

MINUTES OF REGULAR MEETING – JANUARY 23, 2012

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 Matheis on January 23, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, LaMar, Matheis, Swan and Withers (arrived at 5:10 p.m.).

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Operations Pedersen, Executive Director of Engineering and Planning Burton, Executive Director of Finance Cherney, Executive Director of Water Policy Heiertz, Treasurer/Assistant Director of Finance Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Director of Human Resources Wells, Director of Water Resources Weghorst, Mr. Steve Malloy, Ms. Kirsten McLaughlin, Ms. Shannon Reed, Mr. Bruce Newell, Mr. Jacob Moeder, Mr. Jim Reed, Mr. Hal Furman, and Mrs. Sally Furman, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

Mrs. Joan Irvine Smith's assistant addressed the Board of Directors with respect to the Dyer Road wellfield. She said it was her understanding that currently wells 1, 2, 4, 5, 6, 7, C-8, C-9, 10, 11, 12, 14, 16, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells, 3 and 13 will be off. This was confirmed by Mr. Cook, 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. Cook.

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, 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. Cook.

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. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

PRESENTATIONS

PARTNER COMMENDATIONS

Mr. Paul Cook presented Certificates of Commendation to Mr. Hal Furman of The Furman Group, Inc., the District's consultant on Federal issues as well as Ms. Joan Arneson, of Bowie, Arneson, Wiles and Giannone, the District's legal counsel.

FEDERAL ISSUES UPDATE BY MR. HAL FURMAN

The District's consultant, Mr. Hal Furman, provided the Board with an update on Federal issues for 2012. Following discussion, staff was asked to schedule a workshop in August or September with Mr. Furman to discuss various scenarios for 2013.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 16 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the January 9, 2012 Regular Board Meeting be approved as presented.

6. 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, Peer Swan, John Withers, and Douglas Reinhart.

7. STRATEGIC MEASURES DASHBOARD

Recommendation: That the Board receive and file the Strategic Measures Dashboard and information items.

CONSENT CALENDAR (CONTINUED)

8. DECEMBER 2011 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for December 2011; approve the December 2011 Disbursement Summary of Warrants Nos. 325443 through 326346, Workers' Compensation distributions, wire transfers, payroll direct deposit ACH payments, payroll withholding distributions and voided checks in the total amount of \$23,945,915.10.

9. RESOLUTION COMMENDING MR. IRV PICKLER

Recommendation: That the Board adopt the following resolution commending Mr. Irv Pickler for his dedicated service to the Orange County Water District.

RESOLUTION NO. 2012-3

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY,
COMMENDING IRV PICKLER FOR DEDICATED SERVICE
TO ORANGE COUNTY WATER DISTRICT

10. 2012 STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

11. WATER SUPPLY ASSESSMENT FOR PLANNING AREA 33
(LOTS 105/107 AND 108) GENERAL PLAN AMENDMENT AND
ZONE CHANGE

Recommendation: That the Board approve the Water Supply Assessment for Planning Area 33 (Lots 105/107 and 108) General Plan Amendment and Zone Change.

12. VERIFICATION OF SUFFICIENT WATER SUPPLIES FOR SERRANO SUMMIT
(TENTATIVE TRACT MAP 17331)

Recommendation: That the Board approve the Verification of Sufficient Water Supplies for Serrano Summit (Tentative Tract Map 17331).

13. MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND BIOSOLIDS AND ENERGY RECOVERY FACILITIES VARIANCES

Recommendation: That the Board authorize the General Manager to execute Variance No. 3, in the amount of \$30,000, with Environ for engineering services to complete the air permit application package for the Michelson Water Recycling Plant (MWRP) Biosolids and Energy Recovery Facilities, project 20847 (1617); authorize the General Manager to execute Variance No. 2, in the amount of \$71,810.40, with ARCADI-US/Malcolm Pirnie for construction management and inspection services for the MWRP Biosolids and Energy Recovery Facilities, project 20847 (1617); authorize the General Manager to execute Variance No. 10 in the amount of \$85,500 with Black & Veatch for engineering services for the MWRP Biosolids and Energy Recovery Facilities, project 20847 (1617); and authorize the General Manager to execute Variance No. 11 with VA Consulting for engineering services in the amount of \$74,000 for MWRP Flood Protection Improvement, projects 20542 (1150) and 30542 (1118).

14. BUREAU OF RECLAMATION WATERSMART GRANT APPLICATION FOR MICHELSON WATER RECYCLING PLANT MICROTURBINE SYSTEM PROJECT

Recommendation: That the Board authorize staff to apply for the Bureau of Reclamation WaterSMART grant with a maximum award of \$1.5 million in total funding to increase the use of renewable energy, energy use and efficiency water use, and commit to authorizing matching funds of at least 50 percent; agree to meet established deadlines for entering into a cooperative agreement; and adopt the following resolution by title authorizing submission of a grant application for Michelson Water Recycling Plant Microturbine System Project to the Department of Interior, Bureau of Reclamation, Policy and Administration.

RESOLUTION NO. 2012-4

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT AUTHORIZING SUBMISSION OF A GRANT APPLICATION FOR MICHELSON WATER RECYCLING PLANT MICROTURBINE SYSTEM PROJECT TO THE DEPARTMENT OF INTERIOR, BUREAU OF RECLAMATION, POLICY AND ADMINISTRATION

15. PORTOLA ZONE 9 RESERVOIR ACCESS ROAD REPAIR – BUDGET ADDITION, EXPENDITURE AUTHORIZATION, AND CONSULTANT SELECTION

Recommendation: That the Board authorize the addition to the FY 2011-12 Capital Budget in the amount of \$94,600 for the Portola Zone 9 Reservoir Access Road Repair, project 11618 (3531); approve an Expenditure Authorization in the amount of \$94,600 for the Portola Zone 9 Reservoir Access Road Repair, project 11618 (3531); and authorize the General Manager to execute a consultant agreement in the amount of \$59,158 with NMG Geotechnical for the Portola Zone 9 Reservoir Access Road Repair, project 11618 (3531).

16. PLANNING AREA 40 CYPRESS VILLAGE PHASE 2 BUDGET, EXPENDITURE AUTHORIZATIONS, CONSTRUCTION CONTRACT, AND SUPPLEMENTAL REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize the addition of project 11605 (1346) for \$194,700 and project 31605 (1229) for \$216,700 to the FY 2011-12 Capital Budget; approve Expenditure Authorizations for project 11605 (1346) for \$194,700 and project 31605 (1229) for \$216,700; authorize the General Manager to execute a Supplemental Reimbursement Agreement with the Irvine Community Development Company (ICDC) for the design and construction of the IRWD facilities within Planning Area 40 Cypress Village; and approve a construction contract in the amount of \$232,900.55 to the Reimbursement Agreement with ICDC for Planning Area 40 Cypress Village to Construct Phase 2 IRWD Capital Facilities, projects 10605 (1346) and 31605 (1229).

ACTION CALENDAR

PLANNING AREA 18 ZONE 3-4 AND ZONE B-C BOOSTER PUMP STATIONS PRELIMINARY DESIGN REPORT CONSULTANT SELECTION

General Manager Cook reported that three booster pump stations are proposed to serve Planning Area 18 (PA 18): domestic water, emergency domestic water, and recycled water. The domestic water and emergency domestic water booster pump stations will deliver water from Zone 3 to Zone 4 while the recycled water booster pump station will deliver water from Zone B to Zone C.

Mr. Cook said that in early 2007, a Request for Proposals (RFP) for Professional Engineering Services for Capital Improvement Plans for PA 18 was awarded to R.W. Beck, Inc. for engineering services in the amount of \$421,972 to complete preliminary and final design of the domestic and recycled water pump stations. He further said that after completion of the PDR in early 2010, Irvine Community Development Company (ICDC) halted progress on the PA 18 development and final design was placed on hold. ICDC has since restarted new work on the development, and in September 2011, the PA 18 Sub-Area Master Plan (SAMP) was updated to reflect revised land uses and to assess the impacts the revised land uses have on the proposed domestic water, recycled water, and collections facilities serving the area.

Executive Director of Engineering and Planning Burton reported that the original agreement was issued to R.W. Beck, Inc. and that in November 2011, SAIC issued an Assignment of Agreement letter stating that they had acquired R.W. Beck. He said that since the execution of the original Professional Services Agreement, the terms and conditions of IRWD's Professional Services Agreement have been updated and staff recommends re-issuance of the Professional Services Agreement to SAIC.

Mr. Burton said that after the completion of the revised SAMP, staff requested a scope of work and fee from SAIC to update the PDR with the recent development changes, new pump station locations, and the inclusion of a new Zone 3 - 4 domestic water emergency booster pump station. Staff recommends authorizing SAIC to complete the preliminary design phase work and then anticipates placing the project on hold due to ICDC's intermittent progress on PA 18.

Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on January 19, 2012. He said that at the meeting, it was decided that if the Board approved the item, that

staff would then send a letter to ICDC noting that if they cause changes in the District's PDR, the costs are to be borne by them. Following discussion, on MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH SAIC ENERGY, ENVIRONMENTAL & INFRASTRUCTURES, LLC IN THE AMOUNT OF \$88,594 FOR ENGINEERING DESIGN SERVICES FOR THE PLANNING AREA 18 ZONE 3-4 AND THE ZONE B-C BOOSTER PUMP STATIONS PRELIMINARY DESIGN REPORT, PROJECTS 10446 (1648) AND 30446 (1063).

APPROVAL OF INDEX-BASED TENDER NOTE REMARKETING STATEMENTS

Executive Director of Finance Cherney reported that in April 2011, the District refunded its \$100.9 million 2008-B general obligation bond issue and reissued the debt as Index-based Tender Notes (ITNs). Ms. Cherney said that the ITNs are remarketed periodically and are priced at a spread to the SIFMA tax-exempt variable rate index. The initial interest rate set for the 2011 A-1 and 2011 A-2 issues was the SIFMA weekly index plus a four basis point spread. She said that remarketing agents responsible for remarketing the bonds include Goldman Sachs (2011 A-1) and Morgan Stanley (2011 A-2). The 2011 A-1 issue represents 60% of the ITNs and the 2011 A-2 represents the remaining 40%.

Mr. Cherney said that the Remarketing Statements have been prepared in consultation among staff, legal counsel and the remarketing agents, reflecting the District's most recent financial information, updated disclosure information and other pertinent updates. Legal counsel Arneson noted a date change for the unscheduled mandatory tender of the ITNs from February 2, 2012 to February 9, 2012 in the resolution as presented.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on January 12, 2012. He asked the Board to review their biographies in the bond disclosure document and to notify staff if there are any changes. On MOTION by Swan, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2012-5

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)

GENERAL MANAGER'S REPORT

General Manager Cook reported that a check was received today in the amount of \$229,540 from the South Orange County Wastewater Authority for reimbursement of the design costs incurred on the Biosolids facility due to their decision not to partner with the District on this project as originally planned.

Mr. Cook reminded the Board of the January 30 Strategic Planning Workshop at 1:00 p.m. He said items to be discussed included the 2012 goals and objectives; a refresher on Form 700, Conflict of Interest; and District benefits focusing on the health component.

Mr. Cook said that on Thursday he will be speaking at the SARBS local branch relative to the District's collection system. Additionally, he said on Friday he will be participating on a panel at UCLA on the future of water relative to water banking.

Mr. Cook also reported that staff will be meeting with the Santiago Canyon Fire Department staff to update them on the District's water system.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at both the MWDOC's Public Affairs Committee meeting as well as its Board meeting. He said he will be attending this week's MWDOC/OCWD Joint Planning meeting, a Storm Water Task Force meeting, and the Future of Water conference at UCLA.

Director Reinhart said he attended various meetings representing the District.

Director Swan reported on his attendance at an OCBC Infrastructure Committee meeting, a San Joaquin Wildlife Sanctuary Board meeting with Director Matheis, and a three-day CASA conference. He said that on Thursday and Friday, he will be attending an ACWA Board meeting and planning session.

Director Withers reported that today he attended a Southern California group of LAFCO representatives relative to issues in the southern California region with Mr. Adam Probolsky speaking on social media. He said that this Wednesday he will be attending an OCSD Board meeting.

Director Matheis reported that she will be attending a Southern California Water Committee meeting this Friday, an ISDOC workshop this week, a Great Park groundbreaking ceremony, and that she is looking forward to attending a Legislative Day in Washington, DC in February.

Director Swan asked staff to include an item on Monday's Strategic Planning Workshop for an update on the recent meetings with TIC and developers on the District's Long-Term Financing Plan.

ADJOURNMENT

President Matheis adjourned the meeting to Monday, January 30, 2012 at 1:00 p.m. in the Multi-purpose Room to hold a Strategic Planning Workshop.

APPROVED and SIGNED this 13th day of February, 2012.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone