

MINUTES OF REGULAR MEETING – JANUARY 10, 2011

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 Vice President Swan on January 10, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, LaMar, Swan, and Withers

Directors Absent: Reinhart

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Planning/Water Resources Heiertz, Director of Engineering Burton, Director of Finance Cherney, Assistant Treasurer Jacobson, Director of Information Services Mossbarger, Director of Recycling Posey, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Director of Operations Pedersen, Mr. Alex Aguilar, Mr. Paul Weghorst, Mr. Bruce Newell, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATIONS:

Vice President Swan noted that a letter had been received from Mesa Consolidated Water District asking for the District to endorse Mr. James Fisler for the Local Agency Formation Commission's Special District Alternate Seat.

ORAL COMMUNICATION:

1) Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Mrs. Smith said it was her understanding that currently wells C-8 and C-9 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18 will be off. The District's currently planned pumping for January is 2,940 AF. This was confirmed by Mr. Jones, General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD), a Notice of Completion was approved by the OCWD Board of Directors on March 19, 2009. Metropolitan Water District has given notice to OCWD to extract 22,000 acre feet in fiscal year 2009/10. The extraction is being performed by agencies that constructed conjunctive use wells under this program. IRWD is not a participant. This was confirmed by Mr. Jones.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, the OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City

of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Jones.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce additional groundwater for use within IRWD and transfer imported water from IRWD to south Orange County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Jones.

2) Vice President Swan noted that Mr. James Fisler has asked to speak to the Board relative to Item No. 10 (see page five).

ITEMS TOO LATE TO BE AGENDIZED – None

PRESENTATION

NATIONAL PURCHASING INSTITUTE ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT AWARD

Purchasing Manager Aguilar presented the Achievement of Excellence in Procurement Award given to IRWD by the National Purchasing Institute for the 10th consecutive year. The award is achieved by those organizations that demonstrate excellence in procurement by obtaining a high score on a rating of standardized criteria. General Manager Jones recognized Mr. Aguilar and staff efforts.

CONSENT CALENDAR

Vice President Swan said he had received information that staff would like to pull Item No. 7, Revisions to Conflict of Interest Code, which will be agendized at a future Board meeting. There being no objection, on MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 6 WERE APPROVED AS PRESENTED.

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the December 13, 2010 Regular Board Meeting be approved as presented.

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

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

CONSENT CALENDAR (CONTINUED)

6. ORCHARD HILLS BOOSTER PUMP STATION AND TOMATO SPRINGS
BOOSTER PUMP STATION AIR COMPRESSOR MODIFICATIONS PROJECT –
FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to accept construction of the Orchard Hills Booster Pump Station and Tomato Springs Booster Pump Station Air Compressor Modifications for projects 11456 and 31456; 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.

ACTION CALENDAR

2010 SERIES B GENERAL OBLIGATION BONDS FIRST SUPPLEMENTAL INDENTURE
APPROVAL

General Manager Jones reported that on November 22, 2010, the IRWD Board adopted a Resolution of Issuance for \$175,000,000 of General Obligation bonds which included approval of the Indenture of Trust, the Preliminary Official Statement and a covenant that the Board will approve, execute and deliver a First Supplemental Indenture of Trust for the purpose of making a pledge of revenues to the bonds at its first meeting held after January 1, 2011, but in no event later than January 31, 2011. Mr. Jones said that consistent with the District's covenant, staff recommends that the Board adopt a resolution approving the First Supplemental Indenture of Trust for the 2010 Series B General Obligation bonds (2010B Bonds), and authorize and direct the President and Secretary to execute the same. He said that the purpose of the First Supplemental Indenture is to incorporate the provisions of Senate Bill 613 (SB 613) allowing IRWD to pledge the net revenues of the District to certain General Obligation bond issues. SB 613 was signed by the Governor in late 2010 and became effective January 1, 2011.

Vice President Swan reported that various matters in regard to the 2010 B Bonds were acted upon or reviewed at meetings of the Finance and Personnel Committee on October 5, 2010 and November 2, 2010 and the Board on October 8, 2010, October 25, 2010, November 8, 2010 and November 22, 2010. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2011-1

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT APPROVING
FIRST SUPPLEMENTAL INDENTURE OF TRUST (BONDS
OF IRVINE RANCH WATER DISTRICT SERIES 2010B)

DECEMBER 2010 STORM DAMAGE RECOVERY EFFORT – RATIFICATION OF EMERGENCY REPAIR CONTRACTS

General Manager Jones reported that on December 22, 2010, IRWD's water system facilities sustained significant damages due to the severe rainstorms. Staff contacted Paulus Engineering, Inc. to assist with major emergency repairs required for the water mains in Williams Canyon and the 39-inch Irvine Lake Pipeline (ILP) in Santiago Creek at Irvine Park.

Using a PowerPoint presentation, Director of Operations Pedersen summarized the damages. Mr. Pedersen said that a large portion of Williams Canyon Road was washed away on December 22, 2010, initially preventing all vehicular access. Approximately 700 feet of an 8-inch PVC potable water main near the creek crossing was destroyed along with the roadway. Also, a segment of 12-inch AC pipe near the Williams Canyon Pump Station was damaged. IRWD crews and Paulus Engineering, Inc. began making repairs on December 23 once the flood waters began to recede. The repairs consisted of constructing two bypass water mains and restoring numerous broken water services. The first bypass, approximately 200 feet of 12-inch PVC pipeline, was completed on December 24, 2010 and allowed Williams Reservoir to be placed back in service. The second bypass, approximately 700 feet of above-ground 8-inch HDPE main, was completed on December 28, 2010 and allowed Benner Reservoir to be placed back in service.

Mr. Pedersen said that in Modjeska Canyon, the 12-inch raw water supply pipeline from Harding Canyon Dam to Manning Water Treatment Plant and an adjacent 8-inch potable water main broke. The pipelines were damaged when the creek washed away a portion of a residential backyard and exposed the pipelines. He said that both pipelines remain isolated until repair work can be coordinated with the property owner.

Mr. Pedersen said that approximately 200 feet of the 39-inch Irvine Lake Pipeline (ILP) washed out in Santiago Creek at Irvine Park. One entire segment of the pipeline was washed a short distance downstream. He said that staff secured two bids for the emergency repair work, from Paulus Engineering, Inc. for \$172,101.17 and from J.R. Filanc Construction Company for \$209,450. On January 4, 2011, the General Manager authorized the low bidder, Paulus Engineering, Inc., to begin the emergency repair work which is expected to require approximately two weeks for completion. In accordance with the February 6, 1928 Agreement and its amendments, the cost share for construction and support work on the pipeline is 75 percent IRWD and 25 percent Serrano Water District (SWD). SWD countersigned a letter agreement regarding the estimated cost for the work and their responsibility for 25 percent of the total cost.

Mr. Bruce Newell, a resident in Santiago Canyon, thanked the District for the quick response and its efforts in the community. Director Matheis thanked Mr. Pedersen and his crews for their efforts.

On MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECTS 11570 AND 11571 IN THE AMOUNTS OF \$165,000 AND \$220,000 TO THE FISCAL YEAR 2010-11 CAPITAL BUDGET; APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECTS 11570 AND 11571 IN THE AMOUNTS OF \$165,000 AND \$220,000; AND THE GENERAL MANAGER'S EXECUTION OF EMERGENCY CONSTRUCTION CONTRACTS WITH PAULUS ENGINEERING, INC., FOR PROJECTS 11570 AND 11571 IN THE AMOUNTS OF \$165,000 AND \$220,000 WAS RATIFIED.

SUPPORT FOR CHARLEY WILSON FOR THE REGULAR SPECIAL DISTRICT POSITION ON THE ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

General Manger Jones reported that the regular special district position on the Orange County Local Agency Formation Commission (LAFCO), formerly held by Commissioner Arlene Schafer, is now vacant. Mr. Jones said that LAFCO announced that it is now accepting nominations for this position and, if necessary, the alternate special district position. Nominations are due to LAFCO by January 14, 2011. He said that staff recommends that the Board support Mr. Charley Wilson for the regular special district position, and designate Director John Withers as the alternate to vote on behalf of the District on January 27, 2011, if IRWD's Board President is unavailable to cast IRWD's vote.

Mr. Jones said that if Charley Wilson is successful, the alternate special district position will become vacant and an election for this position will also be held on January 27, 2011. As noted earlier, staff has received written communication that Mr. James Fisler is interested in the alternate seat. He said that staff would like to carry over taking a position on an alternate position until the January 24 Board meeting as nominations for this position do not close until January 14, 2011.

Director Withers said that both Mr. Charley Wilson and Ms. Cheryl Brothers are excellent candidates for this position; however, since Mr. Wilson has been the alternate for 10 years, that he has earned the District's support for the regular Special District position. On MOTION by Withers, seconded and unanimously carried, THE BOARD SUPPORTED CHARLEY WILSON FOR THE REGULAR SPECIAL DISTRICT POSITION ON LAFCO. Director LaMar said he would like the Board to defer the Alternate Special District position recommendation until the January 24 Board meeting. Mr. James Fisher introduced himself to the Board and said that he has been attending LAFCO Board meetings on a regular basis for over a year. He then provided an overview of his background of professional and governmental experiences and asked the Board for their support. On MOTION by LaMar, seconded and unanimously carried, JOHN WITHERS WAS DESIGNATED AS THE ALTERNATE TO VOTE ON BEHALF OF THE DISTRICT ON JANUARY 27, 2011 IF THE BOARD PRESIDENT IS UNAVAILABLE TO CAST THE IRVINE RANCH WATER DISTRICT VOTE. Mr. Jones said that he would agendize an item for the January 24, 2011 Board relative to the Alternate Special District position on the LAFCO Board.

General Manager's Report

Mr. Jones reported that he attended MWD's Water Resources Committee meeting today and the item on Wells 21/22 was approved. He said that this item will go before its Board on Tuesday.

He said as a follow-up to the item on soil erosion downstream of the Syphon Reservoir, as noted in his Weekly Report, that the consultant believes the erosion to be superficial and that staff is putting a plan in place to address this issue.

Mr. Jones further said that last week he received the final MWDOC agreement and that he finds the language to be consistent with what was agreed to among the South County agencies. He said that an item will be placed on the January 24, 2011 Board agenda for approval.

DIRECTORS' COMMENTS

Director LaMar said that he attended two newly-elected official briefings with staff, one with Mr. Don Wagner and another with Mr. Jeff Lalloway, providing them an overview of IRWD issues. He also said that on very short notice he had an opportunity to meet with Mr. Scott Baugh and Mr. Kevin McCarthy asking for support of IRWD's Syphon Reservoir.

Director Withers reminded the Board that the County of Orange will be administering Oaths of Office tomorrow at 9:30 a.m. for Supervisors Moorlach, Nelson, and Bates. He said that this week he will be attending a LAFCO meeting and a CASA conference in Palm Desert.

Director Matheis reported that she had an opportunity to participate in an ACWA Legal Affairs response on the Little Hoover Report relative to how bond funds are distributed.

Vice President Swan reported on his attendance at a WACO monthly meeting and a West Basin meeting. He also said that he met twice with the Discovery Science Center representatives and that he provided them information on IRWD's Environmental Learning Center visioning documents and also provided them with a tour of IRWD's San Joaquin Wildlife Sanctuary.

ADJOURNMENT

Vice President Swan adjourned the meeting to Friday, January 14, 2011 at 7:30 a.m. in the Multi-purpose Room to hold a Strategic Planning Workshop.

APPROVED and SIGNED this 24th day of January, 2011.

President
IRVINE RANCH WATER DISTRICT

Secretary
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone