoring or reporting required by the IRWD shall be a violation of this ordinance, and is deemed to be a violation for each parameter and each day in the time period for which monitoring was required, and cause for the IRWD to initiate all necessary tasks and analysis to

determine the wastewater pollutants, constituents and characteristics for any limitations and requirements specified in the user's wastewater discharge permit or in this ordinance. The user shall be responsible for any and all expenses incurred by the IRWD in undertaking such monitoring analysis and preparation of reports.

- C. All users required to sample and analyze their wastewater shall use the sampling methods and the sampling locations as set forth in their wastewater discharge permit. For each sample collected and analyzed, the user shall maintain a record of:
 - 1. Date, exact place, method and time of sampling and the name of the person taking the sample.
 - 2. Date analysis performed.
 - 3. Identity and address of the person who performed the analysis.
 - 4. The analytical methods used.
 - 5. Results of the analysis.
- D. Samples taken shall be representative of conditions occurring during the reporting period. Users shall submit all monitoring data, even if user samples more frequently than required by its wastewater discharge permit. User is required to provide advance notice of any substantial change in the volume or character of pollutants in their discharge.
- E. When required, all submitted applications and user reports shall be signed by the CAR as defined in this ordinance. Each application and any required user report shall contain the following certification:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

Date: _____

Signature: _____

Print Name: _____

Title: _____

User Name: _____

User Site _____

Address: _____

User Mailing _____

Address: _____

Phone: _____

Permit No: _____

- F. Self-monitoring reports shall be subject to the provisions of 18 U.S.C. Section 1001 relating to false statements and fraud and the provisions of Section 309(c)(2) of the Act governing false statements.

- G. The analysis of a user's wastewater pollutants, constituents and characteristics shall be done by a laboratory approved by the IRWD.
- H. If self-monitoring indicates a violation, the user shall notify the IRWD within 24 hours of becoming aware of the violation. The user shall repeat the sampling and analysis and submit the results of the repeat analysis to the IRWD within 30 days after the repeat sampling event. Resampling by a user is not required if the IRWD performs the sampling at the user's site at least once a month, or if the IRWD performs sampling at the user between the time when the initial sampling was conducted and the time when the user or the user or the MNWD receives the results of the sampling, or if the IRWD has preformed the sampling and analysis in lieu of the user.
- I. The analysis of wastewater pollutants, constituents and characteristics and the preparation of the self-monitoring report shall be done at the sole expense of the user.
- J. The user shall establish and maintain a sample point on each discharge line at a location representative of the discharge to sewerage facilities. The maintenance of any sample point equipment shall be done at the sole expense of the user. Any sampling location shall be set forth in the user's wastewater discharge permit.
- K. Any user subject to the reporting requirements of this ordinance shall retain all records of monitoring activities and results for a minimum of three (3) years and shall make them available to the IRWD upon request. The IRWD may require a longer period of retention if litigation is being considered or has resulted.
- L. Any user subject to self-monitoring reporting requirements may be required to submit self-monitoring reports on forms approved by the IRWD.
- M. Any user determined to be a non-significant categorical industrial user (NSCIU) by SOCWA pursuant to Section 202.B.86.c. and 808.B shall annual submit the following certification statement signed by the CAR as defined in this ordinance. This certification shall accompany an alternative report required by SOCWA:

"Based on my inquiry of the person or persons directly responsible for managing compliance with categorical pretreatment standards under 40 CFR _____, I certify that, to the best of my knowledge and belief that during the period from January 1, ____ to December 31, ____:

(a) The facility described as _____ met the definition of non-significant categorical industrial user as described in Section 202.B.86.c.;

(b) The facility complied with all applicable pretreatment standards and requirements during this reporting period; and (c) the facility never discharged more ~~than~~ 100 gallons of total categorical wastewater on any given day during this reporting period.

Date: _____
 Signature: _____
 Print Name: _____

This compliance certification is based on the following information.

803 REPORT OF SPILL, SLUG DISCHARGE, BATCH DUMPING, OR UPSET

- A. In the event the user is unable to comply with any of the wastewater discharge permit conditions due to a breakdown of equipment, accidents caused by human error, or intentional action by any party, or acts of

God, or any other cause, the discharger shall notify the IRWD as soon as possible of any spill, slug discharge, batch dumping or upset.

- B. Confirmation of this notification shall be made in writing within five (5) working days of the original notification unless waived by the IRWD. The written notification shall contain:
 - 1. Date of the incident.
 - 2. Reason for the spill, slug discharge, batch dumping or upset.
 - 3. The steps that were taken to immediately correct the problem.
 - 4. The steps that are being taken to prevent the problem from recurring.
 - 5. Any other information the IRWD deems relevant.
- C. Such notification shall not relieve the user of any expense, loss, damage, liability or fees which may be incurred as a result of damage or loss to sewerage facilities or any damage or loss to persons or property. Such notification shall never relieve the user from any fees or liability which may be imposed by this ordinance, other regulatory agencies or other applicable law.
- D. Significant industrial users shall notify IRWD immediately of any changes at its site affecting the potential for a slug discharge

804 REPORTING OF BY-PASS

- A. By-pass of industrial wastewater through pretreatment equipment to the sewerage facilities is prohibited. Enforcement action may be taken against the user, unless:
 - 1. By-pass was unavoidable to prevent loss of life, personal injury, or severe property damage, and
 - 2. There were no feasible alternatives to the by-pass, such as the use of auxiliary treatment equipment, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a by-pass which occurred during normal periods of equipment downtime or preventative maintenance, and
 - 3. The user submitted notice as required by this ordinance, or;
 - 4. The bypass did not exceed user discharge limits and was required for essential maintenance.
- B. If a user knows in advance of the need for a by-pass, it shall submit prior notice to the IRWD at least ten (10) days before the date of the by-pass.
- C. The IRWD may approve an anticipated by-pass after considering its adverse effects, if the IRWD determines that it will meet the conditions listed within this section.
- D. A user shall submit notice of an unanticipated by-pass that exceeds their wastewater discharge permit limitation to the IRWD within 24 hours from the time the user becomes aware of the by-pass. A written report shall also be provided within five (5) working days of the time the user becomes aware of the by-pass. The report shall contain:
 - 1. Description of the by-pass and its cause.
 - 2. Duration of the by-pass, including exact dates and times.
 - 3. Anticipated time it is expected to continue if the by-pass has not been corrected.
 - 4. Steps taken or planned to reduce, eliminate, and prevent recurrence of the by-pass.

- E. Failure to submit notice and/or written report may be grounds for wastewater discharge permit suspension or revocation. Failure to provide timely notice under Section 804 D. is deemed a waiver of the bypass defense for the user violation.
- F. Such notification shall not relieve the user of any expense, loss, damage, or other liability which may be incurred as a result of damage or loss to sewerage facilities or any other damage or loss to person or property. Such notification shall never relieve the user from any fees or liability that may be imposed by this ordinance, other regulatory agencies or other applicable law.

805 BASELINE MONITORING REPORTS (40 CFR 403.12(b))

- A. Within either one hundred eighty (180) days after the effective date of a categorical standard or the final administrative decision on a category determination under 40 CFR 403.6(a)(4), whichever is later, an existing categorical industrial user currently discharging to or scheduled to discharge shall submit to the IRWD a report containing the information listed below. At least ninety (90) days prior to commencement of discharge, new sources, and sources that become categorical industrial users subsequent to the promulgation of an applicable categorical standard shall submit to the IRWD a report containing the information listed below. A new source shall report the method of pretreatment it intends to use to meet applicable categorical standards. A new source also shall give estimates of its anticipated flow and quantity of pollutants to be discharged. The baseline monitoring report shall include, but is not limited to, the following:
 - 1. Identifying information. The name and address of the site, including the name of the operator and owner.
 - 2. Permits. A list of any environmental control permits held by or for the site.
 - 3. Description of Operations. A brief description of the nature, average rate of production, and North America Industrial Classification of the operation(s) carried out by such industrial user. This description should include a schematic process diagram which indicates points of discharge to sewerage facilities from the regulated processes.
 - 4. Flow Measurements. Information showing the measured average daily and maximum daily flow, gpd, to sewerage facilities from regulated process streams and other streams as necessary.
 - 5. Measurement of Pollutants. The categorical pretreatment standards applicable to each regulated process and the results and analysis identifying the nature and concentration, and/or mass, where required by the standard or by the IRWD, of regulated pollutants in the discharge from each regulated process. Instantaneous, daily maximum, and long-term average concentrations, or mass where required, shall be reported. The sample shall be representative of daily operations. In cases where the standards requires compliance with a BMP or pollution prevention alternative, the industrial user shall submit documentation as required by the IRWD or the applicable standards to determine compliance with the standard.
 - 6. Certification. A statement, reviewed by the user's CAR and certified by a qualified professional, indicating whether pretreatment standards are being met on a consistent basis, and if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required to meet the pretreatment standards and requirements.
 - 7. Compliance schedule. If additional pretreatment and/or O&M will be required to meet the pretreatment standards, the shortest schedule by which the industrial user will provide such additional pretreatment and/or O&M. The completion date in this schedule shall not be later than the compliance date established for the applicable pretreatment standard.
 - 8. Signature and certification. All monitoring reports shall be signed and certified in accordance with Section 802 E. of this ordinance.

806 REPORT ON PROGRESS IN MEETING COMPLIANCE SCHEDULES (40 CFR 403.12(c))

- A. All Class I users required to submit compliance schedules shall report their progress no later than

fourteen (14) days after each due date contained in their compliance schedule.

- B. The schedule shall contain increments of progress in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the user to comply with the applicable pretreatment standards.
- C. No increment referred to above shall exceed nine (9) months.
- D. In no event shall more than nine (9) months elapse between progress reports to the IRWD.

807 REPORT ON COMPLIANCE WITH CATEGORICAL PRETREATMENT STANDARDS DEADLINE (40 CFR 403.12(d))

- A. Within ninety (90) days following the date for final compliance with the applicable categorical standards or within ninety (90) days of the introduction of wastewater into sewerage facilities, the affected user shall submit a report containing the information listed below. This report shall include, but is not limited to the following:
 - 1. Flow Measurements. Information showing the measured average daily and maximum daily flow, in gallons per day, to sewerage facilities from regulated process streams and other streams.
 - 2. Measurement of Pollutants. The categorical pretreatment standards applicable to each regulated process and the results and analysis identifying the nature and concentration, and/or mass, where required by the standard or by the IRWD, of regulated pollutants in the discharge from each regulated process. Instantaneous, daily maximum, and long-term average concentrations, or mass where required, shall be reported. The sample shall be representative of daily operations.
 - 3. Certification. A statement, reviewed by the user's CAR and certified by a qualified professional, indicating whether pretreatment standards are being met on a consistent basis, and if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required to meet the pretreatment standards and requirements.
 - 4. Signature and certification. All monitoring reports shall be signed and certified in accordance with Section 802 E. of this ordinance.

808 PERIODIC COMPLIANCE REPORT

- A. All Class I users subject to federal pretreatment standards (except a non-significant categorical user) as a minimum shall submit reports containing the information required in 40 CFR 403.12 during the months of June and December, or as required in their wastewater discharge permit or other control mechanism.
- B. A Class I user determined to be a non-significant categorical industrial user by the IRWD pursuant to Section 202.B.86.c. shall annually submit a report containing information as required in their wastewater discharge permit or other control mechanism.
- C. All users may be required to submit periodic compliance reports containing information as required in their wastewater discharge permit, other control mechanism or as required by the IRWD.

809 RIGHT OF ENTRY

IRWD shall have the right to enter the premises of any user to determine whether the user is complying with the requirements of this ordinance and any individual wastewater discharge permit, other control mechanism or order issued hereunder. Users shall allow the IRWD ready access to all parts of the premises for the purpose of inspection, sampling, records examination and copying, and the performance of any other duties.

810 ANALYTICAL REQUIREMENTS

All pollutant analyses, including sampling techniques, to be submitted as part of a wastewater discharge permit application or report shall be performed in accordance with the techniques prescribed in 40 CFR

Part 136 and amendments thereto, unless otherwise specified in an applicable categorical pretreatment standard. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the EPA determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the IRWD or other parties approved by the EPA.

811 SAMPLE COLLECTION

- A. Samples collected by the user to satisfy reporting requirements contained in this ordinance, their wastewater discharge permit or other control mechanism shall be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that is representative of conditions occurring during the reporting period.
- B. Except as indicated in Section 811.C. and 811.D. below, the user shall collect wastewater samples using 24-hour flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the IRWD. Where time-proportional composite sampling or grab sampling is authorized by the IRWD, the samples shall be representative of the discharge. Using protocols specified in 40 CFR 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols and sulfides the samples may be composited in the laboratory or in the field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by the IRWD, as appropriate. In addition, grab samples may be required at any time to show compliance with instantaneous discharge limits.
- C. Samples for analysis of oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds shall be obtained using grab sample collection techniques.
- D. For sampling required in support of baseline monitoring and 90-day compliance reports required by this ordinance and 40 CFR 403.12(b) and (d), a minimum of four (4) grab samples shall be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for users for which historical sampling data do not exist; for users for which historical sampling data are available, IRWD may authorize a lower minimum. For reports required by this ordinance and 40 CFR 403.12(e) and (h), the user shall collect the number of grab samples necessary to assess and assure compliance with applicable pretreatment standards and requirements.

812 TIMING

Reports shall be deemed to have been submitted on the date postmarked. For reports that are not mailed or delivered with postage prepaid the date of receipt of the report shall govern.

813 NOTIFICATION OF CHANGED DISCHARGE

All users that have been issued a wastewater discharge permit shall notify the IRWD in advance of any substantial change in the volume or character of pollutants in their discharge in accordance with 40 CFR 403.12(j).

814 NOTIFICATION OF THE DISCHARGE OF HAZADOUS WASTE (40 CFR 403.12(p)(1))

- A. The industrial user shall notify the IRWD, the EPA Regional Waste Management Division Director, and State hazardous waste authorities in writing of any discharge into sewerage facilities of a substance, which, if otherwise disposed of, would be a hazardous waste under 40 CFR part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR Part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the industrial user discharges more than one hundred (100) kilograms of such waste per calendar month to sewerage facilities, the notification shall also contain the following information to the extent such information is known and readily available to the industrial user: An identification of the hazardous constituents contained in the wastes, an estimation of the mass and concentration of such constituents in the wastestream discharged during that calendar month, and an estimation of the mass of constituents in the wastestream expected

to be discharged during the following twelve (12) months. All notifications must take place no later than one hundred and eighty (180) days after a discharge to sewerage facilities commences. Any notification under this section need be submitted only once for each hazardous waste discharged. However, notifications of changed discharges must be submitted under Section 813 of this ordinance and as listed in 40 CFR 403.12(j). The notification requirement in this section does not apply to pollutants already reported under the self-monitoring requirements of Sections 805, 807 and 808 of this ordinance and as listed in 40 CFR 403.12(b), (d), and (e).

- B. Dischargers are exempt from the requirements of Section 814. A., above, during a calendar month in which they discharge no more than fifteen (15) kilograms of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than fifteen (15) kilograms of non-acute hazardous wastes in a calendar month, or of any quantity of acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e), requires a one-time notification. Subsequent months during which the industrial user discharges more than such quantities of any hazardous waste do not require additional notification.
- C. In the case of any new regulations under Section 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the industrial user must notify the IRWD, the EPA Regional Waste Management Waste Division Director, and State hazardous waste authorities of the discharge of such substance within ninety (90) days of the effective date of such regulations.
- D. In the case of any notification made under this section, the industrial user shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.
- E. This section does not create a right to discharge any substance not otherwise permitted to be discharged by this ordinance, a permit issued thereunder, or any applicable Federal or State law.

**ARTICLE 9
ENFORCEMENT**

901 ENFORCEMENT SCOPE

- A. The IRWD finds that in order for it to comply with the laws, regulations, and rules imposed upon it by regulatory agencies and to ensure that sewerage facilities and treatment processes are protected and are able to operate with the highest efficiency, specific enforcement provisions must be adopted to regulate discharges from industrial users.
- B. The IRWD is willing to cooperate with all users on improvements in wastewater quality, yet must be in a position to ensure that uncooperative users shall comply with this ordinance and any conditions set forth in a wastewater discharge permit.
- C. The IRWD intends to ensure that all interested parties are afforded due process of law and that any noncompliance or violation is resolved as soon as possible.
- D. All users have a right of appeal pursuant to the procedures set forth in this ordinance.
- E. Each non-compliance or violation per day and each day of noncompliance or violation shall be taken as a separate noncompliance or violation for determining the amount of fees, charges, fines or penalties and/or which enforcement actions may be taken. A violation of a weekly average is considered seven (7) days of violation for that parameter and a violation of a monthly average is based upon the number of days in that month. A violation of multiple parameters caused by a single operational upset is considered one violation.
- F. The issuance or exercise of any type of an enforcement action provided for under this ordinance shall not be a bar against, or a prerequisite for, taking any other or additional enforcement action against a user under this ordinance or any other local, state or federal law. The remedies provided for in this ordinance are not exclusive and the IRWD is empowered to take more ~~than~~ one enforcement action against any noncompliant user.

902 NOTICE OF NONCOMPLIANCE (NON)

- A. In the event that it is determined that a user is in noncompliance with any provision of this ordinance, or the terms, conditions and limitations of its wastewater discharge permit, the IRWD may issue a NON form, whereby the user shall comply with all directives, conditions and requirements therein within the time prescribed.
- B. The issuance of a NON form may contain terms and conditions including, but not limited to, installation of pretreatment equipment, sampling structures, submittal of drawings or technical reports, payment of fees or administrative fines, limits on rate and time of discharge or any other provisions to ensure compliance with this ordinance and the user's wastewater discharge permit. This action is not a prerequisite to taking other or more severe enforcement actions.

903 NOTICE OF VIOLATION (NOV)

- A. In the event that it is determined that a user has not responded to a NON form that was previously issued to them or that noncompliance of any pretreatment standards requires their immediate attention, the IRWD may issue a NOV form, whereby the user shall comply with all directives, conditions and requirements therein within the time prescribed.
- B. The issuance of a NOV form may contain terms and conditions including, but not limited to, installation of pretreatment equipment and facilities, submittal of drawings or technical reports, payment of fees, administrative fines, limits on rate and time of discharge or any other provisions to ensure compliance with this ordinance. This action is not a prerequisite to taking other or more severe enforcement actions.

904 ADMINISTRATIVE ORDER (AO)

- A. The AO is an enforcement document from the IRWD directing the noncompliant user to undertake or to

cease specific activities required to bring the user into compliance with this ordinance or the terms, conditions and limitation of a wastewater discharge permit as determined by the IRWD. The terms and conditions of the AO are not negotiable by the user. The circumstances of a user's noncompliance may dictate which theme the administrative order takes to achieve the earliest possible return to compliance by the user. AOs may include administrative complaints. Types of AOs may include, but are not limited to, the following:

1. Probation Order (PO)

- a. The PO directs the noncompliant user to achieve compliance by a date specified in the order. The PO is usually issued when a user is in non-compliance of this ordinance, or the terms, conditions and limitations of its wastewater discharge permit or other enforcement action, or has not made payment of all amounts owed to the IRWD which include, but are not limited to, any fees, charges, fines and/or penalties. This action is not a prerequisite to taking other or more severe enforcement actions.

2. Show Cause Order (SCO)

- a. The SCO directs the noncompliant user to appear at a formal meeting, usually at a IRWD location, to explain its noncompliance, and to show cause why more severe enforcement actions against the user should not go forward. This action is not a prerequisite to taking other or more severe enforcement actions.

3. Cease and Desist Order (CDO)

- a. The CDO directs the noncompliant user to cease illegal or unauthorized discharges immediately, or to terminate its discharge altogether. A CDO may be issued in situations where a particular discharge could cause interference or pass through, or threaten human safety or the environment. The CDO may be issued immediately upon discovery of the problem. In an emergency, a CDO may be issued by any means, however, such an order should be followed by a written CDO on the user. If necessary, the IRWD may order immediate cessation of any discharge to ~~the~~ a sewerage facility, regardless of the user's compliance status. If a user fails to comply with the CDO, the IRWD may take any independent action to halt the discharge. This action is not a prerequisite to taking other or more severe enforcement actions.

905 WASTEWATER DISCHARGE PERMIT SUSPENSION OR REVOCATION

A. Grounds

1. The IRWD may suspend or revoke any wastewater discharge permit, but is not limited to the following, when it is determined that a user:
 - a. Violated an administrative order.
 - b. Provided a false statement, representation, record, report or other document to the IRWD.
 - c. Refused to provide records, reports, plans or other documents required to determine wastewater discharge permit terms, conditions, or limitations, discharge compliance, or compliance with this ordinance.
 - d. Discharged effluent that causes pass-through or interference with sewerage facilities.
 - e. Falsified, tampered with, or knowingly rendered inaccurate any monitoring device or sample collection method.
 - f. Discharged effluent that endangers human health or the environment.
 - g. Failed to report significant changes in operations or wastewater constituents and characteristics.
 - h. Failed to comply with the terms and conditions of any enforcement action.

- i. Refused reasonable access to the permittee's premises for the purpose of inspection and monitoring.
- j. Failed to make timely payment of any fees, charges, fines or penalties owed to the IRWD.
- k. Violated any conditions or limitations of its wastewater discharge permit or any provision of this ordinance.
- l. Discharged batch dumps to sewerage facilities not authorized or permitted by the IRWD.

B. Notice of Wastewater Discharge Permit Suspension/Revocation

When the IRWD has reason to believe that grounds exist for suspension/revocation of a wastewater discharge permit, written notice shall be given by certified mail to the user setting forth a statement of facts and grounds deemed to exist together with a description of the time and place where the charge shall be heard by the General Manager. The hearing date shall not be less than fifteen (15) days nor more than sixty (60) days after the mailing of such notice.

C. Hearing on Permit Suspension/Revocation

1. At the wastewater discharge permit suspension/revocation hearing, the user shall have an opportunity to respond to the allegations set forth in the notice. The hearing shall be conducted in accordance with procedures established by the General Manager and approved by the IRWD's General Counsel.
2. After the hearing, the General Manager's designee shall submit a written report to the General Manager setting forth a brief statement of facts found to be true, a determination of the issues presented, conclusions, and a recommendation.
3. Upon receipt of the written report, the General Manager shall make his determination. Should he find that the grounds exist for suspension/ revocation of the wastewater discharge permit, he shall issue his decision and order, in writing within thirty (30) days after the hearing by his designee. A copy of the written decision shall be sent by personal delivery or certified mail to the user.

D. Effect of Wastewater Discharge Permit Suspension

1. Upon the issuance of an order of suspension by the General Manager, the user shall have no right to discharge any industrial wastewater, directly or indirectly to sewerage facilities for the duration of the suspension. All costs for physically terminating and reinstating service shall be paid by the user.
2. An order of wastewater discharge permit suspension issued by the General Manager shall be deemed final upon delivery to the user, unless appealed to the Board as specified in Section 913 of this ordinance.

E. Effect of Wastewater Discharge Permit Revocation

1. On the effective date of a wastewater discharge permit revocation being final, the user shall permanently lose all rights to discharge any industrial wastewater directly or indirectly to sewerage facilities. All costs for physical termination shall be paid by the user.
2. Each owner and employee of the user shall be bound by the order of wastewater discharge permit revocation.
3. Any future application from any user subject to an order of wastewater discharge permit revocation will only be considered by the IRWD after fully reviewing the records of revocation. Such records may be the basis for denial of a new wastewater discharge permit.
4. An order of permit revocation issued by the General Manager shall be deemed final upon delivery to the user, unless appealed to the Board as specified in Section 913 of this ordinance.

906 TERMINATION OF SERVICE

The IRWD may physically terminate water or sewer service to any user that violates or continues to violate the provisions of this ordinance, a term of any order of suspension or revocation of a wastewater discharge permit or other control mechanism. All costs for physical termination shall be paid for by the user as well as all costs for reinstating services.

907 EMERGENCY SUSPENSION

- A. The IRWD may suspend water or sewer service when such suspension is necessary, in order to stop an actual or impending discharge which presents or may present an imminent or substantial endangerment to the health and welfare of persons, to the environment, cause interference to sewerage facilities, or cause the IRWD to violate any state or federal law or regulation.
- B. An emergency suspension order is final and has no right of appeal.

908 INJUNCTION

Whenever a discharge of wastewater is in violation of the provisions of this ordinance, the IRWD may petition the superior court for the issuance of a preliminary or permanent injunction, or both, as may be appropriate to restrain the continuance of such discharge.

909 CIVIL FINES AND PENALTIES

- A. Authority.
 - 1. All users of sewerage facilities are subject to administrative or judicial enforcement actions by the IRWD, EPA, State Regional Water Quality Control Board or the District Attorney of Orange County. Actions may be taken pursuant to the authority and provisions of several laws, including but not limited to:
 - a. Federal Water Pollution Control Act (Clean Water Act).
 - b. California Porter-Cologne Water Quality Act (California Water Code).
 - c. California Hazardous Waste Control Law.
 - d. Resource Conservation and Recovery Act (RCRA).
- B. Recovery of Fines or Penalties.
 - 1. Payment of fines or penalties by the IRWD due to enforcement actions of other regulatory agencies based upon a violation by the IRWD whose cause can be established as the discharge of any user which is in violation of any provisions of this ordinance or a wastewater discharge permit shall entitle the IRWD to recover from the user all cost and expenses, including, but not limited to the full amount of fines and penalties which the IRWD has been subjected to.
 - 2. Each violation shall constitute a new and separate violation and shall be subject to the fines and penalties contained herein.
- C. Civil Liability
 - 1. Pursuant to the authority of California Government Code Sections 54739-54740, any user, permittee, discharger or other person who violates any provision of this ordinance, any wastewater discharge permit condition, prohibition or effluent limitation, or any order, compliance schedule, suspension or revocation shall be civilly liable for a sum not to exceed twenty-five thousand dollars (\$25,000) per violation for each day in which such violation occurs.
 - 2. Pursuant to the authority of Act. 33 U.S.C. Section 1251 et seq., any user, permittee, discharger or other person who violates any provision of this ordinance, any wastewater discharge permit

condition, prohibition or effluent limitation, or any order, compliance schedule, wastewater discharge permit suspension or revocation shall be civilly liable for a sum not to exceed twenty-five thousand dollars (\$25,000) per violation for each day in which such violation occurs.

3. The IRWD may petition the superior court to impose, assess and recover penalties or other such penalties as the IRWD may impose, assess and recover pursuant to federal and/or state legislative authorization.
4. Notwithstanding any other provisions of law, all civil penalties imposed by the court for a violation of this ordinance shall be distributed to the IRWD.
5. Remedies under this section are in addition to and do not supersede or limit any and all other remedies, civil or criminal, but no liability shall be recovered under this section for any violation for which liability is recovered under Section 909 D. of this ordinance.

D. Administrative Complaint

1. Pursuant to the authority of California Government Code Sections 54740.5 and 54740.6, the IRWD may issue an administrative complaint to any user, permittee, discharger or other person who violates any provision of this ordinance, any wastewater discharge permit condition, prohibition or effluent limitation, or any administrative, suspension or revocation order or other control mechanism.
2. The administrative complaint shall be served by personal delivery or certified mail on such person and shall inform the person that a hearing shall be conducted, within sixty (60) days following service. The administrative complaint will allege the act or failure to act that constitutes the violation(s), set forth the provisions of law authorizing civil liability to be imposed and the proposed civil penalty. The matter shall be heard by the General Manager or his designee. The person to whom an administrative complaint has been issued may waive the right to a hearing, in which case a hearing shall not be conducted.
3. At the hearing, the person shall have an opportunity to respond to the allegations set forth in the administrative complaint by presenting written or oral evidence. The hearing shall be conducted in accordance with the procedures established by the General Manager and approved by the IRWD's General Counsel.
4. After the conclusion of the hearing, the General Manager's designee shall submit a written report to the General Manager setting forth a brief statement of the facts found to be true, a determination of the issues presented, conclusions and a recommendation. Upon receipt of the written report, the General Manager shall make his determination and should he find that grounds exist for assessment of a civil penalty, he shall issue his decision and order in writing within thirty (30) calendar days after the conclusion of the hearing. If not appealed, the order shall be final thirty-one (31) days after it is served on the person.
5. A person dissatisfied with the decision of the General Manager may appeal to the Board pursuant to Section 913 of this ordinance within thirty (30) days of notice of the General Manager's decision.
6. If, after the hearing or appeal, if any, it is found that the person has violated reporting or discharge requirements or other provisions of the this ordinance, the General Manager or Board may assess a civil penalty against that person.
7. In the determination of the amount of the civil penalty, all relevant circumstances may be taken into consideration, including, but not limited to, the extent of harm caused by the violation, the economic benefit derived through any non-compliance, the nature and persistence of the violations, the length of time over which the violation occurs and the corrective action(s), if any, attempted or taken by the person.
8. Civil penalties may be assessed as follows:
 - a. In an amount which shall not exceed two thousand dollars (\$2,000) for each day for failing or refusing to furnish technical or monitoring reports.

- b. In an amount which shall not exceed three thousand (\$3,000) for each day for failing or refusing to timely comply with any compliance schedule
 - c. In an amount which shall not exceed five thousand dollars (\$5,000) per violation for each day for discharges in violation of any waste discharge limitation, wastewater discharge permit condition, other control mechanism or requirement issued, reissued or adopted by the IRWD.
 - d. In an amount which does not exceed ten dollars (\$10) per gallon for discharges in violation of any suspensions, cease and desist order or other orders, or prohibition issued, reissued or adopted by the IRWD.
9. Payment of civil penalties shall be due within thirty (30) days of the date of the order assessing the penalties becomes final. The amount of any administrative civil penalties imposed which have remained delinquent for a period of sixty (60) days from the date they are due shall constitute a lien against the real property of the discharger from which the discharge resulting in the imposition of the penalty originated. The lien shall have no force and effect until recorded with the county recorder and when recorded shall have the force and effect and priority of a judgment lien and continue for ten (10) years and be renewable in accordance with law.
 10. Copies of the administrative order shall be served by personal service or by registered mail upon the party served with the administrative complaint and upon other persons who appeared at the hearing and requested a copy of the order.
 11. Any party aggrieved by a final order issued by the Board after granting review of the order of the General Manager may obtain review of the order of the Board in the Superior Court, by filing in the court a petition for writ or mandate within thirty (30) days following the service of a copy of the decision and order issued by the Board.
 12. Any party aggrieved by a final order issued by the General Manager, for which the Board denies review, may obtain review of the order of the General Manager in the Superior Court, by filing in the court a petition for writ of mandate within thirty (30) days following service of a copy of a decision and order denying review by the Board.
 13. No administrative civil penalties shall be recoverable under this section for any violation for which civil liability is recovered under Section 909 C. of this ordinance.

910 CRIMINAL PENALTIES

- A. Any person who violates any provision of this ordinance is guilty of a misdemeanor, which upon conviction is punishable by a fine not to exceed one thousand dollars (\$1,000) or imprisonment for not more than thirty (30) days or both.
- B. Each violation shall constitute a new and separate violation and shall be subject to the penalties contained herein.

911 PUBLIC NUISANCE

- A. Discharge of wastewater in a manner that is in noncompliance or violation of this ordinance or of any order issued by the IRWD, in accordance with this ordinance, shall hereby be declared a public nuisance and shall be corrected or abated as directed by the IRWD.
- B. Any person creating a public nuisance is guilty of a misdemeanor and is subject to the criminal penalties identified in Section 910 of this ordinance.

912 APPEALS TO THE GENERAL MANAGER

- A. General
 1. Any user affected by a decision, action or determination made by IRWD staff may file with the

General Manager a written request for an appeal hearing.

2. Request must be made within fifteen (15) days of the mailing of the original decision.
3. Request for hearing shall set forth details of all facts supporting the appellant's request for hearing.

B. Notice

1. The General Manager shall, within fifteen (15) days of receiving the request for appeal provide written notice to the user of the hearing date, time, and place.
2. The hearing time shall not be more than thirty (30) days from the mailing of such notice by certified mail to the appellant unless a later date is agreed to by the appellant.
3. If the hearing is not held within the time set due to actions of the appellant, then the IRWD's decision shall be deemed final.

C. Hearing

1. The appellate shall have the opportunity to present information supporting its position concerning the IRWD's original decision, action or determination.
2. The hearing shall be conducted in accordance with procedures established by the General Manager and approved by the IRWD's General Counsel.

D. Written Determination

1. After the hearing the General Manager shall make a determination whether to uphold, modify or reverse original decision, action or determination as issued by IRWD staff.
2. This decision shall be put into writing within a brief statement of facts found to be true, the determination of the issues presented, and the findings.
3. The final determination of the General Manager upon his approval shall be executed as the order.
4. A copy shall be mailed or delivered to the appellant.
5. The order of the General Manager shall be final in all respects fifteen (15) days after it is mailed to the appellant, unless appealed under Section 913 of this ordinance.

E. Wastewater Discharge Permit Suspension/Revocation Appeals

1. Appeals regarding wastewater discharge permit suspension or revocation are covered under Section 905 and Section 913 as specified in this ordinance.

913 APPEALS TO THE BOARD

A. General

1. The user may, within thirty (30) days after the date of notification of the General Manager's order upholding the IRWD's determination, file a written appeal to the Board.
2. A fee of one hundred dollars (\$100) shall accompany the written appeal which shall be refunded if the Board of Directors reverses or modifies the order of the General Manager.
3. A request for appeal to the Board shall set forth details of the past record and that new arguments cannot be raised on appeal to the Board that could have been, but were not, raised in the prior appeal to the General Manager.
4. Pending the hearing on appeal, the user shall not be entitled to discharge into sewerage facilities

beyond the effective date of the original order determined by the General Manager, unless it has been determined by the General Manager that the user is pursuing good faith arguments and approves such discharge.

B. Notice

1. The Board Secretary, within fifteen (15) days of receiving the request for appeal, will provide written notice to the user of the hearing date, time and place.
2. The hearing date shall not be more than forty-five (45) days from the mailing of such notice by certified mail to the appellate unless a later date is agreed to by the appellant.
3. If the hearing is not held within the time set due to action of the appellant, the General Manager's decision shall be deemed final.

C. Hearing

1. The appellant shall have the opportunity to present information supporting its position concerning the General Manager's determination.
2. The hearing shall be conducted in accordance with procedures established by the Board and approved by the IRWD's General Counsel.

D. Written Determination

1. After the hearing, the Board shall make a determination whether to uphold, modify or reverse the original decision, action or determination as ordered by the General Manager.
2. The decision of the Board shall be reduced to writing within thirty (30) days after the hearing.
3. It shall contain a brief statement of facts found to be true, the determination of the issues presented, and the findings. The decision shall be submitted to the appellant.
4. The order of the Board shall be final upon its adoption.

914 JUDICIAL REVIEW

A. Purpose and Effect

1. Pursuant to Section 1094.6 of the California Code of Civil Procedure, the time in which a user may bring an administrative mandamus action shall be limited to ninety (90) days following the final decision in the adjudicative administrative hearing in question.

B. Time Limit for Judicial Review

1. Judicial review of any decision of the IRWD's Board may be made pursuant to Section 1094.5 of the California Code of Civil Procedure only if the petition for writ of mandate is filed no later than ninety (90) day following the date on which any decision becomes final.

C. Preparation of Records

1. The complete record of the proceedings shall be prepared by the IRWD and shall be delivered or mailed to the petitioner within one hundred-ninety (190) days after they have filed a written request.
2. The IRWD shall recover from the petitioner its actual costs for preparing and transcribing the record.

D. Extension

1. If the petitioner files a request for the record within ten (10) days after the date the decision becomes final, the time within which a petition may be filed, pursuant to Section 1094.5 of the California Code

of Civil Procedures, shall be extended to no later than thirty (30) days following the date on which the record is delivered or mailed, by the IRWD, to the petitioner or the petitioner's attorney of record, if appropriate.

E. Notice

1. In making a final decision, the IRWD shall provide notice to the user whose wastewater discharge permit has been denied, suspended or revoked, that the time in which judicial review must be sought is governed by Section 1094.6 of the California Code of Civil Procedures.

F. This section does not apply to action taken under Section 909 of this ordinance.

915 PAYMENT AND COLLECTION OF FEES AND CHARGES

A. Except as otherwise provided, all fees and charges are due and payable upon receipt of an invoice or notice thereof. All such amounts are delinquent if unpaid forty-five (45) days after date of invoice or notice.

B. Any invoice or notice that becomes delinquent may have added to it an assessment in accordance with the following:

1. Forty-six (46) days after the date of invoice or notice, an assessment of ten percent (10%) of the base amount, not to exceed a maximum of \$1,000.
2. Ninety (90) days after the date of invoice or notice, a total of twenty-five percent (25%) of the base amount, not to exceed a maximum of \$2,500.

C. Any invoice or notice that is outstanding and unpaid after ninety (90) days may be cause for immediate initiation of wastewater discharge permit revocation proceedings or immediate wastewater discharge permit suspension.

D. Delinquent assessments under this section may not accrue to those invoices or notices successfully appealed, provided the IRWD received written notice of appeal prior to the payment due date.

E. Payment of disputed fees and charges are still required by the due date during review of any appeal submitted by permittee.

F. This section does not apply to Section 909 of this ordinance.

916 RECOVERY OF ENFORCEMENT COSTS

In the event a user fails to comply with any of the terms and conditions of this ordinance, wastewater discharge permit, administrative order, wastewater discharge permit suspension or revocation, other control mechanism or any other enforcement action, the IRWD shall be entitled to reasonable attorney's fees and costs which may be incurred during enforcement of any terms and conditions with or without filing proceedings in court.

917 FINANCIAL SECURITY CONDITIONS

A. Compliance Deposit

1. Users that have been subject to enforcement actions and/or fees, charges, penalties or fines may be required to deposit with the IRWD an amount determined by the General Manager as necessary to guarantee payment of all charges, fees, costs and expenses that may be incurred in the future.
2. A compliance deposit shall be received by the IRWD before the IRWD either issues a wastewater discharge permit, other control mechanism or grants the user permission for further discharge to sewerage facilities.

B. Delinquent Accounts

1. Any user who fails to make payment in full of all fees, charges, penalties or fines assessed by the IRWD including reconciliation amounts, delinquency fees, and other costs or fees may be required to obtain the issuance of an amendment to their wastewater discharge permit.

C. Bankruptcy

1. Any user filing any legal action in any court of competent jurisdiction, including the United States Bankruptcy Court, for purposes of discharging its financial debts or obligations or seeking court-ordered protection from its creditors, shall within ten (10) days of filing such action, apply for and obtain the issuance of an amendment to its wastewater discharge permit by the IRWD.

D. Wastewater Discharge Permit Amendments

1. An amendment issued to the user's wastewater discharge permit shall be in accordance with the provision of this ordinance.

E. Security Deposit

1. An amendment to a wastewater discharge permit issued in accordance with this ordinance may be conditional upon the permitted user depositing financial security in an amount equal to the total fees and charges from the preceding year.
2. Such a deposit shall be used to guarantee payment of all fees and charges incurred for future services and sewerage facilities provided by the IRWD and shall not be used by the IRWD to recover outstanding fees and charges incurred prior to the user filing and receiving protection from creditors in the United States Bankruptcy Court.

F. Return of Security Deposit

1. If the user makes full payment in time of all fees and charges incurred over a period of two (2) years following the issuance of an amendment to the user's wastewater discharge permit prescribed by this ordinance, the user's security deposit shall be returned or credited to the user's account.

918 REPORT OF ANALYSIS

All collected data from inspection and monitoring sampling conducted by the IRWD may be reported to the user. This data, if given to the user, shall be kept by the user and the IRWD and made available during inspections by the IRWD or any other regulatory agency.

919 DAMAGE TO FACILITIES OR INTERRUPTION OF NORMAL OPERATIONS

- A. When a discharger of wastes causes an obstruction, interference, damage, or other impairment to sewerage facilities or to the operation of sewerage facilities, the IRWD may assess the costs against the user for the work required to clean, replace or repair the sewerage facility together with expenses incurred to resume normal operations. This shall also be grounds for wastewater discharge permit revocation. A service charge of twenty-five percent (25%) of costs shall be added to the costs and charges to cover the IRWD's overhead, including administrative personnel and record keeping. The total amount shall be payable within forty-five (45) days of invoicing by the IRWD.
- B. If it can be shown that the discharge of any user is the cause of the IRWD violating its NPDES permit and pretreatment requirements established by any Regulatory Agency or incurring additional expenses or suffering losses or damage to IRWD sewerage facilities, then that user shall be responsible for any costs, expenses, or assessments incurred by the IRWD, made by other agencies or a court.
- C. Where two or more dischargers cause a single and indivisible harm to sewerage facilities, each is jointly and severally liable for the damages. The burden of proof is on the dischargers to demonstrate that the harm is divisible.

920 INDUSTRIAL WASTE PASS THROUGH

- A. If an industrial waste discharge results in a "pass through" event in sewerage facilities, all costs associated with the event, including but not limited to treatment costs, fines, regulatory fines, and other indirect costs may be charged against the user.
- B. The user shall submit plans which prevent future recurrences to the satisfaction of the IRWD.
- C. A second occurrence shall be grounds for wastewater discharge permit revocation without the right of appeal.

921 BATCH DUMPS

- A. When the IRWD determines that a user has discharged concentrated noncompatible wastes into a sewerage facility in a manner or method that is not approved by the IRWD, any enforcement action may be taken as set forth in this ordinance.
- B. The user shall be subject to wastewater discharge permit suspension or revocation in accordance with this ordinance as well as any other legal enforcement penalties or remedies available to the IRWD.

922 PUBLICATION OF USERS IN SIGNIFICANT NONCOMPLIANCE (SNC)

- A. To comply with the requirements of 40 CFR 403, the IRWD shall annually publish the names of all industrial users that are in SNC of federal pretreatment standards.
- B. Publication of this SNC notice shall be in the newspaper of general circulation that provides meaningful public notice within the IRWD service areas.
- C. The determination of SNC is based upon the definition set forth in Section 202 B.88. of this ordinance.

**ARTICLE 10
FEES AND CHARGES**

1001 APPLICATION FEE

- A. All application fees shall be in an amount as established by the IRWD.
- B. Payment of the application fee must be received before the issuance of a new or renewal of a wastewater discharge permit.
- C. User shall pay any delinquent invoices in full, prior to the wastewater discharge permit renewal.

1002 ANNUAL WASTEWATER DISCHARGE PERMIT FEE

- A. The annual wastewater discharge permit fee shall be in an amount as established by the IRWD.
- B. The annual wastewater discharge permit fee shall be due on or before the date set by the IRWD.

1003 INSPECTION, MONITORING, AND SAMPLING CHARGES

Any and all costs incurred by the IRWD to inspect, monitor and sample a user for the purpose of assuring compliance with this ordinance, the user's wastewater discharge permit, other control mechanism or other regulations shall be paid for by the user only upon receipt of an invoice or bill from the IRWD or its representative.

1004 DELINQUENCY FEES

- A. Any fees that become delinquent may have added to it an amount as set forth in Section 915 of this ordinance.
- B. Any delinquent fee and all assessments including court costs and legal fees thereon may be collected by lawsuit in the name of the IRWD.

1005 ADDITIONAL FEES AND CHARGES

- A. The user will be required to pay all applicable additional fees and charges that are established by the IRWD only upon receipt of an invoice or bill.
- B. Any wastewater discharge permit issued for a location where the user is not the property owner, may be conditioned upon depositing financial security to guarantee payment of all additional fees and charges to be incurred, in accordance with the provisions of Section 917 of this ordinance.

1006 RECORDING OF FEES AND CHARGES

- A. The IRWD may keep a permanent record and account of all fees and charges received under this ordinance.
- B. Record information shall include, but is not limited to:
 - 1. Name and address of user.
 - 2. Date and amount of fee or charge.
 - 3. Purpose for which fees or charges were paid.

**ARTICLE 11
SEVERABILITY**

1101 SEVERABILITY

- A. If any provisions of this ordinance or the application thereof to any users or circumstances is held invalid, unenforceable, or unconstitutional by any court of competent jurisdiction, the remainder of this ordinance or the application of such provision to other users or other circumstances shall not be affected.
- B. If any section, subsection, clause or phrase of this ordinance is for any reason held to be invalid, unenforceable or unconstitutional by any court of competent jurisdiction, such decision shall not affect the remaining portions of this ordinance. The Board declares that they would have passed said ordinance by section, subsection, sentence, clause or phrase thereof.

**ARTICLE 12
REPEAL**

1201 REPEAL

- A. Ordinance No. ~~2011-XX96-12-1 adopted by LAWD~~ is hereby repealed in its entirety.
- B. All ordinances or parts of ordinances inconsistent with this ordinance are hereby repealed to the extent that they are inconsistent with the provisions of this ordinance.

**ARTICLE 13
EFFECTIVE DATE**

1301 EFFECTIVE DATE

- A. This ordinance shall become effective thirty (30) days after adoption. The Secretary of IRWD is directed to certify to the adoption of this ordinance and to cause a summary hereof to be published in a newspaper of general circulation as required by law.
- B. Amendments to this ordinance shall become effective thirty (30) days after their adoption.

PASSED AND ADOPTED by the Board of Directors of the Irvine Ranch Water District this _____ day of _____, ~~2015~~2014.

IRVINE RANCH WATER DISTRICT

Dated _____

by _____
President

Dated _____

by _____
Secretary

EXHIBIT "B"

SUMMARY OF REVISIONS TO IRVINE RANCH WATER DISTRICT WASTE DISCHARGE PRETREATMENT AND SOURCE CONTROL PROGRAM, AS SET FORTH IN AN ORDINANCE OF REGULATIONS FOR THE DISCHARGE OF WASTEWATER TO SEWERAGE FACILITIES OF THE IRVINE RANCH WATER DISTRICT THAT ARE TRIBUTARY TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Throughout the document, all references to "Los Alisos Wastewater Reclamation Plant" have been changed to "Los Alisos Water Recycling Plant" to reflect the current name of the facility.

Section 814-Notification of the Discharge of Hazardous Waste (40 CFR 403.12(p)(1)). This is a new section that has been added that is consistent with the wording in 40 CFR 403.12(p)(1) and the US Environmental Protection Agency's (EPA) Model Pretreatment Ordinance (January 2007). The new section requires industrial wastewater dischargers to notify IRWD, the EPA Regional Waste Management Division Director, and State hazardous waste authorities in writing of any discharge to the sewer system of a substance, if otherwise disposed of, would be considered a hazardous waste under 40 CFR 261. The section describes what information the notification must include, frequency of notifications and under what circumstances notifications need to be made.

February 9, 2015 *KNL*
Prepared by: M. Jack/K. Lew
Submitted by: K. Burton *KL*
Approved by: Paul Cook *PC*

ACTION CALENDAR

ON-CALL CONSTRUCTION INSPECTION SERVICES

SUMMARY:

The current construction inspection workload for capital, development and operational improvement projects continues to exceed a level that can be supported by the District's inspection staff. Staff recommends that the Board authorize the General Manager to execute a Professional Services Agreement with CivilSource in the amount of \$815,360 for two inspectors over a period of two years for on-call construction inspection services.

BACKGROUND:

The District's construction inspection group has consisted of four staff inspectors and three on-call consultant inspectors from Anderson Penna. This team of seven inspectors is responsible for the inspection, field coordination, documentation and record-drawing preparation of over 280 active projects spread across the District. Recently, one of the inspectors left the employ of Anderson Penna, leaving the District with only two consultant inspectors. Based on the loss of one consultant inspector and on currently active and upcoming construction projects planned by the Irvine Company, FivePoint Communities, Toll Brothers and the City of Tustin, staff anticipates the need to add two consultant inspectors, bringing the total to four full-time consultant field inspectors for a period of up to two years. Upon completion of the current high volume of construction projects, staff anticipates that these inspection services will no longer be required as the workload should return to a level that can be supported by District inspection staff.

In October 2014, staff solicited proposals for on-call inspection services from Arcadis, Anderson Penna, and CivilSource. Staff interviewed the top four candidates and selected two inspectors from CivilSource. A Professional Services Agreement was issued to CivilSource in the amount of \$75,000 for on-call field inspection services on a trial basis. Over the past two months, both CivilSource inspectors demonstrated that they work well within the District's inspection group and have the ability to inspect and coordinate multiple projects simultaneously.

Funds for the current agreement with CivilSource will be expended by February 2015. Due to the experience, attention to detail and quality work of the current CivilSource consultant inspectors, staff requests a new Professional Service Agreement for continued inspection services. CivilSource has agreed to maintain the previously negotiated and favorable fully-burdened rate of \$98 per hour for its inspectors, which includes a truck and fuel, cell phone and laptop computer. Staff recommends executing a Professional Services Agreement with CivilSource in the amount of \$815,360 for two inspectors for two years of on-call field inspection services. CivilSource's proposal is attached as Exhibit "A".

FISCAL IMPACTS:

Funding for the construction inspection services will be provided from the various developer and capital projects being constructed as part of each project's budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on January 20, 2015.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CIVILSOURCE IN THE AMOUNT OF \$815,360 FOR ON-CALL CONSTRUCTION INSPECTION SERVICES FOR TWO INSPECTORS FOR A TWO-YEAR PERIOD.

LIST OF EXHIBITS:

Exhibit "A" – CivilSource's On-Call Inspection Services Proposal

EXHIBIT "A"



January 6, 2015

Mike Jack
Construction Inspection Manager
Irvine Ranch Water District
15600 Sand Canyon Ave.
Irvine CA, 92618

SUBJECT: LETTER OF PROPOSAL – ON-CALL INSPECTION SERVICES

Dear Mr. Jack,

CivilSource, Inc. is pleased to submit this proposal to Irvine Ranch Water District to provide construction inspection services on an on-call basis.

The CivilSource Construction Inspectors, **Joe Lara** and **James Remus** will perform all the necessary inspection tasks related to the work as directed by IRWD and per any plans and specifications including but not limited to providing field monitoring/inspection for quality control; maintaining daily field records, project photos and other inspection forms as required; coordinating inspections and testing with consultants and other agencies; and providing a comprehensive understanding of IRWD standards and if required any County, State and Federal regulations related to construction sites. Please find resumes attached.

We will provide two inspectors as requested for a two year term. Our proposed fully loaded all inclusive hourly rate for each inspector will be \$98. Services will be conducted as requested by Irvine Ranch Water District, and be billed on an hourly basis, with a total cost under this contract not to exceed \$815,360.

On behalf of the CivilSource, Inc. team, we thank you for the opportunity to serve as an extension of the Irvine Ranch Water District staff. We look forward to further discussions with you on the services provided and assisting you in achieving your goals. Should you have any questions or require additional information, please contact me at (949) 585-0477 or amy@civil-source.com

Respectfully submitted,

CIVILSOURCE, INC.

A handwritten signature in cursive script that reads "Amy Amirani".

Amy Amirani, P.E.
Principal

Joe Lara
INSPECTOR

CERTIFICATIONS

- Water Distribution Grade D2
- Contractor's License A
- APWA, Infrastructure Inspector CPII
- NPDES Training
- Storm Water Best Management Practices

Mr. Lara has over 28 years of experience in inspection and construction management of public works projects, including street, sewer, storm drain, and waterline. Which include 20 years of service in the City of Pomona and 8 years in the private construction industry. Mr. Lara also possesses a thorough knowledge of the Standard Specifications for Public Works Construction (Greenbook), experienced with the OSHA safety requirements, (in depth knowledge of ADA, American Disability Standards), knowledgeable with the Work Area Traffic Control Handbook ("WATCH") requirement and extensive knowledge of procedures involved in the inspection of federally funded projects.

PROJECT EXPERIENCE

Canada Water Main Rehabilitation and Replacement Project, City of Glendale – Performed construction inspection. Responsible for overall inspection of onsite construction as well as quality assurance and quality control. Prior to starting field work, a video survey of pre-existing conditions was conducted. Project included removal and replacement of approximately 4,300 l.f. of 8" ductile iron pipe, including the installation of a 900 l.f. of temporary bypass waterline; 61 service laterals; 52 water services; and clean and line approximately 11,000 l.f. of existing cement mortar lined and coated pipe, ranging in diameter between 6" and 26".

24" Sewer Line Replacement Project between Lexington Ave. and Garey Ave. 2012, City of Pomona – Performed construction inspection to ensure project was being constructed in accordance with plans and specifications. Duties included inspection of the construction activities, general safety, preparation of daily reports, photo documentation, assistance with the progress payment review, wage compliance interviews. Inspected the installation of new 24" V.C.P. (vitrified clay pipe) including 4 inch house laterals, manholes, clean-outs, backfill and compactions and pressure test. Coordinated the soils testing with outside sources. The project total cost was \$2M.

8" Waterline Replacement Project 2011, City of Pomona – Performed construction inspection to ensure project was being constructed in accordance with plans and specifications. Duties included inspection of the construction activities, general safety, preparation of daily reports, photo documentation, assistance with the progress payment review, wage compliance interviews. Inspected the placement of 8 inch D.I.P. water main including 1 inch copper house services, fire hydrants, valves, backfill and compaction, chlorination and hydro-testing. Coordinated the soils testing and bacteriological testing with outside sources. This project consisted primarily of replacing deteriorated 4 inch steel water main in alleys and installing new 8" D.I.P. (ductile iron pipe) in local streets and installing new 1 inch copper service from newly installed main to house connection. The project total cost was \$3M.

60" Storm Drain Project on Main St., City of Riverside – Project/Construction Manager, managed construction project to ensure compliance with city plans, specifications and policies. Prepared progress pay estimates, change orders and other documentation

related to the construction management of city project. This project consisted primarily of installing 2000 lineal ft. of 60" R.C.P. (reinforced concrete pipe), various size catch basins, manholes, 24 inch laterals and pavement restoration within project limits. The project total cost was \$2M.

FY 12/13 Major Street Rehabilitation Project City Wide, City of Pomona – Public Works Inspector, performed construction inspection to ensure project was being constructed in accordance with plans and specifications. Duties included inspection of the construction activities, general safety, preparation of daily reports, photo documentation, assistance with the progress payment review, wage compliance interviews and prior to construction layout of removal areas for P.C.C. sidewalk, curb & gutter, cross-gutter, spandrel, drive approaches, curb ramps, A.C. pavement limits and deep section removals. Project consisted of cold milling existing major roadway, construction of a new 2-inch rubberized asphalt overlay, full depth patches, replacement of traffic loops, reconstruction of speed humps, adjustment of utility access cover and sewer manholes to grade, replacement of pavement markings, re-stripping and removal and replacement of marked P.C.C. areas. The projects total cost was \$5M.

FY 12/13 Local Pavement Project District 2 and 4, City of Pomona – Performed construction inspection to ensure project was being constructed in accordance with plans and specifications. Duties included inspection of the construction activities, general safety, preparation of daily reports, photo documentation, assistance with the progress payment review, wage compliance interviews and prior to construction layout of removal areas for P.C.C. sidewalk, curb & gutter, cross-gutter, spandrel, drive approaches, curb ramps, A.C. pavement limits and deep section removals. This project was primarily to upgrade the residential roadway pavement. The work consisted of cold milling the existing roadway pavement, construction of a new 2-inch rubberized asphalt overlay, full depth patches, replacement of traffic loops, reconstruction of speed humps, adjustment of utility access cover and sewer manholes to grade, re-stripping, replacement of pavement markings, and raised pavement markers and removal and replacement of marked P.C.C. areas. The projects total cost was \$1.5M.

24" County Rd. Storm Drain Project 2013, City of Pomona – Inspection to ensure project was being constructed in accordance with plans and specifications. Duties included inspection of the construction activities, general safety, preparation of daily reports, photo documentation, assistance with the progress payment review, wage compliance interviews. This project consisted primarily of installing new 24" R.C.P. (reinforced concrete pipe), catch basins, manholes, tie-in into existing 60 inch county storm drain and pavement rehabilitation within project limits. The project total cost was \$2M.

Miscellaneous Permits and Inspections, City of Pomona – Conducted inspections on miscellaneous encroachment permits and inspections at the direction of the city's public works director to investigate public risk issues and to prepare reports as necessary.

In-Situ Centrifugally Applied Cement Mortar of Various Size Cast Iron Pipe 1993, City of Los Angeles – Project/Construction Manager, managed construction project to ensure compliance with city plans, specifications and policies. Prepared progress pay estimates, change orders and other documentation related to the construction management of city project. This project consisted primarily of installing cement mortar lining by the use of in-situ method in various size pipes. The project total cost was \$2.5M.

60" Storm Drain Project in Main St. 1993, City of Riverside: Project/Construction Manager, managed construction project to ensure compliance with city plans, specifications and policies. Prepared progress pay estimates, change orders and other documentation related to the construction management of city project. This project consisted primarily of installing 2000 lineal ft. of 60" R.C.P. (reinforced concrete pipe), various size catch basins, manholes, 24 inch laterals and pavement restoration within project limits. The project total cost was \$2M.

James Remus
Construction Inspector

EDUCATION

Cross Connection Control & Backflow Prevention,
University of Southern California
Cross Connection Control Program Specialist,
University of Southern California
Water Distribution, Welding, Mt. SAC
Office Management, Cal Poly Pomona

Mr. Remus has spent over the last 19 years as a construction inspector for a variety of pipeline and construction projects. He has worked closely with engineering firms, public agencies and specialists in the field of biology and archeology as related to respective projects. Mr. Remus is knowledgeable in a variety of construction activities including heavy documentation of design/build structures, testing and trench safety. He has spent 13 years as a cross-connection specialist with the Walnut Valley Water District.

PROJECT EXPERIENCE

Recycled Water Conversion Projects

Recycled Water Retrofit Project, Inland Empire Utilities Agency – Construction Manager. Project involved converting several sites including schools, parks and industrial users to utilize recycled water. Duties included site evaluation, generate retrofit drawings, engineering reports, site construction inspections, cross-connection tests, reviewing pay requests from the contractor and coordination between contractor, site owner and water purveyor.

Recycled Water System Assistance and Customer Retrofit, City of San Diego – Cross-Connection Specialist. Project included coordination with customers, preparation of more than 50 on-site irrigation retrofit designs for Health Department approval and preparation of industrial engineering reports also for Health Department approval.

Recycled Water System Assistance and Customer Retrofit, West Basin Water District – Cross-Connection Specialist. Ongoing project which included reviewing irrigation and dual plumbed building retrofit designs for Health Department approval, preparation of industrial engineering reports that included site retrofit drawings, schematics, and detail figures also for Health Department approval.

Recycled Water System Assistance, Irvine Ranch Water District – Cross-Connection Specialist. Ongoing project which included reviewing irrigation and dual plumbed building retrofit designs, conducting on-site cross-connection tests for the use of recycled water for irrigation and dual plumbed building uses for Health Department approval.

Phase I Customer Connection Services, Sacramento Regional County Sanitation District – Cross-Connection Specialist. Participated in a customer conversion and connection plan that provided strategy and scheduling for the recycled water connection process.

Reclaimed Water Distribution System, Walnut Valley Water District – Recycled Water Operator. Maintained, operated and monitored complete reclaimed water distribution system which included

programming computer operated pump station, inspecting on-site user facility code violations and coordinating water schedules for all users of reclaimed water.

Construction Services Projects

Odor Reduction Facility, Encina Wastewater Authority – Construction Inspector. Project included removal of the interior structure air filtration media and concrete coating. Reinstallation of the multi-stage concrete coating, interior support structure and installation of the carbon filter media. Duties included inspection services, review shop drawings, review change orders and request for information and daily reports.

Sunnyslope Avenue Pipeline, Junkie Tank and Pump Station, Elsinore Water District – Construction Manager. Project included the installation of new pump station, discharge 8-inch potable pipeline through a hilltop residential neighborhood which had limited access and a narrow road, and bolted steel potable water storage tank. Duties included inspection services, review shop drawings, review change orders and request for information, coordination to maintain residential access, daily reports, chlorination and pressure testing of the pipeline, inspect street improvements and confirm that work meets City codes.

Digester Rehabilitation Project, Yucaipa Valley Water District – Construction Inspector. Project included updating of four digesters which involved media blasting to remove the existing interior and exterior coatings, installing new mixing pumps, replacing water and gas piping and electrical modifications. Duties included reviewing contractor's schedule, review contractor's pay request, verify as-built plans, review change orders and request for information, review shop drawings and daily reports.

Aeration Basins 1 and 2 Air Project Project, Encina Wastewater Authority – Construction Inspector. Project consisted of removing a section of buried 30-inch aeration header, provide and install new stainless steel pipe connection riser, 30-inch isolation valve and an above ground header. Additional work included 14-inch vertical isolation valves, asphalt removal and replacement, and testing of new piping.

16-inch Potable and Non-Potable Pipeline, Yucaipa Valley Water District – Construction Inspector. Project included the installation of 16,000 Linear Feet of 16-inch potable and non-potable pipelines, including all appurtenances. Duties included reviewing contractor's schedule, review contractor's pay request, verify as-built plans, review change orders and request for information, review shop drawings, coordinate with survey crew, daily reports, chlorination and pressure testing of the pipelines, and confirm that work meets City codes.

Buena Vista Shadowridge Sewer Pump Station, City of Vista – Construction Inspector. Project included 14-inch PVC force and gravity lines and an 8-inch PVC solids line. Pump stations were required to remain functional during construction. Project also included relocation of existing stand-by generator and installing new wetwell and pumps. Daily reports were completed for project.

San Luis Rey Wastewater Treatment Plant, City of Oceanside – Construction Manager. Project included the expansion and upgrading of the existing San Luis Rey WWTP. Duties included responsibilities for the construction of a new administration building, laboratory, metal warehouse building, chlorine building and concrete diversion structure. Modifications were made to the existing headworks, contact basin, primary clarifiers and secondary clarifiers.

Cedar Glen Water Treatment Plant Project, Lake Arrowhead Community Services District – Construction Manager. Project included evaluation and development of recommendations for the most cost-effective treatment process to upgrade the existing Cedar Glen WTP to satisfy the surface water treatment regulations and provide a long-term solution to the District's water supply needs. Preliminary design included development of design criteria, evaluation of process alternatives, site layouts, consideration of future regulations and cost analysis. Final design includes a 2-mgd WTP incorporating pre-ozonation, an adsorption clarifier, filtration, chemical feed and chlorination. Construction inspection services included verifying adherence to the contract documents, completion

of daily reports, review of progress payments, attendance at field meetings, responding to requests for information, review of change order requests, and reviewing punchlist items.

Emerald Bay Pump Station Project, Lake Arrowhead Community Services District – Construction Manager. Managed construction of a new intake pumping station to replace the existing pump station at Emerald Bay in order to supply raw water to the Cedar Glen Water Treatment Plant. New pump station included intake screens and piping, submersible pumps in the lake, emergency power generation facilities, instrumentation and controls. Submersible pumps are being equipped with variable frequency drives to provide a minimum of 700 gpm and a maximum of 2800 gpm. Also included the replacement of approximately 700 feet of raw water feed pipeline that traverses State Highway 73. Construction inspection services for this project were connected with the Cedar Glen Water Treatment Plant and included verifying adherence to the contract documents, completion of daily reports, review of progress payments, attendance at field meetings, responding to requests for information, review of change order requests, and reviewing punchlist items.

Annandale Tank, Lake Arrowhead Community Services District – Construction Manager. Project responsibilities included coordinating special inspection services and geotechnical consultant activities, review monthly progress payments.

Recharge Pipeline Project, Mojave Water Agency – Construction Inspector. Responsible for a 15-mile segment of the 48" CMI & C steel force main which included both welded and o-ring gasket joints. Accountable for trench safety and proper placement of 2 sack sand slurry mix in the pipe zone at specified locations. Also worked directly with Native American, biological and archaeological monitors. Received railroad safety and tortoise training. Project took place adjacent to the Bureau of Land Management's property and several archeological sensitive areas which resulted in a very restrictive construction easement at several locations.

Regional Wastewater System, County of Western Riverside – Construction Inspector. Worked with an associated engineering firm inspecting the construction of an 8 mgd wastewater treatment plant. Responsibilities included daily documentation of the design/build structures which included 52" outfall line, oxidation ditch, digesters and clarifiers.

52", 48" and 42" Domestic Waterline, Walnut Valley Water District – Construction Inspector. Project included three metering structures, six inline main valves, in which one was located at a flood control channel where a bridge was constructed to support the pipeline crossing. Monitored chlorinating and hydrostatic testing of the pipeline and performed pressure test for leakage for all the mainline valves. Involved in a 16.7 million gallon additional storage project. This entailed the construction of three subterranean reinforced concrete reservoirs, three inlet and three outlet valve vaults, one 42" venturi meter vault, and four interconnections to existing 33" pipelines. Performed the leakage tests for the above mentioned reservoirs.

Diamond Valley Lake for Metropolitan Water District in City of Hemet – Construction Inspector. Inspection for the pressure grouting phase of the East and West dams. Duties included monitoring and implementation of pressuring grouting the existing bedrock to establish a watertight and solid base for the dams.

South County Pipeline Project, Santa Margarita Water District/Metropolitan Water District – Inspector. A 67" high pressure domestic waterline; 10" and 16" force sewer line and 16" reclaimed waterline. Included 6 bores and the jacking of 72" casing. Project also involved the placement of center medians containing automatic irrigation and plants. Other improvements were sewer lines, French drains, sidewalks and traffic signals.

Storm Drain and Street Improvements on Amar Road, City of La Puente – Construction Manager. Work consisted of complete grind and overlay, striping, RPM's, and signage. Responsible for construction oversight including adjustment of all utilities, water valves, gas facilities and storm drain manhole covers and raising to new finished surface. Also prepared daily reports, approved all progress payments, reviewed change orders, reviewed as-builts for completeness, and coordinated and scheduled all soils testing as needed for the project.

February 9, 2015

Prepared by: A. McNulty

Submitted by: F. Sanchez/P. Weghorst *FW*

Approved by: Paul Cook *Paul Cook*

ACTION CALENDAR

FOURTH AMENDMENT TO AGREEMENT FOR PARTICIPATION AND FUNDING IN SPECIFIED MWDOC REBATE PROGRAMS

SUMMARY:

The IRWD Water Conservation Plan includes a “Tactical Incentives” element to encourage customers to install water conservation devices. Incentive payments are based on IRWD’s calculated avoided costs and are cost-effective for IRWD. As a result of a significant uptake in program participation, program funds will be depleted before the end of Fiscal Year (FY) 2014-15. Staff proposes adding \$650,000 in funding to the rebate program for the current fiscal year in order to prevent program disruptions and to maintain the same level of funding for rebated devices for IRWD customers. Staff recommends that the Board authorize the General Manager to execute the Fourth Amendment to the existing agreement with the Municipal Water District of Orange County (MWDOC) to increase the Tactical Incentive funding by \$650,000 for a total funding amount of \$1,295,000 for FY 2014-15.

BACKGROUND:

Tactical Incentives are one of the key elements of IRWD’s Water Use Efficiency Program. The Tactical Incentives are cost-effective financial incentives provided by IRWD to supplement existing regional rebate programs administered by either Metropolitan Water District of Southern California (Metropolitan) and/or MWDOC. The incentives are cost-effective and based on IRWD’s calculated avoided costs resulting from the installation of the various conservation devices. The current program is operating under a Third Amendment to the Agreement for Participation and Funding by Irvine Ranch Water District in Specified Municipal Water District of Orange County Rebate Programs. The Third Amendment, which increased the maximum funding to allow for use of FY 2013-14 accrued funding against a backlog of invoices from MWDOC, was approved at the IRWD Board meeting on January 12, 2015. As a result of the Third Amendment, the total current budget for Tactical Incentives for FY 2014-15 is \$645,000, of which \$400,000 is allocated to residential customers and \$245,000 allocated to commercial customers.

MWDOC recently notified IRWD that based on the significant increase in the rate of participation in the Residential Rebate Program, as well as a proposed large reservation for funds in the Commercial Rebate Program, IRWD funding is expected to be fully depleted prior to fiscal year end. Information regarding the increased participation rates and projected additional funding requirements for FY 2014-15 is provided below.

Residential Rebate Program:

IRWD provides funding for high efficiency toilets (HET) and high efficiency clothes washers (HECW) as part of the Regional Rebate Program. Participation rates in the Residential Rebate Program have significantly increased this year due to Metropolitan’s program outreach campaign

and IRWD's enhanced outreach efforts, workshops, presentations and other marketing campaigns that have been implemented in response to the drought. As of January 12, 2015 only \$60,000 remained in the Residential Rebate Program budget. Compared to the same time period last fiscal year, application rates increased 300% for HETs and 142% for HECWs. As shown in the following table, the total number of residential device rebates provided for the July to January time period in FY 2014-15 is nearly as many as the total provided for the entire FY 2013-14.

Number of Device Rebates

Device	July 2013 – January 2014	July 2014 – January 2015	Last Year Totals (FY 2013-14)
HET	419	1,296	1,098
HECW	989	1,407	1,710
Total	1,408	2,703	2,805

If participation during the remainder of the year occurs at the same rate experienced in July 2014 to January 2015, the total projected need for additional IRWD tactical incentive funding for the Residential Rebate Program will be \$275,000. This would increase the total IRWD Residential Rebate Program funding requirement to \$675,000 for FY 2014-15.

Commercial Rebate Program:

Increased participation in the Commercial Rebate Program is attributable to: 1) installation companies can now obtain rebates directly on behalf of customers and, 2) Metropolitan has enhanced funding levels for multi-family toilet rebates. Participation in the Commercial Rebate Program requires customers to reserve funds prior to purchasing high efficiency devices. Typically, these projects are for toilet retrofits at large apartment complexes. One project could result in a reservation that encumbers the remaining program budget.

On January 12, 2015, staff received a notice of intent from a local toilet installation company to install over 2,800 multi-family toilets. This proposed installation project will deplete the budget that is currently available through IRWD's agreement with MWDOC. If regional rebate funding levels remain consistent, the installation company will install an additional 7,200 toilets by the end of FY 2014-15. Before a reservation can be confirmed for the additional 7,200 toilets, additional funding in the amount of \$360,000 (\$50 per toilet for the additional 7,200 planned toilet installs) must be made available through an amendment to the agreement with MWDOC. Adding funding in the amount of \$15,000 to cover other potential customer participation in the Commercial Rebate Program would result in a total increased budget requirement of \$375,000, increasing the total Commercial Rebate Program budget to \$620,000 for FY 2014-15.

Cost-Effectiveness:

In FY 2012-13 and FY 2013-14, IRWD operated a direct install program for multi-family customers because Metropolitan had removed toilets from its regional rebate program. The IRWD direct install program replaced toilets with 3.5 gallon per flush (gpf) or greater with the 0.8 gpf "Stealth Toilets" at a cost of \$266 per installation. In FY 2014-15, Metropolitan began offering an

enhanced rebate of \$145 for toilets flushing at 1 gallon or less and as a result IRWD discontinued its direct install program and added \$50 to the regional rebate program for toilets. Channeling IRWD funding through the regional toilet rebate program is more cost-effective at \$50 per toilet than the \$266 paid through the direct install program.

Staff recommends that the Board approve the Fourth Amendment to the Agreement with MWDOC to increase the maximum funding cap to \$1,295,000 by adding \$375,000 to the Commercial Rebate Program and \$275,000 to the Residential Rebate Program with the device amounts remaining unchanged. The proposed amendment will ensure continued operation of the program at current device funding levels and minimize disruptions for IRWD customers, particularly in the commercial sector where projects are large-scale and require significant planning.

FISCAL IMPACTS:

Increasing IRWD's total funding for Tactical Incentives from \$645,000 to \$1,295,000 will be funded by over-allocation revenues.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on February 4, 2015.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT FOR PARTICIPATION AND FUNDING BY IRVINE RANCH WATER DISTRICT IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS TO ADD \$650,000 IN FUNDING FOR FISCAL YEAR 2014-15, SUBJECT TO NON-SUBSTANTIVE CHANGES.

LIST OF EXHIBITS:

Exhibit "A" – Fourth Amendment to the Agreement for Participation and Funding by Irvine Ranch Water District in Specified Municipal Water District of Orange County Rebate Programs

Exhibit "A"

Fourth Amendment to Agreement for Participation and Funding By Irvine Ranch Water District in Specified Municipal Water District of Orange County Rebate Programs

This Fourth Amendment ("Amendment") to the existing "Agreement for Participation and Funding by Irvine Ranch Water District in Specified Municipal Water District of Orange County Rebate Programs" ("Agreement") is entered into by and between the Municipal Water District Of Orange County ("MWDOC") and Irvine Ranch Water District ("IRWD"). The Agreement provides for participation in and co-funding by IRWD for residential and commercial water use efficiency devices through Metropolitan Water District of Southern California's ("Metropolitan") SoCal WaterSmart ("WaterSmart") residential and commercial rebate programs in IRWD's service area.

This Amendment modifies the Agreement, which includes without limitation all previous amendments and attachments. Except as stated below, this Amendment is effective February 9, 2015, and the Agreement, as amended hereby, remains in full force and effect.

1. Exhibit "A" to the Agreement, entitled "Proposed Rebate Funding Levels FY 2014-2015," is hereby deleted in its entirety and replaced with the following table.

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Exhibit A: Proposed Rebate Funding Levels FY 2014-2015

Program	Devices	Metropolitan Rebate Level Per Device	IRWD Rebate Funding Level Per Device	IRWD Maximum Funding*
SoCal WaterSmart Residential Program	High Efficiency Clothes Washer (HECW)	\$85	\$165	\$675,000
	High Efficiency Toilet (HET) (Single Family)	\$100	\$50	
Program	Devices	Metropolitan Rebate Level Per Device	IRWD Rebate Funding Level Per Device	IRWD Maximum Funding*
SoCal WaterSmart Commercial Program	Multi-Family High Efficiency Toilet	\$100	\$50	\$620,000
	Multi-Family High Efficiency Toilet (4 Liter)	\$145	\$50	
	Commercial High Efficiency Toilet (Tank Type and Flushometer)	\$100	\$100	
	Zero Water/Ultra Low Water Urinals	\$200	\$100	
	Connectionless Food Steamer	\$485	\$485 Per Compartment	
	Ice Making Machine	\$1,000	\$250	
Total Funding for All Programs				\$1,295,000

* Where indicated, "Maximum Funding" amounts for certain programs are subject to the provisions of Paragraph 3 of the Agreement and will be adjusted upon notification by IRWD to transfer funding between programs.

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Dated: _____

MUNICIPAL WATER DISTRICT OF
ORANGE COUNTY

By: _____
Robert J. Hunter
General Manager

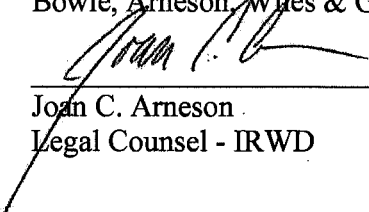
Dated: _____

IRVINE RANCH WATER DISTRICT

By: _____
Paul Cook,
General Manager

Dated: 1/31/15

Approved As To Form:
Bowie, Arneson, Wiles & Giannone

By: 

Joan C. Arneson
Legal Counsel - IRWD

February 9, 2015

Prepared by: S. Malloy

Submitted by: K. Burton *K.B.*

Approved by: Paul Cook *P. Cook*

ACTION CALENDAR

MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONTRACT CHANGE ORDER

SUMMARY:

Filanc/Balfour-Beatty (FBB) is constructing the Michelson Water Recycling Plant (MWRP) Biosolids and Energy Recovery Facilities (Biosolids Project). Contract Change Order (CCO) No. 22 covers modifications to the work due to electrical conduit overflow, dryer material escalation costs due to delayed delivery of the heat drying equipment, addition of glass-lining to the sludge density meters, addition of an enclosure to Switchgear-16, and various other project-related items. Staff recommends that the Board approve CCO No. 22 in the amount of \$964,324.51 with FBB for the MWRP Biosolids and Energy Recovery Facilities.

BACKGROUND:

Construction of the Biosolids Project was awarded to FBB in March 2013 in the amount of \$163,513,307. The Biosolids Project will provide biosolids digestion, dewatering, energy production, and on-site sludge drying. The project includes excavation for subsurface structures; installation of 3,009 foundation piles; three egg-shaped digesters; a state-of-the-art odor control system; a biogas conditioning system and power generation using micro-turbines; a fats, oil and grease (FOG) receiving station; and new utility services. These facilities are being constructed on the land north of IRWD's existing Operations Center, maintenance shops, water quality laboratory, and warehouse.

Change Order No. 22:

IRWD staff negotiated with FBB to resolve several items in CCO No. 22. The larger cost items are summarized below followed by a listing of the remaining items:

Electrical conduit overflow. Electrical power, equipment controls, and instrumentation signals are all run through various sized conduits. Review of the conduit schedule by Morrow-Meadows Corporation (MMC), FBB's electrical and instrumentation subcontractor, identified that the design included many conduits overflowed with electrical conductors. MMC worked with the design engineer, Black & Veatch, to resolve this situation by upsizing conduits. In order to minimize the cost, conduit material changes were made wherever possible. MMC used bid unit prices for this item so that IRWD is paying for the larger conduit sizes as if the original design included the correct sizing. The cost related to these modifications is \$485,250.28.

Heat dryer equipment escalation costs. IRWD pre-negotiated with the heat dryer equipment manufacturer, Andritz, during the design phase of the Biosolids Project. The pre-negotiated

price assumed a certain time period during which Andritz would design, manufacture, and deliver the equipment. The delivery date was not explicitly called out in the contract specifications but was assumed by Andritz to be in the summer of 2014 timeframe. FBB's schedule calls for delivery of the dryer in June 2015. IRWD and Andritz mutually agreed to an increase of their costs due to the later delivery date. The increased cost is based on the Producer Price Index increase over the prior three-year period, which was 2.36%. The total material escalation cost including tax and contractor markup is \$333,477.50.

Glass-lining sludge density meters. During submittal review of the sludge density meters, it was discovered that the specified meters were not glass-lined. Glass-lining the 11 meters will provide a longer service life due to the abrasive nature of the sludge being measured before and after processing through the centrifuges. The cost of lining the meters is \$71,010.74.

Switchgear-16 enclosure. Switchgear-16 includes the breakers for the microturbines. During submittal review it was discovered that FBB did not bid Switchgear-16 with a painted steel enclosure, which in the National Electrical Code is called NEMA-3R. The Contract Documents were not clear on the enclosure requirements which led to this situation. The cost of the enclosure is \$56,882.30.

CCO No. 22 also included the following items in the amount of \$17,703.69:

- Propane gas tank foundation demolition;
- Credit for travel costs related to inspection of centrifuges in Germany (IRWD has hired a local firm to perform the inspection);
- Deletion of Switchgear-14 breaker;
- Increase of fiber optic conduit size;
- Overtime to perform work in the electrical room, as directed by staff;
- Credit for modification to the Uninterruptible Power System;
- Addition of a low voltage cable entry compartment in SCE Switch "C"; and
- Addition of input/output points relating to sump pumps located at the solids handling building.

Staff recommends the Board approve CCO No. 22 in the amount of \$964,324.51, which is attached as Exhibit "A". Attached as Exhibit "B" is the Construction Change Order Summary.

Project Schedule:

CCO No. 22 also includes a time extension of approximately five and a half months for Milestones 1 and 2 and six months for Milestone 3. The revised milestones include weather-related delays through December 31, 2014 for Milestones 1, 2, and 3. The schedule slip started with delays in FBB performing earthwork and installing piles. Also, extended scope and cost negotiations associated with the various components addressed in CCO No. 22 contributed concurrently to the delay of Milestones 1 and 2. Design revisions to the FOG receiving facilities as well as the need for electric power to energize the facilities contributed to the delay of

Milestone 3. Since both parties as well as FBB’s suppliers contributed to the delays, the time extension is non-compensable.

As shown in the table below, FBB’s latest monthly schedule indicates that the later milestones and final completion are not impacted by delaying Milestones 1, 2, and 3. To lessen future delays, FBB is working overtime and rescheduling work by major subcontractors to start other activities sooner than originally planned. The remaining work will now include many simultaneous construction tasks as well as thorough equipment testing and start-up activities. Therefore, staff believes that the final project completion may be delayed beyond what is currently shown on the FBB schedule. Staff will continue to closely monitor and review the project schedule and work with FBB to minimize additional delays. Staff directed the Black & Veatch scheduler to review the FBB schedule activities and links to independently estimate the project completion dates.

No.	Milestone Description	Current Milestone Date	Revised Milestone Date
	Notice of Award	4/29/2013	-
	Notice to Proceed	6/3/2013	-
1	WAS and Primary Sludge Processing	7/16/2015	12/30/2015
2	Sludge Thickening Facilities	8/30/2015	2/15/2016
3	FOG Receiving Station	9/22/2015	3/15/2016
4	Anaerobic Digestion Facilities	1/20/2016	-
5	All Class B Biosolids Facilities	3/5/2016	-
6	Microturbine Power Generation	7/3/2016	-
7	Class A Biosolids Facilities & Substantial Completion	9/1/2016	-
Final	All other work	10/28/2016	-

The April 2010 agreement between OCSD and IRWD for the transfer of wastewater solids residual allows IRWD to continue transferring solids to OCSD until December 31, 2016. The agreement includes language for amending the agreement if a time extension is required due to a delay in the Biosolids Project construction. Staff may meet in the coming months with OCSD to commence negotiating an extension once FBB’s construction schedule is better refined.

FISCAL IMPACTS:

The MWRP Biosolids and Energy Recovery Facilities Project 20847 (1617) is included in the FY 2014-15 capital budget. The existing budget is sufficient to fund CCO No. 22.

ENVIRONMENTAL COMPLIANCE:

The MWRP Biosolids and Energy Recovery Facilities is subject to the California Environmental Quality Act (CEQA) and in conformance with the California Code of Regulations Title 14, Chapter 3, Article 7, a Supplemental Environmental Impact Report (SEIR), SCH # 2011031091, was certified by IRWD at its October 22, 2012 meeting. The City of Irvine Planning Commission approved a conditional use permit for the IRWD Biosolids Project at its December 6, 2012 meeting.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on January 20, 2015.

RECOMMENDATION:

THAT THE BOARD APPROVE CONTRACT CHANGE ORDER NO. 22 IN THE AMOUNT OF \$964,324.51 FOR MODIFICATIONS TO THE ELECTRICAL CONDUIT OVERFILL, MATERIAL ESCALATION COSTS RELATED TO THE HEAT DRYER, ADDITION OF GLASS-LINING TO DENSITY METERS, ADDITION OF AN ENCLOSURE TO SWITCHGEAR-16, AND VARIOUS OTHER PROJECT-RELATED ITEMS WITH FILANC/BALFOUR-BEATTY FOR THE MWRP BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 20847 (1617).

LIST OF EXHIBITS:

- Exhibit "A" – Contract Change Order No. 22
- Exhibit "B" – Construction Change Order Summary

EXHIBIT "A"

CONTRACT CHANGE ORDER

IRVINE RANCH WATER DISTRICT
 15600 Sand Canyon Avenue
 Irvine, California 92618
 (949) 453-5300
 MWRP Biosolids and Energy Recovery Facilities



C.O. No. 22
 Final

Project No. 21146 (4286)

Project Title

Date: January 9, 2015

THE FOLLOWING CHANGE TO CONTRACT, DRAWINGS AND SPECIFICATIONS IS PROPOSED.	\$ ADDITIONS	\$ DELETIONS	DAYS ±
1. Electrical Conduit Overfill (CR-055) PR 21146 (4286) Task 3510	\$485,250.28	\$0.00	0
2. Heat Dryer Equipment Escalation Costs (CR-057) PR 21146 (4286) Task 3520	\$333,477.50	\$0.00	0
3. Glass-lining Sludge Density Meters (CR-067) PR 21146 (4286) Task 3510	\$71,010.74	\$0.00	0
4. Switchgear-16 Enclosure (CR-040) PR 21146 (4286) Task 3510	\$56,882.30	\$0.00	0
5. Propane Gas Tank Foundation Demolition (CR-084) PR 21146 (4286) Task 3505	\$2,004.98	\$0.00	0
6. Credit for travel costs related to inspection of centrifuges in Germany (CR-091) PR 21146 (4286) Task 3520	\$0.00	\$5,573.42	0
7. Deletion of MMC Switchgear-14 Breaker (CR-092) PR 21146 (4286) Task 3510	\$0.00	\$5,032.00	0
8. Increase of Fiber Optic Conduit Size (CR-097) PR 21146 (4286) Task 3510	\$23,269.61	\$0.00	0
9. Overtime to perform work in the Solids Handling electrical room (CR-103) PR 21146 (4286) Task 3510	\$1,384.47	\$0.00	0
10. Credit for modification to the Uninterruptible Power System (CR-118) PR 21146 (4286) Task 3510	\$0.00	\$9,771.72	0
11. Addition of Low Voltage Compartment in SCE Switch "C" (CR-160) PR 21146 (4286) Task 3510	\$2,156.20	\$0.00	0
12. Addition of input/output points relating to sump pumps located at the Solids Handling Building (CR-161) PR 21146 (4286) Task 3510	\$9,265.57	\$0.00	0
TOTAL	\$984,701.65	\$20,377.14	0

Notes:
 1. Milestone 1 is changed to December 30, 2015 with this Change Order.
 2. Milestone 2 is changed to February 15, 2016 with this Change Order.
 3. Milestone 3 is changed to March 15, 2016 with this Change Order.
 4. The project completion date of October 28, 2016 is unchanged by this Change Order.

NOTE: The documents supporting this Change Order, including any drawings and estimates of cost, if required are attached hereto and made a part hereof. This Change Order shall not be considered as such until it has been signed by the Owner and the Contractor. Upon final approval, distribution of copies will be made as required. The parties mutually agree the pricing set forth in this Change Order are complete and fair compensation for the entirety of the work authorized under this Change Order and that no additional compensation is warranted nor shall it be allowed.

CHANGES: All workmanship and materials called for by this Order shall be fully in accord with the original Contract Documents insofar as the same may be applied without conflict to the conditions set forth by this Order. The time for completing the contract will not be extended unless expressly provided for in this Change Order.

Rev. 8/2006

			DAYS ±
1. NET AMOUNT THIS CHANGE ORDER	=	\$964,324.51	0
2. ORIGINAL CONTRACT AMOUNT	=	\$163,465,940.00	1,278
3. TOTAL PREVIOUS CHANGE ORDERS	=	\$1,449,504.70	0
4. TOTAL BEFORE THIS CHANGE ORDER (2+3)	=	\$164,915,444.70	1,278
5. PROPOSED REVISED CONTRACT AMOUNT TO DATE (1+4)	=	\$165,879,769.21	1,278

We hereby agree to make the above change subject to the terms of this change order for the sum of: _____
 -----Nine Hundred Sixty-Four Thousand Three Hundred Twenty-Four and 51/100-----Dollars

2/5/2015 Rilanc/Balfour Beatty [Signature]
 Date Contractor Vice President

SIGNATURE	DATE	APPROVAL LEVEL REQUIRED
<u>[Signature]</u> IRWA Engineer or Consulting Engineer	<u>2-5-15</u> Date	Department Director Approval Required <input type="checkbox"/>
<u>[Signature]</u> Principal Engineer - MWRP Construction	<u>2-5-15</u> Date	Executive Department Director Approval Required <input type="checkbox"/>
<u>[Signature]</u> Executive Director of Engineering and Water Quality	<u>2/5/15</u> Date	General Manager Approval Required <input type="checkbox"/>
<u>[Signature]</u> General Manager	<u> </u> Date	Board Approval Required <input checked="" type="checkbox"/>
		By _____ Date _____
		Purchase Order No. _____

NOTE: The documents supporting this Change Order, including any drawings and estimates of cost, if required are attached hereto and made a part hereof. This Change Order shall not be considered as such until it has been signed by the Owner and the Contractor. Upon final approval, distribution of copies will be made as required. The parties mutually agree the pricing set forth in this Change Order are complete and fair compensation for the entirety of the work authorized under this Change Order and that no additional compensation is warranted nor shall it be allowed.

CHANGES: All workmanship and materials called for by this Order shall be fully in accord with the original Contract Documents (hereof) as the same may be applied without conflict to the conditions set forth by this Order. The time for completing the contract will not be extended unless expressly provided for in this Change Order.

Rev. 8/2008

EXHIBIT "B"

MWRP Biosolids and Energy Recovery Facilities PR 21146 (4286) Construction Summary

Contractor: Filanc/Balfour-Beatty
Design Engine Black & Veatch

Change Order	Description	Category	IRWD or FBB	Contract Amount						Contract Days				Original Completion Date:
				Change Order Line Item Amount	Change Order Amount	Previous Change Orders	Cumulative Total of Change Orders	% of Original Contract Amount	Revised Contract Amount	Original Days:			Revised Total Contract Days	10/28/2016
										Change Order Days	Previous Change Orders	Cum. Total C.O. days		
1	Approved by Exe. Director of Engineering and Water Quality Approved on October 24, 2013 1.1 Modifications to Road to Development Area - Delete AC to Triangle, add AB to Michelson (CR-004)	A	IRWD	\$ 20,202.42	\$20,202.42	\$0.00	\$20,202.42	0.01%	\$163,486,142.42	0	0	0	1,278	10/28/2016
2	Approved by Exe. Director of Engineering and Water Quality Approved on November 13, 2013 2.1 Street Light Conduit Modifications (CR-007)	B	IRWD	\$ 12,475.08	\$12,475.08	\$20,202.42	\$32,677.50	0.02%	\$163,498,617.50	0	0	0	1,278	10/28/2016
3	Approved by Board of Directors Approved on March 10, 2014 3.1 Bid Quantity Adjustment of Bid Item 8.6 Pre-Drill	B	FBB	\$ 745,503.00	\$745,503.00	\$32,677.50	\$778,180.50	0.48%	\$164,244,120.50	0	0	0	1,278	10/28/2016
4	Approved by Exe Dir of Eng & Water Quality Approved on March 14, 2014 4.1 Installation of Five Additional Groundwater Wells and Monitoring - (CR-006) PR 21146 (4286) Task 3505 4.2 Brace Bay Modifications at the FOG Station - (CR-015) PR 21146 (4286) Task 3505 4.3 Grounding Extension at Nitrogen and Mineral Oil System (CR-025) PR 21146 (4286) Task 3510	A C C	IRWD FBB IRWD	\$11,047.81 \$2,977.81 \$9,003.60	\$23,029.22	\$778,180.50	\$801,209.72	0.49%	\$164,267,149.72	0 0 0	0 0 0	0 0 0	1,278	10/28/2016
5	Approved by Exe Dir of Eng & Water Quality Approved on March 14, 2014 5.1 Unidentified Utility - Meter Shop Discharge (CR-008) PR 21146 (4286) Task 3505 5.2 Connection Beam Modifications at Solids Handling Facility (CR-014) PR 21146 (4286) Task 3235 5.3 Increased Grating Thickness at Solids Handling Facility (CR-041) PR 21146 (4286) Task 3505	B C C	IRWD FBB FBB	\$15,225.75 \$8,270.86 \$1,355.12	\$24,851.73	\$801,209.72	\$826,061.45	0.51%	\$164,292,001.45	0 0 0	0 0 0	0 0 0	1,278	10/28/2016
6	Approved by General Manager Approved on March 20, 2014 6.1 Additional Costs to Install Piles to the Design Tip (CR-033) PR 21146 (4286) Task 3505	B	FBB	\$31,815.00	\$31,815.00	\$826,061.45	\$857,876.45	0.52%	\$164,323,816.45	0	0	0	1,278	10/28/2016
7	Approved by Exe Dir of Eng & Water Quality Approved on April 21, 2014 7.1 Meter Shop Discharge Pipe Leak Investigation and Repair (CR-013) PR 21146 (4286) Task 3505 7.2 Additional Reinforcement and Lifting Eyes for Removable Slabs at Solids Handling Building (CR-021) PR 21146 (4286) Task 3505 7.3 Increased Grating Thickness at Solids Handling Facility (CR-041) PR 21146 (4286) Task 3505 Additional Conductance Probe Materials for Relay Level Switches for Various Sumps Located at the Microturbine Area PR 21146 (4286) Task 3510	B C C	IRWD FBB FBB	\$2,542.00 \$14,059.00 \$8,124.00	\$24,725.00	\$857,876.45	\$882,601.45	0.54%	\$164,348,541.45	0 0 0	0 0 0	0 0 0	1,278	10/28/2016

**MWRP Biosolids and Energy Recovery Facilities
PR 21146 (4286)
Construction Summary**

Contractor: Filanc/Balfour-Beatty
Design Engine Black & Veatch

				Contract Amount						Contract Days				Original Completion Date:
				Original Contract Amount: \$163,465,940.00						Original Days: 1,278				10/28/2016
Change Order	Description	Category	IRWD or FBB	Change Order Line Item Amount	Change Order Amount	Previous Change Orders	Cumulative Total of Change Orders	% of Original Contract Amount	Revised Contract Amount	Change Order Days	Previous Change Orders	Cum. Total C.O. days	Revised Total Contract Days	Revised Completion Date
8	Approved by General Manager Approved on April 21, 2014				(\$49,990.00)	\$882,601.45	\$832,611.45	0.51%	\$164,298,551.45	0	0	0	1,278	10/28/2016
8.1	Cost Sharing for Project Partnering	A	IRWD	(\$14,611.00)						0				
	Credit for Primavera 7.0 Project Portfolio Management Software (CR-002)	A	IRWD	(\$2,700.00)						0				
8.2	PR 21146 (4286) Task 3235									0				
8.3	Deletion of Concrete Pad near Development Area (CR-004A) PR 21146 (4286) Task 3235	A	IRWD	(\$3,865.00)						0				
8.4	Deletion of Ground Test Device (CR-034) PR 21146 (4286) Task 3210	A	IRWD	(\$15,579.00)						0				
8.5	Deletion of Existing T-4 Switchgear Level Indicating Switch (CR-035) PR 21146 (4286) Task 3210	A	IRWD	(\$9,167.00)						0				
8.6	Change to NEMA 4X Panels and Modification to NEMA 4X Bar Graph Display (CR-046) PR 21146 (4286) Task 3210	A	IRWD	(\$4,068.00)						0				
9	Approved by Exe. Director of Eng. & Water Quality Approved on May 31, 2014				\$24,840.17	\$832,611.45	\$857,451.62	0.52%	\$164,323,391.62	0	0	0	1,278	10/28/2016
9.1	Additional Circuits for Gas Monitors and Re-route of Conduits in Solids Handling Facility (CR-028) PR 21146 (4286) Task 3510	C	FBB	\$1,187.49						0				
9.2	Cantilevered Beam Support Modifications in the Solids Handling Facility (CR-049) PR 21146 (4286) Task 3505	C	FBB	\$4,605.30						0				
9.3	Additional Ethernet Switches (CR-062) PR 21146 (4286) Task 3510	C	IRWD	\$19,047.38						0				
10	Approved by Exe. Director of Eng. & Water Quality Approved on May 31, 2014				\$21,398.99	\$857,451.62	\$878,850.61	0.54%	\$164,344,790.61	0	0	0	1,278	10/28/2016
10.1	Additional Grace Ports for Various PLCs (CR-030) PR 21146 (4286) Task 3510	C	IRWD	\$8,580.62						0				
10.2	Provide H-20 Rated Hatches at WAS Pump Station and Valve Vault (CR-061) PR 21146 (4286) Task 3505	C	IRWD	\$12,818.37						0				
11	Approved by Exe. Director of Eng. & Water Quality Approved on June 4, 2014				\$24,739.76	\$878,850.61	\$903,590.37	0.55%	\$164,369,530.37	#REF!	0	#REF!	#REF!	10/28/2016
11.1	Waste Activated Sludge (WAS) Pump Station Structural Modifications (CR-023) PR 21146 (4286) Task 3505	C	IRWD	\$12,905.49						0				
11.2	Removable Slab Modifications on the Second Floor of Solids Handling Building (CR-064) PR 21146 (4286) Task 3505	C	IRWD	\$11,834.27						0				

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				Original Contract Amount: \$163,465,940.00						Original Days: 1,278				10/28/2016
Change Order	Description	Category	IRWD or FBB	Change Order Line Item Amount	Change Order Amount	Previous Change Orders	Cumulative Total of Change Orders	% of Original Contract Amount	Revised Contract Amount	Change Order Days	Previous Change Orders	Cum. Total C.O. days	Revised Total Contract Days	Revised Completion Date
12	Approved by Board of Directors Approved on July 21, 2014				\$156,580.22	\$903,590.37	\$1,060,170.59	0.65%	\$164,526,110.59	0	0	0	1,278	10/28/2016
12.1	Final Bid Quantity Adjustment for Bid Item No. 5.2 - Undocumented Fill (suitable) - Remedial Grading - Remove and Re-compact a net increase of 8,104.7 CY from 51,700 CY to 59,804.7 CY at \$5/CY. PR 21146 (4286) Task 3505	B	N/A	\$40,523.37						0				
12.2	Final Bid Quantity Adjustment for Bid Item No. 5.5 - Undocumented Fill (not suitable) - Remedial Grading - Remove and Export Offsite, a net increase of 60 CY, from 1,800 CY to 1,860 CY at \$25 /CY. PR 21146 (4286) Task 3505	B	N/A	\$1,500.00						0				
12.3	Final Bid Quantity Adjustment for Bid Item No. 5.6 - Geotextile Fabric - Remedial Grading, a net decrease of 5,414 SF, from 181,500 SF to 176,086 SF at \$0.40/SF. PR 21146 (4286) Task 3505	B	N/A	(\$2,165.60)						0				
12.4	Final Bid Quantity Adjustment for Bid Item No. 5.6 - Geotextile Fabric - Remedial Grading, a net decrease of 5,414 SF, from 181,500 SF to 176,086 SF at \$0.40/SF. PR 21146 (4286) Task 3505	B	N/A	(\$6,523.33)						0				
12.5	Final Bid Quantity Adjustment for Bid Item No. 5.8 - Undocumented Fill - Deep Foundations - Removal, a net increase of 966 CY, from 21,650 CY to 22,616 CY at \$5.50/CY. PR 21146 (4286) Task 3505	B	N/A	\$5,313.00						0				
12.6	Final Bid Quantity Adjustment for Bid Item No. 5.9 - Alluvium - Remedial Grading - Removal and Export Offsite, a net increase of 2,076 CY, from 28,154 CY to 30,230 CY at \$35/CY. PR 21146 (4286) Task 3505	B	N/A	\$72,665.98						0				
12.7	Final Bid Quantity Adjustment for Bid Item No. 5.10 - Undocumented Fill - Deep Foundations - Compaction of stockpiled materials, a net increase of 3,117 CY, from 11,400 CY to 14,517 CY at \$15/CY. PR 21146 (4286) Task 3505	B	N/A	\$46,755.00						0				
12.8	Final Bid Quantity Adjustment for Bid Item No. 5.11 - Undocumented Fill - Deep Foundations - Export excess offsite a net decrease of 2,151 CY, from 10,250 CY to 8,099 CY PR 21146 (4286) Task 3505	B	N/A	(\$30,114.00)						0				
12.9	Final Bid Quantity Adjustment for Bid Item No. 5.12 - Geotextile Fabric - Deep Foundations, a net increase of 9,218 SF, from 51,500 SF to 60,718 SF at \$0.60/SF. PR 21146 (4286) Task 3505	B	N/A	\$5,530.80						0				
12.10	Final Bid Quantity Adjustment for Bid Item No. 5.13 - Aggregate Base - Deep Foundations, a net increase of 513.2 CY, from 2,860 CY to 3,373.2CY at \$45/CY. PR 21146 (4286) Task 3505	B	N/A	\$23,095.00						0				

**MWRP Biosolids and Energy Recovery Facilities
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				Original Contract Amount: \$163,465,940.00						Original Days: 1,278				10/28/2016
Change Order	Description	Category	IRWD or FBB	Change Order Line Item Amount	Change Order Amount	Previous Change Orders	Cumulative Total of Change Orders	% of Original Contract Amount	Revised Contract Amount	Change Order Days	Previous Change Orders	Cum. Total C.O. days	Revised Total Contract Days	Revised Completion Date
13	Approved by Exe. Director of Engineering & Water Quality Approved on July 10, 2014 13.1 Modifications to Switchgear 16 (CR-070) PR 21146 (4286) Task 3510	A	FBB	\$10,129.18	\$10,129.18	\$1,060,170.59	\$1,070,299.77	0.65%	\$164,536,239.77	0	0	0	1,278	10/28/2016
14	Approved by General Manager Approved on June 24, 2014 14.1 Slide Gates Clarification Regarding Actuators (CR-039) PR 21146 (4286) Task 3520	A	IRWD	\$44,543.19	\$44,543.19	\$1,070,299.77	\$1,114,842.96	0.68%	\$164,580,782.96	0	0	0	1,278	10/28/2016
15	Approved by General Manager Approval on July 31, 2014 15.1 Provide Masonry Shelf Angle at Digester Control Building (CR-031) PR 21146 (4286) Task 3505 15.2 Beam Size Increase for Monorail Runway in Solids Handling Building - (CR-074) PR 21146 (4286) Task 3505 15.3 Upsize Odor Control Circulation Pump Motor Disconnects (CR-082) PR 21146 (4286) Task 3510 15.4 Additional Deck Support for the Solids Handling Building Roof (CR-044) PR 21146 (4286) Task 3505	C	FBB	\$27,543.19	\$45,214.40	\$1,114,842.96	\$1,160,057.36	0.71%	\$164,625,997.36	0	0	0	1,278	10/28/2016
16	Approved by E&O Committee Approved on August 19, 2014 16.1 Installation of Level 3 Diesel Particulate Filter (DPF) on the Standby Generator - (CR-073) PR 21146 (4286) Task 3520	B	IRWD	\$62,037.10	\$62,037.10	\$1,160,057.36	\$1,222,094.46	0.75%	\$164,688,034.46	0	0	0	1,278	10/28/2016
17	Approved by Board of Directors Approved on August 25, 2014 17.1 Modifications to Switchgear 16 (CR-070A) PR 21146 (4286) Task 3510	A	FBB	(\$106,241.99)	(\$106,241.99)	\$1,222,094.46	\$1,115,852.47	0.68%	\$164,581,792.47	0	0	0	1,278	10/28/2016
18	Approved by Board of Directors Approved on August 25, 2014 18.1 Stormwater Drainage System Modification (CR-017) PR 21146 (4286)	A	IRWD	\$108,087.55	\$108,087.55	\$1,115,852.47	\$1,223,940.02	0.75%	\$164,689,880.02	0	0	0	1,278	10/28/2016
19	Approved by Executive Director of Engineering & Water Quality Approved on September 30, 2014 19.1 Modification to Switchgear 16 (CR-070B) PR 21146 (4286) Task 3510 19.2 Alluvium Removal Due to 36-inch Storm Drain Installation (CR-085) PR 21146 (4286) Task 3520 19.3 Additional Structural Support for Fats, Oils, and Grease (FOG) Grinders (CR-081) PR 21146 (4286) Task 3505 19.4 Portable Lift Truck for 480V ABB Breakers (CR-108) PR 21146 (4286) Task 3510 19.5 Retaining Wall North and West of Biosolids Site (CR-010) PR 21146 (4286) Task 3505	A	IRWD	\$1,125.75	\$72,572.86	\$1,223,940.02	\$1,296,512.88	0.79%	\$164,762,452.88	0	0	0	1,278	10/28/2016
		B	N/A	\$14,140.00						0				
		C	FBB	\$8,323.99						0				
		A	IRWD	\$2,625.12						0				
		B	IRWD	\$46,358.00						0				

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20	Approved by Executive Director of Engineering & Water Quality Approved on November 19, 2014				\$54,485.63	\$1,296,512.88	\$1,350,998.51	0.83%	\$164,816,938.51	0	0	0	1,278	10/28/2016
20.1	Nitrogen Slab Modifications (CR-052) PR 21146 (4286) Task 3505	A	IRWD	\$24,855.80						0				
20.2	Additional Conduits and Circuits for the Access Control Systems for the Solids Handling Building and the Digester Control Building (CR-082) PR 21146 (4286) Task 3510	A	IRWD	\$3,412.13						0				
20.3	Digital Power Meters Change for SWGR-14 and SWGR-15 (CR-109) PR 21146 (4286) Task 3510	A	IRWD	\$3,863.22						0				
20.4	Truck Unloading Panel Modifications (CR-115) PR 21146 (4286) Task 3510	A	IRWD	\$12,843.50						0				
20.5	Switchgear SWGR-14 Modifications (CR-116) PR 21146 (4286) Task 3510	A	IRWD	\$9,510.98						0				
21	Approved by General Manager Approved on January 30, 2015				\$ 98,506.19	\$1,350,998.51	\$1,449,504.70	0.89%	\$164,915,444.70	0	0	0	1,278	10/28/2016
21.1	Additional Anchorage for Methane Digesters (CR-051A) PR 21146 (4286) Task 3520	B	FBB	\$92,367.44						0				
21.2	Additional Input/Outputs Review of Master I/O List (CR-136) PR 21146 (4286) Task 3510	C	FBB	\$6,138.75						0				
22	Pending Approval by Board of Directors Pending approval on February 9, 2015				\$964,324.51	\$1,449,504.70	\$2,413,829.21	1.48%	\$165,879,769.21	0	0	0	1,278	10/28/2016
22.1	Electrical Conduit Overfill (CR-055) PR 21146 (4286) Task 3510	C	FBB	\$485,250.28						0				
22.2	Heat Dryer Equipment Escalation Costs (CR-057) PR 21146 (4286) Task 3520	B	FBB	\$333,477.50						0				
22.3	Glass-lining Sludge Density Meters (CR-067) PR 21146 (4286) Task 3510	A	IRWD	\$71,010.74						0				
22.4	Switchgear-16 Enclosure (CR-040) PR 21146 (4286) Task 3510	C	FBB	\$56,882.30						0				
22.5	Propane Gas Tank Foundation Demolition (CR-084) PR 21146 (4286) Task 3505	C	IRWD	\$2,004.98						0				
22.6	Credit for travel costs related to inspection of centrifuges in Germany (CR-091) PR 21146 (4286) Task 3520	A	IRWD	(\$5,573.42)						0				
22.7	Deletion of MMC Switchgear-14 Breaker (CR-092) PR 21146 (4286) Task 3510	A	IRWD	(\$5,032.00)						0				
22.8	Increase of Fiber Optic Conduit Size (CR-097) PR 21146 (4286) Task 3510	C	IRWD	\$23,269.61						0				
22.9	Overtime to perform work in the Solids Handling electrical room (CR-103) PR 21146 (4286) Task 3510	A	IRWD	\$1,384.47						0				
22.10	Credit for modification to the Uninterruptible Power System (CR-118) PR 21146 (4286) Task 3510	A	IRWD	(\$9,771.72)						0				
22.11	Addition of Low Voltage Compartment in SCE Switch "C" (CR-160) PR 21146 (4286) Task 3510	A	IRWD	\$2,156.20						0				
22.12	Addition of input/output points relating to sump pumps located at the Solids Handling Building (CR-161) PR 21146 (4286) Task 3510	A	FBB	\$9,265.57						0				

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Category	Total Amount	% of Original Contract
A - District Convenience/Initiation - Project Related	\$ 159,454.50	0.10%
B - Differing Site Conditions	\$ 1,513,705.92	0.93%
C - Design Oversight	\$ 740,668.79	0.45%
D - District Convenience/Initiation - Non-Project Related	\$ -	0.00%
E - Contractor Convenience/Initiation	\$ -	0.00%
TOTAL (A + B + C + D)	\$ 2,413,829.21	1.48%

Category	Total Amount	% of Original Contract
IRWD-Initiation/Driven	\$ 484,403.99	0.30%
FBB-Initiation/Driven	\$ 1,758,705.00	1.08%
Not applicable	\$ 170,720.22	0.10%
TOTAL	\$ 2,413,829.21	1.48%

February 9, 2015

Prepared by: K. Welch *KW*

Submitted by: F. Sanchez/P. Weghorst *PAW*

Approved by: Paul Cook *Paul Cook*

ACTION CALENDAR

DROUGHT RELIEF PROJECT COST SHARING AGREEMENT AND STRAND OPERATING AGREEMENT AMENDMENT NO. 1

SUMMARY:

A Cost Sharing Agreement has been prepared for the proposed Rosedale-Rio Bravo Water Storage Water District (Rosedale) Drought Relief Project that would allow Rosedale, IRWD and Castaic Lake Water Agency (CLWA) to share in the cost and benefits of the design, construction and operation of groundwater recovery and conveyance facilities in Rosedale's service area. The Cost Sharing Agreement and a proposed Amendment No. 1 to the Agreement between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for a Water Banking and Exchange Program (Strand Operating Agreement) establish IRWD's rights to the use of three wells within the Drought Relief Project to increase the instantaneous recovery capacity from the Strand Ranch Integrated Banking Project. Staff recommends that the Board:

- Authorize the General Manager to execute the Final Cost Sharing Agreement subject to non-substantive changes;
- Approve the addition of Project 11812 (6023) to the FY 2014-15 capital budget in the amount of \$4,229,500 for IRWD's share of costs for project administration, securing rights of way and easements, design, well drilling and well construction for the Rosedale Drought Relief Project; and
- Authorize the General Manager to execute Amendment No. 1 to the Strand Operating Agreement subject to non-substantive changes.

BACKGROUND:

In April 2014, staff provided the Water Banking Committee with an overview of Rosedale's Drought Relief Project that would provide additional groundwater recovery and conveyance capacities to IRWD, CLWA and Rosedale. Rosedale proposes that the Drought Relief Project will include the construction of eleven wells and associated conveyance facilities within the Rosedale service area. The Drought Relief Project facilities map is shown in Exhibit "A". Three of the wells will be for IRWD's use in conjunction with the Strand Ranch Integrated Banking Project. These three wells will be included within the Superior East and Superior West Well Fields comprising six wells in the Drought Relief Project. Rosedale will design and construct the well fields and IRWD and CLWA each will each have first priority access to three wells or one-half of the total developed recovery capacity of six wells. Rosedale will also design and construct conveyance facilities to deliver recovered water to the Cross Valley Canal (CVC) and will construct its own wells as part of the Project. The well and wellhead facilities that will be constructed for IRWD's use will meet IRWD specifications and the conveyance facilities to the CVC will be oversized to accommodate flows from four additional wells.

Agreement Development:

In May 2014, Rosedale provided IRWD with a draft Cost Sharing Agreement for the design and construction of the Drought Relief Project. On May 29, the agreement was reviewed with the Water Banking Committee. Subsequent to receiving input from the Committee, staff worked with Rosedale and CLWA to further refine the Agreement. Revised drafts of the Agreement were reviewed with the Committee on December 16, 2014 and on January 27, 2015. At these meetings, staff also reviewed with the Committee the draft Amendment No. 1 to the Strand Operating Agreement which establishes the framework for operations of IRWD's capacities in the Drought Relief Project facilities to be consistent with existing Strand Operating Agreement. Staff has worked closely with Rosedale in addressing the detailed operation of the proposed facilities in the draft Amendment No. 1.

Proposed final drafts the Cost Sharing Agreement and Amendment No. 1 were reviewed with the Committee on January 27, 2015. Input from the Committee as been incorporated into the final version of the document. The final Cost Sharing Agreement is included as Exhibit "B". The final Amendment No. 1 to the Strand Operating Agreement is included as Exhibit "C". Following is an overview of each document.

Overview of Cost Sharing Agreement:

Key provisions to the Cost Sharing Agreement are as follows:

- Rosedale shall prepare the plans and specifications for the project facilities with input from IRWD and CLWA, and the bid documents will incorporate alternatives that meet IRWD and CLWA design criteria;
- IRWD and CLWA will each receive first priority access to half of the combined total developed recovery capacity of the six Superior East and Superior West wells and connecting pipelines. IRWD and CLWA would also each receive equal shares of the first priority right to the base capacity of the Central Intake Pipeline;
- Rosedale's operation and maintenance of IRWD's portion of the Drought Relief Project facilities will be consistent with the Strand Operating Agreement including the Amendment No. 1 to the Agreement;
- The agreement specifies that Rosedale owns five of the sites for the six wells to be constructed for CLWA and IRWD. Rosedale is pursuing ownership of the sixth site, anticipated to be at no cost;
- Termination provisions are included at the basis of design and bid phases that allow each agency an opportunity to assess the feasibility and cost of the project facilities prior to committing to construction;

- Equipping of the six wells to be constructed for CLWA and IRWD will be addressed under a separate agreement among the parties or an amendment to the Cost Sharing Agreement;
- IRWD's approval will be necessary for any construction change order that exceeds \$100,000 or that causes the total costs of the project to exceed 15% of the contract price;
- Within 30 days of the execution of the Cost Sharing Agreement, IRWD will make a payment to Rosedale of \$1,000,000 to establish a cash flow account for IRWD's portion of the project;
- Rosedale will invoice IRWD monthly with supporting documentations for actual costs attributed to IRWD's portion of the project; and
- If there is a challenge to CEQA compliance documents, including the proposed Stockdale Integrated Environmental Impact Report (EIR), then the litigation costs shall be borne by the benefitting Parties whose portion of the project is reliant upon the challenged EIR (i.e. CLWA would share in any litigation costs associated with a CEQA challenge to the construction and use of the Central Intake Pipeline); and

Overview of Amendment No. 1:

Key provisions of the Amendment No. 1 to the Strand Operating Agreement are as follows:

- The Memorandum of Understanding (MOU), between Rosedale and adjacent water banking projects, that establishes mitigation options on the use of the local groundwater aquifer shall also include the Interim Project Recovery Operations Plan Regarding Kern Water Bank Authority (KWB) and Rosedale-Rio Bravo Water Storage District (Rosedale) Projects and the Long Term Project Recovery Operations Plan Regarding Rosedale-Rio Bravo Water Storage District Projects;
- The new cost of mitigation with respect to the MOU was added to the Permit Cost section such that all costs of compliance with the MOU are incurred in proportion to IRWD's and Rosedale's use of the Strand and Offsite wells;
- A provision was added to IRWD's Recovery Rights section that IRWD and Rosedale will cooperate to execute any exchange necessary to recover water under IRWD's rights to the use of Drought Relief Project wells at no additional cost;
- The Cost Sharing Agreement is referenced in the Amendment specifying IRWD's first rights to one-half of the developed capacity of up to six Drought Relief Project wells and that Rosedale will operate the facilities. The exhibit depicting the approximate location of the six wells has been updated to reflect the most current Drought Relief Project well sites;

- The Delivery Schedule section was revised to include a provision for Rosedale to use IRWD’s capacity rights in the Drought Relief Project in conjunction with best efforts to provide peaking capacity to IRWD which would be in excess of the 40 cfs limit on the Strand Ranch wells. This will allow for IRWD to recover the 17,500 AF annual limit from the Strand Ranch at a faster rate; and
- A provision was added which provides for IRWD to receive reimbursement for the undepreciated value of IRWD’s capacity in the Drought Relief Project wells and related conveyance facilities if the IRWD and Rosedale partnership on the Strand Ranch is not extended at the end of the original 30 year term. Depreciation shall be calculated on a straight line basis. IRWD’s capacity rights would be applicable to any extension of IRWD’s partnership with Rosedale.

Allocation of Project Costs:

The estimated total cost of Rosedale’s Drought Relief Project is between \$27 and \$29 million with IRWD’s estimated cost to be \$7.8 million. The allocation of costs per the Cost Sharing Agreement and IRWD’s estimated cost are summarized below:

Facilities	Allocation of Cost	IRWD’s Estimated Cost
West Wells (3), pipelines, Pumping Plant	100% Rosedale	\$0
Stockdale East Wells (2)	100% Rosedale (IRWD to pay \$1.5M*)	To be paid under separate agreement*
Superior Well Field Wells (6) and pipelines	50% IRWD / 50% CLWA	\$3,600,000
Central Intake Pipeline**	50% IRWD / 50% CLWA	\$2,500,000
CVC Tie-in	50% Rosedale / 25% IRWD / 25% CLWA	\$320,000
Design, Project Management, Administration, Inspection, Permitting, Property and Easement Acquisition	33.3% Rosedale / 33.3% IRWD / 33.3 % CLWA	\$1,350,000
IRWD’s Estimated Cost:		\$7,770,000

* Per the IRWD Rosedale Stockdale Integrated Banking Project Development Agreement, IRWD shall pay a maximum of \$1,500,000 towards Rosedale’s Stockdale East wells in exchange for 50,000 AF of storage capacity in Rosedale’s Conjunctive Use Program. This cost is expected to be paid under a separate IRWD capital project.

**Should Rosedale increase the capacity of the Central Intake Pipeline, Rosedale will pay for associated increased cost on an incremental basis.

Project Status and Update:

IRWD and its design consultants at URS Corporation have reviewed and provided detailed comments on Rosedale’s well drilling and well construction plans and specifications. On

December 29, 2014, Rosedale requested bids for construction of a portion of the Drought Relief Project. The bid package includes drilling and construction and equipping of three wells within Rosedale's Western Well Field and the drilling and construction (but not equipping) of six wells to be located at the Superior East and West Well Fields. The bid documents for the Superior East and West wells, whose capacity will be shared by IRWD and CLWA, include several options which conform to IRWD's well construction specifications. Bids for the well drilling were received on February 3, 2015. The bids appear to be just under the engineer's estimate. Staff is currently reviewing the bid summary with CLWA and Rosedale. IRWD's estimated share of costs for project administration, design, well drilling and well construction and inspection for the Drought Relief Project is \$4,229,500.

The sharing of costs associated with the equipping of the six Superior East and West wells for IRWD and CLWA and the construction of all water conveyance facilities will be addressed under an amendment to the Cost Sharing Agreement (or a new agreement) once refined designs and engineers' estimates for these facilities are available. Staff and CLWA are currently conducting an evaluation of alternatives for equipping the wells. Staff expects that Rosedale will go out to bid for the equipping of the Superior East and West wells and the construction of conveyance pipelines for IRWD and CLWA in mid-to-late 2015. A contract for the construction of the Central Intake Pipeline conveyance will not be awarded until after the Stockdale EIR is certified which is expected to occur in late May 2015. A recommendation for approval of an agreement for IRWD's share of these remaining facilities will be presented for consideration to the Water Banking Committee and Board after the Stockdale Integrated EIR is certified.

FISCAL IMPACTS:

The estimated cost for the design and construction of Drought Relief Project facilities is between \$27 and \$29 million. IRWD's estimated share of these costs is projected to be \$7.8 million. Staff requests the addition of Project 11812 (6023) to the FY 2014-15 capital budget in the amount of \$4,229,500 as shown below for IRWD's share of costs for project administration, securing rights of way and easements, design, well drilling and well construction for the Drought Relief Project including a 10 percent contingency, \$215,000 for IRWD staff time over the multi-year effort and \$15,000 for Legal assistance. Staff will return to the Board with an amendment to the Cost Sharing Agreement (or a new agreement) and a budget request to cover the construction of wellhead facilities and conveyance facilities once updated engineer estimates are available.

Project No.	Current Budget	Addition <Reduction>	Total Budget
11812(6023)	\$-0-	\$4,229,500	\$4,229,500

ENVIRONMENTAL COMPLIANCE:

The construction and operation of the six Superior East and West wells and connecting pipelines that are included in the Drought Relief Project has been adequately analyzed in the previously adopted Rosedale Master EIR and the Strand Ranch Integrated Banking Project EIR. Staff anticipates preparing an Addendum to the Strand Ranch Integrated Banking Project EIR to

clarify the use of the Drought Relief Project recovery facilities by IRWD to increase the instantaneous recovery capacity to meet the annual recovery limit on Strand Ranch. Prior to any approval of the remaining Drought Relief Project facilities including the Central Intake Pipeline and CVC Tie-in facilities, the construction and operation of these facilities will be analyzed in the Stockdale Integrated Banking Project Draft EIR which is currently being finalized by Rosedale as the Lead Agency and IRWD as a Responsible Agency. These environmental documents have been developed in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq. and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3.

COMMITTEE STATUS:

This item was reviewed by the Water Banking Committee on January 27, 2015.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE DROUGHT RELIEF PROJECT COST SHARING AGREEMENT SUBJECT TO NON-SUBSTANTIVE CHANGES; APPROVE THE ADDITION OF PROJECT 11812 (6023) TO THE FY 2014-15 CAPITAL BUDGET IN THE AMOUNT OF \$4,229,500 FOR IRWD'S SHARE OF COSTS FOR PROJECT ADMINISTRATION, ENVIRONMENTAL COMPLIANCE, SECURING RIGHTS OF WAY AND EASEMENTS, DESIGN, WELL DRILLING AND WELL CONSTRUCTION FOR THE ROSEDALE DROUGHT RELIEF PROJECT; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND IRVINE RANCH WATER DISTRICT FOR A WATER BANKING AND EXCHANGE PROGRAM SUBJECT TO NON-SUBSTANTIVE CHANGES.

EXHIBITS:

Exhibit "A" – Location Map: Drought Relief Project

Exhibit "B" – Drought Relief Project Cost Sharing Agreement

Exhibit "C" – Amendment No. 1 to the Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for a Water Banking and Exchange Program

Exhibit "A"

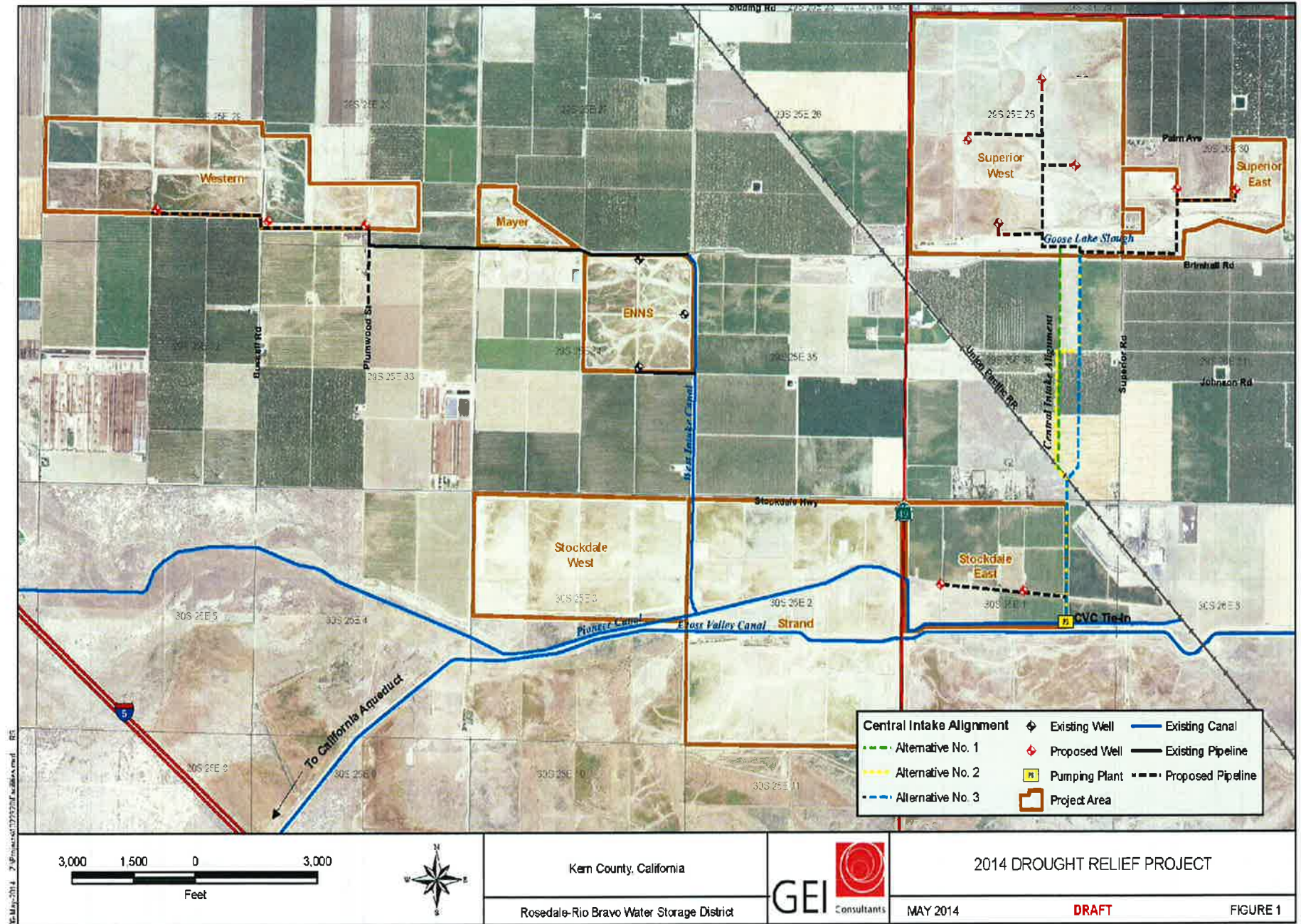


EXHIBIT " B "

DROUGHT RELIEF PROJECT **COST SHARING AGREEMENT**

THIS COST SHARING AGREEMENT ("Agreement") is made as of _____, 2015 ("Effective Date"), by and among the Rosedale-Rio Bravo Water Storage District, a California water storage district ("Rosedale"); Castaic Lake Water Agency, a special act public agency ("Castaic"); and, Irvine Ranch Water District, a California water district ("Irvine") (each sometimes individually referred to as a "Party" and collectively as the "Parties").

RECITALS

The following recitals are a substantive portion of this Agreement:

- A. Rosedale is considering construction of a project referred to as the Drought Relief Project ("Project") which includes the construction of eleven (11) groundwater recovery wells ("Wells") and related facilities, the anticipated locations of which are generally shown on the attached Exhibit A; and
- B. Castaic and Rosedale entered into "Agreement Rosedale-Rio Bravo Water Storage District and Castaic Lake Water Agency for a Water Banking and Exchange Program", dated November 15, 2005 ("Castaic Agreement") which provides Castaic with certain rights relating to the construction of seven (7) Wells and related facilities; and
- C. Irvine and Rosedale entered into "Agreement for a Water Banking and Exchange Program", dated January 13, 2009 ("Irvine Agreement") which provides Irvine with certain rights relating to the construction of up to three (3) Wells within Rosedale; and
- D. The Parties desire to coordinate the construction of the Project Wells and associated facilities, with each of Castaic and Irvine to receive, in satisfaction of its above-described right to have three (3) Wells constructed, a first-priority access right to half of the combined total developed recovery capacity of the six (6) Wells comprising the Superior East and Superior West Wellfields, depicted in Exhibit A, together with a first priority right to the below-described capacity in the Central Intake Pipeline and Central Intake Pipeline connection to the canal commonly referred to as the "Cross Valley Canal" ("CVC"), consistent with the terms of the Castaic and Irvine Agreement(s), except as provided for herein; and
- E. Castaic retains its rights under the Castaic Agreement relating to the construction of up to four (4) other Wells and related facilities; provided, however, that it is not intended by Castaic that the exercise of such rights will include any of the eleven (11) Wells to be constructed as part of the Project; and
- F. The Parties estimate that the total cost of the Project will not exceed \$27,500,000 (Estimated Project Cost). A portion of the cost is anticipated to be funded with proceeds of grants; each Party intends to apply the proceeds of any grant funding it receives to its own share of the cost; and

- G. The parties desire to share the costs relating to the Project, as more specifically set forth in this Agreement; and
- H. The operation and maintenance of the Project facilities shall be consistent with and as provided for in the Castaic Agreement and with respect to Irvine, the Irvine Agreement. Notwithstanding such, the Parties may choose to jointly operate the Project Facilities for the benefit of all of the Parties upon terms and conditions, including appropriate cost sharing provisions, agreed to by the Parties.

NOW, THEREFORE, in consideration of the recitals, covenants, terms and conditions of this Agreement, all of which are incorporated into the following Agreement as if set forth fully therein, the parties agree:

AGREEMENT

1. Feasibility

Feasibility Report. Prior to undertaking the activities described in Section 2, Rosedale has caused the preparation of a Feasibility Report including, among other things, a 30% plan, project costs estimate, and design-basis report to evaluate the feasibility of the Project and establish design criteria for the Project components, and establish the Estimated Project Cost. This Feasibility Report effort shall be considered a design costs and Each Party shall bear their share as described in Exhibit B. Rosedale has retained the consultant(s) necessary to prepare the plans, project cost estimate, and design-basis report in accordance with applicable law and Rosedale's own procedures. The Parties have evaluated the plans to date, project cost estimate, and design-basis report and are committed to proceeding with the Project in accordance with this agreement.

2. Project Components.

- a. Project Management. The Project shall include six (6) Wells to be constructed for Castaic and Irvine in the Superior East and Superior West Well Fields, and up to five (5) Wells to be constructed for Rosedale in the Western and Stockdale East Well Fields, as depicted in Exhibit A. Castaic and Irvine shall each have a first priority right to the use of fifty percent (50%) of the aggregate combined capacity of the six (6) Superior Wells and connecting recovery pipelines and appurtenant facilities. The bid price from the selected contractor for the Central Intake/Alternative No. 6 (48" RCP) as shown on Exhibit C, shall be the basis for Castaic and Irvine funding obligations in the Central Intake Pipeline, described in Exhibit B. Subject to mutual agreement of the Parties, an additional bid alternative, not shown on Exhibit C, may be included and substituted for Alternative 6 as the basis of Castaic and Irvine funding obligations in the Central Intake Pipeline. The additional bid alternative shall be equivalent in capacity to Alternative 6 identified in Exhibit C. Castaic and Irvine shall have, in equal shares, a first priority use of the return capacity associated with Alternative No. 6 or the alternative substituted for Alternative 6 as the Castaic/Irvine funding obligation basis. Rosedale may increase the capacity of the Central Intake Pipeline, through selection of one of the other alternatives provided in Exhibit C and shall pay, on an incremental basis, any increase in the cost

over the cost of Alternative No. 6 or the alternative substituted for Alternative 6 as the Castaic/Irvine funding obligation basis. Rosedale shall have a first priority use of any increase in capacity over the return capacity associated with Alternative No. 6 or the alternative substituted for Alternative 6 as the Castaic/Irvine funding obligation basis. Except as set forth herein, Rosedale shall manage the design, engineering, bidding and construction of the Project. Rosedale shall be the lead agency for purposes of compliance with the California Environmental Quality Act (CEQA) for the Project, shall prepare the necessary environmental documents for the Project and shall undertake to obtain all governmental and non-governmental reviews and approvals, licenses and permits that are, or may be, required and necessary for the Project, and will enter into contracts with others to obtain all services necessary to construct the Project. Rosedale and its agents and contractors shall comply with all applicable federal, state or local codes, laws and regulations which relate to or affect the Project, and shall comply with all of the commitments and conditions set forth in the environmental documentation. Rosedale shall construct the Project in accordance with the plans and specifications previously reviewed by Castaic and Irvine. Rosedale's General Manager, Irvine's General Manager, and Castaic's General Manager, or their respective designated representatives, (each separately a "Project Representative") shall be authorized to implement this Agreement on behalf of the Parties. Whenever a reference is made herein to an action or approval to be undertaken by a Party, the Project Representative is authorized to act on behalf of such Party unless specifically provided otherwise or the context requires otherwise. Rosedale shall keep Castaic's and Irvine's Project Representatives apprised of the progress of the work by periodic status reports to the Project Representatives (either orally or in writing) at appropriate phases of the Project. If requested by Castaic or Irvine, a monthly meeting shall be held, at the Rosedale office or another mutually agreed upon location, to review, evaluate and discuss the progress of or other aspects of the Project.

b. Property Interests.

(i) Well Sites. Rosedale owns in fee simple all of the sites for the five (5) Wells to be constructed for Rosedale. Rosedale owns in fee simple five (5) of the sites for the six (6) Wells to be constructed for Castaic and Irvine; Rosedale is pursuing the acquisition of the sixth site, anticipated to be at no cost. In the event a fee simple interest in the sixth site cannot be acquired by Rosedale, Rosedale will review with Castaic and Irvine the terms of the easement, license or other property interest to be acquired, and the Parties will meet and confer to determine the terms necessary and adequate for operation of the Well in the manner contemplated to carry out the purposes of the Project. In the event the site cannot be acquired at no cost, the Parties will meet and confer to evaluate site acquisition options and alternative sites. However, in that event, Irvine or Castaic may, at its sole election, but shall have no obligation to, determine that it will acquire a site for the Well.

(ii) Property Other Than Well Sites. Except as provided in paragraph 2.b.(i), above, Rosedale shall acquire all lands, easements, rights of way and any other property interest that is required for construction of the Project. The costs of

land, easement and right-of-way acquisition, other than the sites for the Project's eleven (11) Wells, shall be shared by the Parties as set forth in Exhibit B; provided, however, that the shares shall be adjusted as indicated in Exhibit B, with a credit to Rosedale if necessary, in the event Rosedale does not exercise its option to oversize the Central Intake Pipeline on an incremental cost basis. If cost overruns are experienced over the amount budgeted for land, easement and right-of-way acquisition in the Project Budget (defined below), the Parties shall meet and confer to revise the proposed acquisitions or the Project Budget or take other action.

c. **Project Design.** Rosedale shall cause the preparation of the plans and technical specifications for the Project work ("**Plans**"), which may include alternatives for bidding purposes. The Plans shall be prepared with input from Irvine and Castaic. Rosedale shall be responsible for retaining all consultants necessary to prepare the Plans ("**Design Consultants**") in accordance with applicable law and Rosedale's own procedures. Rosedale shall distribute 90% complete Plans, including as part of said Plans a refinement and updating of the Estimated Project Cost set forth in the Feasibility Report as well as a detailed Project budget ("**Project Budget**"), to Castaic and Irvine when received by Rosedale from its Design Consultant. If Castaic or Irvine desires any changes to the 90% Plans, it shall notify Rosedale within twenty-one (21) days of receipt of the 90% Plans, after which the Parties shall work together diligently to resolve the request promptly. In the event Rosedale does not receive any comments on the 90% Plans within twenty-one days after delivery of the same, Castaic and Irvine shall be deemed to approve of the 90% Plans. Rosedale shall distribute the final Plans to Castaic and Irvine at least thirty (30) days prior to advertising a request for bids. The Estimated Project Cost as set forth in the Feasibility report shall be updated and refined in accordance with the final Plans. If Castaic or Irvine desires any changes to the final Plans, it shall notify Rosedale within seven (7) days of receipt of the final Plans, after which the parties shall work together diligently to resolve the request promptly. In the event Rosedale does not receive any comments on the final Plans within seven days after delivery of the same, Castaic and Irvine shall be deemed to approve of the final Plans and the Project will be advertised for bid as described in the final Plans. Rosedale shall cause the final Plans and bid documents to incorporate alternatives to permit Castaic's and Irvine's election of Project features that can be accommodated in the Project at Castaic's and Irvine's reasonable request if submitted in the 90% Plan review, for reliability or other purposes. Rosedale's incorporation of Castaic and/or Irvine alternatives shall require Rosedale's approval if they are deemed to increase Rosedale's share of the costs. The Parties shall meet and confer to determine whether and how the Castaic and/or Irvine alternatives can be modified and constructed without increasing Rosedale's share of costs. Notwithstanding the foregoing, the Parties acknowledge that the design of the well drilling component of the Project has already been completed, reviewed and approved by the Parties.

d. **Project Bidding and Construction.**

(i) **General.** Rosedale shall advertise one or more contracts for construction of the Project for formal bids per applicable sections of the California Public

Contracts Code. For those portions of the Project for which Rosedale receives bids, Rosedale shall, upon opening and analyzing bids, promptly provide Castaic and Irvine with the name(s), address(es), copies of the bid and supporting documents and other pertinent information relating to the bidder to which Rosedale intends to award the Contract, bid alternatives selected, or Rosedale's decision to reject all bids and rebid the Project with the same scope and capacity (in which event the process called for under this paragraph shall be repeated). Rosedale shall provide an explanation to Castaic and Irvine in the event that any bidder selected did not provide the lowest bid for the work. If Castaic or Irvine does not approve of Rosedale's selected contractor, it shall notify Rosedale within five (5) working days after receipt of the contractor's information from Rosedale, unless the parties agree in writing that a specific longer period of review time is necessary. In the event that Rosedale does not receive comments from Irvine or Castaic within the specified time, Castaic and Irvine shall be deemed to agree to Rosedale's recommendation. If the Parties do not agree on a proposed contractor, the Parties will work diligently and in good faith to resolve the matter. If the Parties are unable to resolve the matter within five (5) working days after the date of Castaic or Irvine's response to Rosedale's recommendation and such disputed action must be made to prevent delay, Rosedale may execute a contract with its preferred contractor and the Parties will follow the dispute resolution procedure set forth in Section 4 below, entitled "Resolution of Disputes." Rosedale shall produce and require that all contractors adhere to a construction schedule, with exceptions for delays as may be approved through the Project Changes as described in section 2.e. To the extent applicable, Rosedale will comply with all public contracting laws. If Castaic is awarded an Integrated Regional Water Management Grant for its share of the Project costs, Rosedale will, at Castaic's sole cost and expense, implement a Labor Compliance Plan for the project consistent with the California Department of Industrial Relations requirements.

- (ii) Well Drilling/Pipeline/Central Intake Contracts. Rosedale shall notify Castaic and Irvine in writing within five (5) days following Rosedale's determination, after the opening of bids for all contracts, whether it will make an award or whether it will reject all bids in order to permit rebidding at the same scope and capacity pursuant to paragraph (i) ("Bid Opening Notice"); in no case shall the Bid Opening Notice occur more than thirty (30) days after the opening of bids. Notwithstanding the foregoing, the Parties acknowledge that the Well drilling contract has already been advertised for bid. The Parties waive any deviation of the Well drilling contract from the design and bidding procedures specified herein. The Parties further acknowledge that the Well drilling contract employs a "blind-bid" procedure under which the Parties are required to select alternatives for the purpose of ranking the bidders within seven (7) days of the first bid opening; the Parties agree to select the desired alternatives within said time period or a longer time period if agreed to by the parties and authorized by a valid addendum to the contract documents in advance of the bid opening.

- (iii) Termination of Project. Within thirty (30) days following the giving of each Bid Opening Notice (each, a “Determination Date”), any Party may elect to terminate all or a portion of its interests in the Project and this Agreement, by delivery of a written notice to the other Parties during said thirty (30) day period, specifying the portion of its interest in the Project to be terminated and the portion, if any, it is retaining, each portion to be stated as a percentage share adjustments to the Project shares. If another Party wishes to acquire any or all of the terminating Party’s terminated interests, the Party shall so advise the other Parties during the twenty-one (21) day period following the Determination Date, specifying the amount the acquiring Party wishes to acquire. If two non-terminating Parties give such notice and in the aggregate the amount of the interests they wish to acquire exceeds the amount being terminated, the amount being terminated shall be allocated between them or the Project scope shall be expanded, in either case as the interested Parties may mutually agree. If there are unwanted terminated interests in the Project, the Parties shall proceed as follows: if optional terminations of interest in the Project timely exercised under this Section reduce the Project scope, the remaining Parties may proceed with a reduced Project scope as they mutually agree. If optional terminations of interest in the Project timely exercised under this Section reduce the Project scope such that the Parties do not wish to proceed with it as conceptually described in the Plans, then the Parties shall meet and confer to decide whether to amend or terminate this Agreement to reflect such decision; provided, however, the Parties shall remain responsible for their respective shares of the costs of preparation of the Feasibility Report and Plans irrespective of their decision, and a Party terminating or partially terminating its interests shall, in any event, remain obligated for the share of costs allocable to the terminated interests through the applicable Determination Date, but shall be relieved of its obligations with respect to the terminated share of all subsequently incurred costs. If after a bid opening the Project is reduced in size and redesigned to delete terminated interests, then anything to the contrary herein notwithstanding, no further Determination Date(s) shall be deemed to occur.
- (iv) Notwithstanding anything to the contrary in this Agreement, if a Party chooses to terminate all or a portion of its interest in the Project pursuant to this Section 2(d), the decision to terminate all or a portion of its interest in the Project shall not in any way affect, or reduce, the rights of the terminating party to construct wells and related facilities pursuant to any other agreement with Rosedale. For example, if Castaic decided to terminate all of its interest in the Project pursuant to this Section 2(d), Castaic would still have the right to construct seven (7) wells pursuant to the Castaic Agreement and such termination would not impact such right.
- (v) Equipping of the six (6) Wells to be constructed for Castaic and Irvine shall be addressed under a separate cost share agreement amongst the parties or an amendment to this Agreement.

e. Project Changes.

- (i) Contractor Changes/Claims. Rosedale shall promptly submit to Castaic and Irvine staff for prior review, except in emergency circumstances, each contractor request for a change order, and each contractor notice of a potential claim for additional compensation related to or increasing Castaic or Irvine's cost for their respective portions of the Project, including a copy of the supporting documents for the change or claim and Rosedale's recommendation, if any, to approve, reject or negotiate the request for a material change or notice of claim. Each Party's decision to approve, reject or negotiate a request shall be weighted according to its share(s) of the affected Project component(s) as set forth in Exhibit B. Rosedale shall have the authority to act without Irvine or Castaic approval upon changes or notices of claims that are not material. Castaic and/or Irvine, as applicable, shall respond to contractor material changes or claims within seven (7) working days after receipt of such proposed change order or notice of potential claims and supporting documents, unless the affected Parties agree in writing that a specific longer period of review time is necessary. In the event that Rosedale does not receive comments from Irvine or Castaic within the specified time, Castaic and Irvine shall be deemed to agree to Rosedale's recommendation for action on the material change order or claim. If the Parties do not agree on the proposed action on the request for material change order or claim, the Parties will work diligently and in good faith to resolve the matter. If the Parties are unable to resolve the matter within five (5) working days after the date of Castaic or Irvine's response to Rosedale's recommendation for action and such disputed action must be made to prevent delay, Rosedale may take its preferred course in such disputed action and the Parties will follow the dispute resolution procedure set forth in Section 4 below, entitled "Resolution of Disputes," as to the allocation of material extra costs or cost reduction for any such actions.
- (ii) Proposed Changes. In the event that a Party proposes any modification or desire the construction of an alternative which has the potential to increase the cost of any component of the Project, Rosedale agrees to review the proposed modification or desired alternative and implement if it concurs with the proposed modification. All increased costs associated with said proposed modifications or the selection of alternatives shall be borne proportionately in accordance with the percentage shares set forth in Exhibit B unless the Parties mutually agree otherwise.
- (iii) Materiality. For purposes of this Section i.e., a change, claim or modification shall be deemed "material," if it would either individually exceed \$100,000, or cumulatively with any previously approved changes, claims or modifications, respectively, cause the total Costs to exceed 15% of the contract price, or would cause the schedule to be delayed by more than ninety (90) days.

f. Project Records.

- (i) Rosedale shall maintain all documents related to the Project, including all daily logs, inspector notes, testing, and correspondence. Upon Castaic or Irvine's reasonable request, Rosedale shall allow the requesting party to review and copy such Project documents. In addition, Rosedale will obtain and supply "As Built" drawings of the Project improvements to Castaic and Irvine at the conclusion of the Project.

g. Invoicing.

- (i) Rosedale shall provide Castaic and Irvine monthly reports and invoices for the actual cost of all services necessary for the construction of the Project, accompanied by supporting documentation as may be necessary to show the amounts which represent costs of the Project. As soon as possible after the completion and acceptance by Rosedale of the Project, Rosedale shall prepare a final reconciliation and detailed accounting report and deliver to Castaic and Irvine a statement, accompanied by supporting documentation, setting forth the total actual cost of all services necessary for the Project, which shall include the actual dollar-amount of the costs of design/administration, permitting, easement acquisition, and construction (including contract change orders and payment of claims related to such work as approved or resolved pursuant to this Agreement) (excluding the costs of preparation of this Agreement) (the "Costs").

h. Responses.

- (i) If Rosedale receives comments from Castaic or Irvine pursuant to paragraph c, d or e(i) of this Section or notification of disputed amounts pursuant to Section 3c, prior to invoking dispute resolution (if applicable), Rosedale shall provide substantive responses to any comments or disputes that Rosedale does not intend to accept or if Rosedale does not intend to modify its proposed action in accordance with the comment.

3. Castaic and Irvine Obligations.

- a. Castaic and Irvine shall reimburse Rosedale for the Costs in proportion to the percentages shown on Exhibit B hereto and only for those items, and no other, shown in Exhibit B.
- b. Within thirty (30) days of execution of this agreement, Castaic and Irvine shall each make payment to Rosedale of \$1,000,000 each in order to establish a project cash flow account. If design or other preliminary Project costs incurred by Rosedale have been advanced by Castaic or Irvine on a voluntary basis prior to the effective date of this Agreement, such Party shall receive a credit for the advanced amount against its Project cash flow payment. After such funds have been exhausted, Castaic and Irvine shall,

within forty-five (45) days of receiving each invoice and detailed accounting report, deliver to Rosedale payment for their respective portions of the Costs, less any amounts previously paid pursuant to the monthly invoices. If the Costs previously paid pursuant to the monthly invoices exceed the Costs as reflected in the invoice and detailed accounting report and statement, Rosedale shall refund the respective shares of the difference to Castaic and Irvine within sixty (60) days of completing the final reconciliation and detailed accounting report.

- c. If Castaic or Irvine disputes the dollar amount of the Cost of any item invoiced by Rosedale, Castaic or Irvine, as appropriate, shall provide written notice of the dispute, with an explanation of the basis for the dispute no later than twenty-one (21) calendar days after receipt of the disputed invoice. Castaic or Irvine's failure to provide timely written notice to Rosedale challenging or disputing the Cost of any item shall be deemed an approval of all undisputed portions or items on the invoice.
- d. If Castaic or Irvine timely provides Rosedale with a written notice of dispute, they shall timely pay Rosedale all undisputed amounts owed to Rosedale. Castaic, Irvine and Rosedale shall negotiate in good faith in an effort to resolve any such disputes. If the parties are unable to resolve such disputes within thirty (30) calendar days after the date Rosedale receives a notice of dispute, the Parties shall submit the matter to dispute resolution as described in Section 4 of this Agreement.

4. **Resolution of Disputes.**

In the event disputes should arise under this Agreement, the Parties agree to the following procedures:

- a. **First Level.** At least one individual from each of the involved (two or three) Parties will meet, in person, and attempt to resolve the dispute. If a third party is involved in the dispute, the Parties will make diligent good faith efforts to include that third party in the dispute resolution process set forth in this section. For Rosedale, the first level person shall be Dan Bartel or his designee. For Castaic, the first level person shall be Dirk Marks or his designee. For Irvine, the first level person shall be Irvine's Executive Director of Water Policy or his/her designee.
- b. **Second Level.** Each involved Party will designate two individuals to whom matters not resolved at the first level shall be referred. Such individuals shall have sufficient authority to resolve the dispute, such as a General Manager or members of the parties' respective Boards of Directors.
- c. **Urgent Matters.** For any matter designated by the initiating Party as "urgent," the other Parties first level person shall make their first response within twenty-four (24) hours, or within such other period as the first level persons may agree. Unless a matter is designated "urgent" by the initiating Party, the other Party's first level person shall respond within five (5) working days, or within such other period as the first level

persons may agree.

- d. Mediation. If the meeting(s) at the second level do not resolve the dispute, the Parties agree to mediate the matter with a mutually selected mediator, with the mediator's fees to be split equally between or among the Parties to the dispute (unless the mediator finds one or more Parties acted in bad faith and otherwise allocates the fees among the Parties).
- e. Remedies Under Law. If neither the meetings nor the mediation results in a resolution to the dispute, the Parties will have the right to exercise any of their remedies available under law.

5. Miscellaneous Provisions.

- a. CVC Shutdown. The Parties acknowledge that at least one shut down of the CVC will be required for the installation of any tie-in facility connecting the Project to said canal. The Parties shall manage their respective water supplies to accommodate any shut-down(s) of the CVC that are reasonably necessary to construct the Project and will mutually work together to approve a shutdown schedule.
- b. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of delivery, (i) if delivered personally to the party to whom notice is given, or (ii) if delivered by email to the email addresses listed below. Notices and other communications sent by mail shall be deemed delivered 48 hours after deposit in the U.S. Mail with first-class postage thereon fully prepaid. Notices and other communications shall be directed to the parties at the addresses shown below. A party may change its person designated to receive notice, its facsimile number, or its address from time to time by giving notice to the other party in accordance with the procedures set forth in this Section.

If to Rosedale: Dan Bartel, Assistant Manager/Engineer
P.O. Box 20820
Bakersfield, CA 93390
Email: dbartel@rrbwsd.com

If to Castaic: Dan Masnada, General Manager
27234 Bouquet Canyon Road
Santa Clarita, California 91350
Email: dmasnada@clwa.org

If to Irvine: Paul Cook, General Manager
15600 Sand Canyon Ave.
P.O. Box 57000

Irvine, CA 92619-7000
Email: COOK@irwd.com

c. Non-Liability of Officials. No member, official, employee or agent of any Party shall be personally liable to any other Party, or any successor in interest, in the event of any default or breach by a Party in the obligation under the terms of this agreement.

d. Indemnification and Insurance.

(i) Government Code Section 895.4. It is understood and agreed that pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify, defend and hold the other Parties, and their respective officers, employees and agents, harmless from any damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the acts or omissions of the indemnifying Party, its officers, employees or agents, under or in connection with any work, authority or jurisdiction delegated to such Party under this Agreement. No Party, nor any officer, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the acts or omissions of the other Party hereto, their officers, employees or agents, under or in connection with any work, authority or jurisdiction delegated to such other Parties under this Agreement.

(ii) The parties agree that the construction and operation of the Project shall comply with the California Environmental Quality Act ("CEQA"). To this end, the construction and operation of the Project facilities have either (1) been adequately analyzed by previously-adopted CEQA documents, which were not challenged, or (2) will be adequately analyzed in an Environmental Impact Report being prepared by Rosedale and Irvine (Stockdale Integrated EIR) with assistance from consultants. In the event any of the Parties are named in an action alleging a violation of CEQA related to the Project or the facilities constructed thereunder, the named party shall provide notice to the other Parties within seven (7) days after receiving notice of the action. In the event the action challenges CEQA compliance pursuant to a previously-adopted CEQA document, all costs of such litigation (e.g., filing fees, administrative record costs, potential attorneys' fees and costs awarded to petitioners, etc. (collectively "litigation costs")) shall be borne by the benefitting Party or Parties whose Project is reliant upon the challenged previously-adopted CEQA document. In the event the action challenges CEQA compliance pursuant to the Environmental Impact Report referenced above, the litigation costs shall be borne by the benefitting Party or Parties whose Project is reliant upon the challenged EIR. In the event of any CEQA action related to the Project, the parties shall each be responsible for the costs of their counsel of choice unless agreed to otherwise.

(iii) Rosedale shall require and ensure that the Design Consultants, the

Contractor, and all subcontractors of those persons and entities shall name each Party as an additional insured and that the Project Design Consultants', Contractors', and all subcontractors' indemnify, defend, hold harmless and insure obligations under all applicable agreements with Rosedale that benefit the Parties in the same manner and to the same extent as Rosedale; Rosedale shall maintain in full force and effect appropriate public liability and property damage insurance and shall add the names of the Parties, their officers, agents and employees to such policies as additional insureds.

- (iv) Rosedale shall assume the defense of, indemnify and hold harmless the other Parties and each of their officers, employees and agents from and against any and all actions, damages, liability or claims for death, injury, loss, damage or expense to persons or property arising from or related to, or claimed to have arisen from or be related to, the improper or negligent acts or omissions of Rosedale in the design, permitting, construction, construction-related mitigation, replacement, use, operation, maintenance, and/or repair, of the Project, or that result from Rosedale's breach of its obligations under the Agreement, except to the extent such actions, damages, claims, losses, expenses or liabilities have arisen from or relate to the improper or negligent acts or omissions of the indemnified Party, or result from such Party's breach of its obligation under the Agreement.
 - (v) Each of the Parties other than Rosedale shall assume the defense of, indemnify and hold harmless the other Parties and each of their officers, employees and agents from and against any and all actions, damages, liability or claims for death, injury, loss, damage or expense to persons or property arising from or related to, or claimed to have arisen from or be related to, the improper or negligent acts or omissions of, or that result from the breach of this Agreement by, such Party in connection with its participation in the Project, except to the extent such actions, damages, claims, losses, expenses or liabilities have arisen from the improper or negligent acts or omissions of, or result from the breach of this Agreement by, the indemnified Party.
 - (vi) If judgment is entered against all the Parties by a court of competent jurisdiction because of the concurrent active negligence or improper acts of one or more Parties, the Parties agree that liability will be apportioned as determined by the court. No Party shall request a jury apportionment.
- e. **Negotiated Terms.** The Parties agree that the terms and conditions of this Agreement are the result of negotiations among the Parties and that this Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or its professionals participated in the preparation of this Agreement.
 - f. **No Third Party Beneficiaries.** No person or entity other than Rosedale, Castaic and Irvine or their permitted successors and assigns shall have any right of action under this Agreement.

- g. Relationship Among the Parties. This Agreement does not create any partnership or agency among the Parties or between any of Parties.
- h. Entire Agreement; Amendments. This Agreement constitutes the entire and integrated Agreement of the Parties and supersedes all prior negotiations, representations, or agreements, either written or oral, with respect to the matters addressed in this Agreement. This Agreement may be amended only by written instrument executed by all Parties.
- i. Waiver. The waiver by any Party of any right with respect to a default or any other matter arising under this Agreement shall not constitute or be construed as constituting a waiver with respect to any other default or matter.
- j. Counterparts. This Agreement may be signed in counterparts. When each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original and, when taken together with other signed counterparts, shall constitute one agreement which shall be binding upon and effective as to all Parties.
- k. Term. The term of this Agreement shall end 180 days following the acceptance of the Project work by Rosedale.
- l. Survival. The obligations regarding: document retention and obligations of Castaic and Irvine to pay Rosedale for approved, agreed upon and invoiced Costs; indemnification; and dispute resolution shall survive the suspension and/or termination of the Agreement, as applicable, and shall remain in effect until terminated or modified in writing by mutual agreement of all Parties or the applicable statute of limitations is reached, whichever occurs first.
- m. Captions. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, this Agreement has been executed and is effective as of the date first written above:

ROSEDALE

By: _____

Its: _____

CASTAIC

By: _____

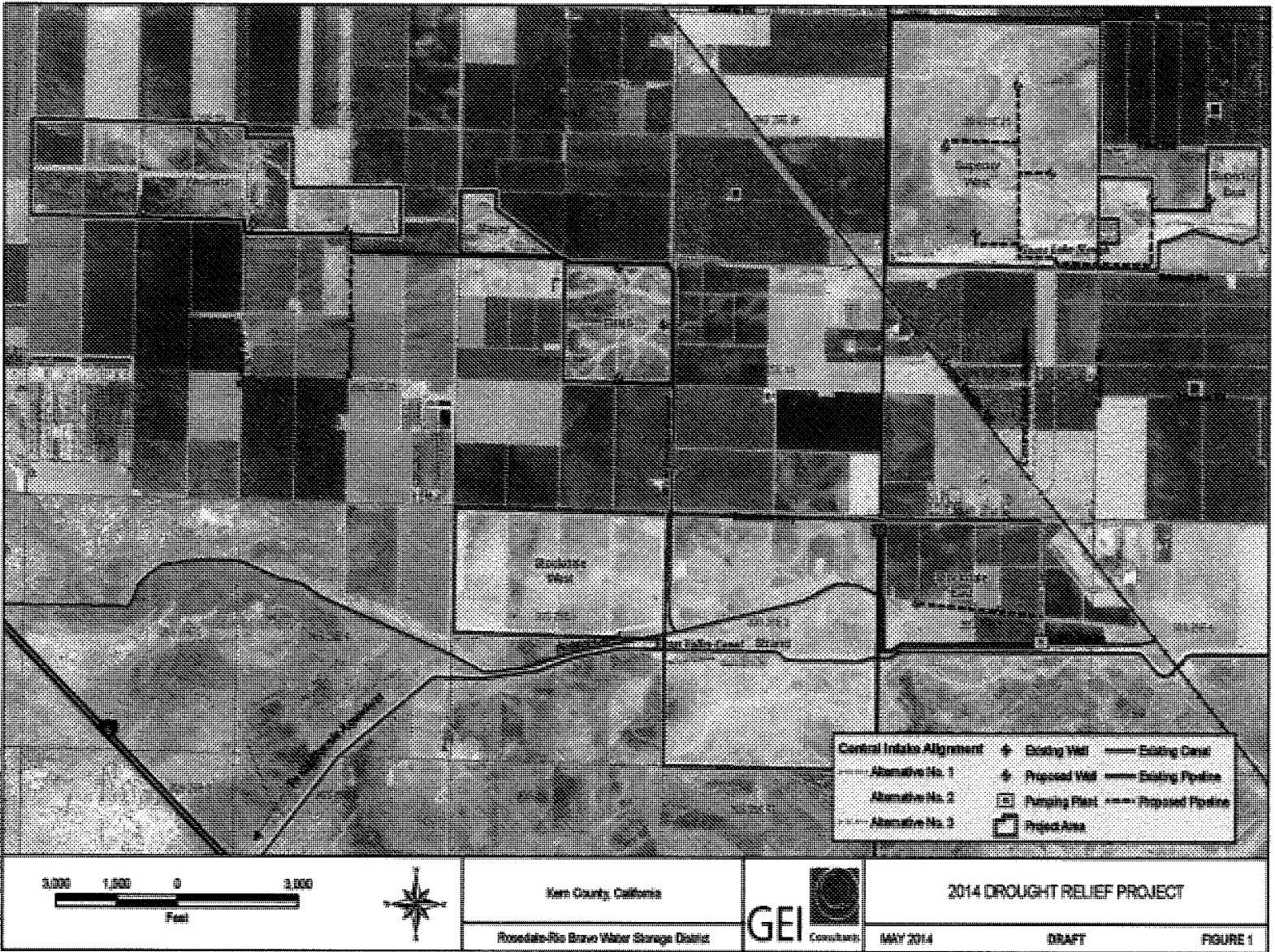
Its: _____

IRVINE

By: _____

Its: _____

EXHIBIT A - MAP OF FACILITIES



Drought Relief Project
Cost Sharing Agreement

B-15

Kern County, California

Rosedale-Rio Bravo Water Storage District



2014 DROUGHT RELIEF PROJECT

MAY 2014

DRAFT

FIGURE 1

EXHIBIT B – ALLOCATION OF COSTS

All actual Construction costs of the Project shall be allocated to Rosedale (“RRB”), Castaic (“CLWA”) and Irvine (“IRWD”) as follows:

- | | |
|---|-----------------------------|
| 1. Western Well Field – (3) wells and pipelines | 100% RRB |
| 2. Superior East Well Field (2) wells and pipelines | 50% IRWD, 50% CLWA |
| 3. Superior West Well Field (4) wells and pipelines | 50% IRWD, 50% CLWA |
| 4. Central Intake Pipeline ¹ | 50% IRWD, 50% CLWA |
| 5. Pumping Plant | 100% RRB |
| 6. CVC Tie-in | 50% RRB, 25% IRWD, 25% CLWA |
| 7. Stockdale East Well Field (2) wells | 100% IRWD ² |
| 8. Stockdale East Well Field pipelines | 100% RRB |

All actual Design, Project Management, Administration, Permitting and Inspection costs of the Project shall be allocated to the parties as follows:

33 1/3% RRB, 33 1/3% CLWA, 33 1/3% IRWD

Except as provided below, all actual Property and Easement Acquisition costs of the Project shall be allocated to the parties as follows:

33 1/3% RRB, 33 1/3% CLWA, 33 1/3% IRWD

provided, however, if RRB does not select and construct the Central Intake Pipeline to a capacity in excess of the recovery capacity design minimum selected by CLWA and IRWD, such allocation shall be adjusted to the parties as follows:

10% RRB, 45% CLWA, 45% IRWD

All actual Property and Easement Acquisition costs and permitting costs of the Project associated with the Western Well Field (3) wells and pipelines and the Pumping Plant, as such are described in this Exhibit B, shall be allocated to the parties as follows:

100% RRB

All costs associated with implementation of a Labor Compliance Program required for an award of an Integrated Regional Water Management Grant in favor of Castaic shall be allocated 100% to CLWA.

¹Should RRB increase the capacity of the Central Intake Pipeline pursuant to Section 2.a. of this Agreement, RRB will pay for associated increased construction costs on an incremental basis. In such event, the bid price from the selected contractor bid will serve as the basis for the incremental cost calculation, and the Parties % allocations will be adjusted accordingly.

²Up to \$1,500,000 for item 7, per separate agreement between RRB and IRWD.

EXHIBIT C - CENTRAL INTAKE ALTERNATIVES

Summary

Printed on 8/20/2014

ROSEDALE RIO-BRAVO WATER STORAGE DISTRICT						
CENTRAL INTAKE PROJECT - WEST OPTION						
PRELIMINARY COST ESTIMATE SUMMARY						
		Capacity In cfs				
		North Recharge	South Recovery	South Recharge		
1	<u>Canal Option (with Poly-Liner)</u>					\$4,286,029
	Price per cfs @	150	150	150		\$28,640
2	<u>Pipeline Option - 72" RCP</u>					\$5,905,428
	Price per cfs @	170	140	105		\$34,738
3	<u>Pipeline Option - 66" RCP</u>					\$5,576,794
	Price per cfs @	135	120	80		\$41,310
4	<u>Pipeline Option - 60" RCP</u>					\$5,119,062
	Price per cfs @	105	95	60		\$48,753
5	<u>Pipeline Option - 54" RCP</u>					\$4,323,907
	Price per cfs @	80	80	50		\$54,049
6	<u>Pipeline Option - 48" RCP</u>					\$4,088,660
	Price per cfs @	60	60	35		\$68,144
7	<u>Pipeline Option - 60" Ribbed Poly Pipe (ADS)</u>					\$3,759,336
	Price per cfs @	130	100	80		\$28,918
8	<u>Pipeline Option - 63" Solid Wall HDPE</u>					\$5,071,266
	Price per cfs @	130	100	80		\$39,010
9	<u>Pipeline Option - 55" Solid Wall HDPE</u>					\$4,672,770
	Price per cfs @	90	75	60		\$51,920
10	<u>Pipeline Option - 48" Solid Wall HDPE</u>					\$4,378,544
	Price per cfs @	50	55	30		\$87,571

EXHIBIT "C"

01/27/15 draft
DRAFT AMENDMENT NO. 1
To Agreement
Rosedale-Rio Bravo Water Storage District
and
Irvine Ranch Water District
for a
Water Banking and Exchange Program

This Amendment to the above-entitled agreement executed by the parties on January 13, 2009, amends said agreement, as follows:

1. Recital F is amended to read as follows:

RRB has executed a memorandum of understanding with adjacent water districts that places restrictions on the use of the local Basin aquifer and establishes water losses described herein (see Section 1C) and is imposed on the Parties by this Agreement. The memorandum of understanding for banking has been amended as of December 9, 2008, to include the Strand Ranch Integrated Banking Program. The December 9, 2008 amended memorandum of understanding as may be amended from time to time, is referred to herein as the "MOU." The term "MOU" shall also include implementing documents "Interim Project Recovery Operations Plan Regarding Kern Water Bank Authority (KWB) and Rosedale-Rio Bravo Water Storage District (Rosedale) Projects" and "Long Term Project Recovery Operations Plan Regarding Rosedale-Rio Bravo Water Storage District Projects," and any amendments thereto or replacements thereof.

2. Paragraph 1.B is amended to read as follows (without amending subparagraphs (1) through (13) thereof except as otherwise provided herein):

IRWD Project. The IRWD Project consists of two components: (1) the "Project Facilities," comprising up to 20 recharge basins of varying shape, size, and depth, with berms, in, over and upon up to 502 acres of the Strand Ranch, and between five and eight recovery wells and appurtenant improvements on the Strand Ranch (collectively, the "Onsite Project Facilities") and the Offsite Project Facilities as defined in Paragraph 1.D(2), with associated onsite and offsite conveyance improvements for recharge and recovery, designed and constructed to supply 17,500 AFY and a minimum of 36 cfs recovery capacity for IRWD, and (2) participation in the RRB Program by IRWD, using said Project Facilities, to deliver water through the SWP Facilities or other water from sources tributary to the RRB Program to RRB for later withdrawal and use by IRWD through exchange delivery or extraction delivery as mentioned above and further defined below. The IRWD Project incorporates the more particular parameters set forth below in this paragraph B, namely:

3. Subparagraph 1.B(2) is amended to read as follows:

IRWD's Recovery Rights. Provided it has a positive balance in its bank account equal to or exceeding the amount of water requested, IRWD may request and RRB will supply up to 17,500 AFY ("IRWD's Recovery Rights"). It is acknowledged that RRB will at its discretion use all of the RRB Facilities and Project Facilities to satisfy its obligation to supply IRWD's Recovery Rights; provided, IRWD's Recovery Rights shall not be displaced or impaired by RRB's use or other obligations. The Parties will cooperate to execute any exchange necessary to recover water from the Offsite Project Facilities, at no cost other than the applicable fees and charges under Section 4.

4. Subparagraph 1.D. (2) is amended to read as follows:

Offsite Recovery Well Sites. IRWD will have a first priority right to use one-half of the developed recovery capacity of up to six (6) offsite recovery wells and certain capacity in associated conveyance facilities that will be constructed for IRWD and Castaic Lake Water Agency ("CLWA") pursuant to a cost sharing agreement among CLWA, RRB and IRWD (the "Offsite Project Facilities"). RRB shall operate the Offsite Project Facilities as part of the IRWD Project under this Agreement. If any of the identified sites available for the construction of the Offsite Project Facilities are determined by IRWD and RRB to be inadequate or unavailable, the Parties will cooperate to mutually identify alternative locations in the RRB service area. Exhibit B to said agreement is deleted and replaced with Exhibit B to this Amendment, which depicts the approximate location of the Offsite Recovery Facilities. The design and construction of the Offsite Project Facilities under this paragraph (2) will be in lieu of the design and construction of offsite recovery wells by IRWD referenced in paragraph (1).

5. Subparagraph 1.B.(10) is amended to read as follows:

Delivery Schedule. RRB and IRWD also intend to provide in a separate agreement for the use of the properties known as Stockdale West and Stockdale East (the "Stockdale Agreement"). On or before March 15 each calendar year IRWD will supply RRB with a preliminary delivery schedule for water to be recharged or recovered for IRWD and any IRWD assignees and licensees, covering both the schedule required to be submitted pursuant this Agreement and the schedule required to be submitted pursuant to the Stockdale Agreement. The 2015 schedule shall cover the period March 15 to January 1, and each subsequent schedule shall cover the period January 1 to January 1. The parties will meet and confer as necessary and shall finalize the delivery schedules by May 1 each calendar year. Absent consent of RRB, annual delivery schedules for recharge for the Strand Ranch property shall not exceed those described in "IRWD's Recharge Rights" above, with monthly deliveries for recharge not exceeding 7,000 AF/month; delivery schedules for recovery from the Onsite Project Facilities shall not exceed 17,500 AFY or 2,480 AF/month. Notwithstanding the foregoing, RRB shall use best efforts to provide peaking capacity to IRWD in excess of the 2,480 AF/month through the use of the Offsite Project Facilities and/or exchange capacity; provided, however, the operation of the Offsite Project Facilities shall be consistent with the applicable CEQA mitigation measures and

environmental commitments in previously-adopted CEQA documents not invalidated by legal challenge, or additional CEQA proceedings undertaken by the parties. Annual delivery schedules for the Stockdale property and wells and the Offsite Project Facilities will be as set forth in the Stockdale Agreement. RRB shall use its best efforts to meet the final delivery schedules. IRWD may submit revisions to its schedule to accommodate its banking partners' needs, and the Parties will meet and confer to reasonably attempt to accommodate the revisions.

As used herein, "peaking capacity" shall mean the operation of the Offsite Project Facilities together with the Onsite Project Facilities at a total rate of up to 61 cfs, but not exceeding the monthly limit of 2,480 AF/month for the Onsite Project Facilities or the annual limit of 17,500 AFY for the Project Facilities. The Parties will cooperate to process, at IRWD's cost, CEQA documentation as may be necessary to address the use of the peaking capacity.

6. Paragraph 3.C is amended to read as follows:

Ownership of Property, Facilities and Other Assets; Reimbursement. If this Agreement is terminated for any reason, including expiration of the original and/or any extended term, then such termination shall automatically terminate the entry right described in Section 1.G(2), IRWD will retain, and RRB will concurrently relinquish in favor of IRWD any right, title or interest it may have or it may claim to have in and to: (i) the Strand Ranch property; and (ii) all Onsite Project Facilities; provided, however, RRB shall have the rights described in the following paragraph with respect to the New Canal Capacity. IRWD shall have the right to continue the use of its share of the Offsite Project Facilities, including the associated capacity of the Central Intake Pipeline and other conveyance facilities, after the termination or expiration of this Agreement, subject to a new operating agreement; provided, however, that, not sooner than one year following the expiration or termination, during which one-year period the Parties shall negotiate in good faith to enter into a new operating agreement, RRB shall terminate IRWD's rights under this Section by reimbursing IRWD for the then-undepreciated value of the wells, Central Intake Pipeline and other associated conveyance capacity, including land and easements to the extent paid for by IRWD. For this purpose, depreciation shall be calculated on a straight line basis and, (i) pumps and electrical improvements shall be deemed to have a useful life of twenty (20) years and all other improvements shall be deemed to have a useful life of fifty (50) years, (ii) each improvement's useful life shall be measured from its initial installation or most recent replacement or refurbishment, whichever is later, and (iii) cost shall be based on the amount of the documented cost of installation of the improvement being valued, prorated as necessary if the improvement was constructed with other improvements. Land and easements shall be valued at the actual cost paid by IRWD at the time of acquisition.

With respect to the 4.87 cfs of New Canal Capacity, in the event of any termination other than as a result of material default by RRB, RRB shall have a one-time option exercisable in its sole discretion and judgment, to purchase any right, title or interest of IRWD in and to such facilities for a price equal to IRWD's cost (or an apportioned amount thereof if only a partial interest is

being purchased) escalated to the purchase date at the average rate of return on IRWD's invested funds, which option shall be exercised if at all by written notice from RRB to IRWD given within sixty (60) days of the termination. If RRB does not exercise its option to purchase provided herein, IRWD may continue to use the 4.87 cfs of New Canal Capacity for its water management programs in accordance with the Construction Agreement and/or Operation Agreement.

7. Paragraph 4.H is amended to read as follows:

Permit Costs. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs, including compliance with the MOU, associated with development and use of the On and Offsite Project Facilities for banking and recovery purposes. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs associated with the acquisition, exchange, transfer or conveyance of water for banking and/or recovery. IRWD shall be responsible for any and all costs of compliance with the MOU as it pertains to the IRWD's Recharge Rights. IRWD shall be responsible for any and all costs of compliance with the MOU in proportion to its use of the recovery facilities included within the Onsite Project Facilities and Offsite Project Facilities. RRB shall be responsible for its proportionate share of any and all costs of compliance with the MOU in proportion to RRB's use of the recovery facilities included within the Onsite Project Facilities and shall be responsible for its and CLWA's proportionate share of any and all costs of compliance with the MOU in proportion to RRB's and CLWA's use of the recovery facilities included within the Offsite Project Facilities, except to the extent provided in a separate agreement between RRB and CLWA.

Exhibit B
Approximate Locations for Offsite Recovery Facilities

