

MINUTES OF REGULAR MEETING – OCTOBER 8, 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 October 8, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Reinhart, Swan, and Withers

Directors Absent: LaMar

Also Present: General Manager Cook, Acting Director of Finance/Treasurer Jacobson, Executive Director of Operations Pedersen, Executive Director of Engineering Burton, Executive Director of Water Policy Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Director of Water Resources Weghorst, Director of Human Resources Wells, Mr. Smithson, Mr. Omar Dandashi, Mr. Jim Reed, and Mr. Wayne Clark 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 4, C-8, C-9, 10, 11, 12, 13, 14, 15, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 5, 6, 7 and 16 will be off. This was confirmed by Mr. Cook, General Manager of the District.

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.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 6 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the September 21, 2012 Adjourned Regular Board Meeting and the September 24, 2012 Regular Board Meeting be approved as presented.

4. 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, John Withers and Peer Swan.

5. BASIS SWAPS – WELLS FARGO BANK ISDA AGREEMENT APPROVAL

Recommendation: That the Board approve the draft *International Swap and Derivatives Agreement* with Wells Fargo Bank N.A. in substantially the form provided.

6. ASSET OPTIMIZATION – LAKE FOREST/SERRANO SUMMIT PROPERTY FUEL MODIFICATION AND TEMPORARY EASEMENT AGREEMENT

Recommendation: That the Board approve the Fuel Modification and Temporary Easement Agreement for the Asset Optimization – Lake Forest (Serrano Summit) project in substantially the form submitted.

ACTION CALENDAR

ASSET OPTIMIZATION – LAKE FOREST/SERRANO SUMMIT PROPERTY FINAL MAP BUDGET INCREASE AND CONSULTANT SELECTIONS

General Manager Cook reported that the City Council has approved the District's Serrano Summit tentative tract map depicting the future planning areas and corresponding Area Plan for the property as well as certification of a project-specific EIR. Mr. Cook said that the Serrano Summit project will include up to 608 residential units, neighborhood and passive parks, a city hall and civic center complex, and IRWD operating facilities. On February 21, 2012, the City Council approved the intent to form a Community Facilities District (CFD) on the property, and the requisite public hearing process formally completed the CFD formation on April 17, 2012.

Mr. Cook said that on April 23, 2012, the Board committed to proceeding with the final map process and approved the retention of Lewis Operating Corporation to continue as entitlement consultant for the project. He said that at that time, staff also notified the Board that, following Lewis' sub-consultant selection process, a budget increase for the projected costs to obtain a final map would be required for the next phase of entitlement.

Acting Director of Finance/Treasurer Jacobson reported that an approved final map will provide prospective homebuilders with clearly defined project improvement cost estimates and offer a project ready for construction. Obtaining a final map on the property will result in a number of deliverables to the District that will provide a more marketable project compared with the current approved tentative map. Mr. Jacobson said that the final map sub-consulting team is comprised of firms that were pre-qualified by Lewis. Lewis requested and evaluated the proposals using a value-based process and finalists for each service were interviewed by Lewis and District staff. To provide the deliverables, Lewis will retain firms for civil engineering services, landscape architecture, environmental permitting, geotechnical engineering, dry utility planning and fuel modification analysis. Based on evaluation of the proposals and consultant interviews, Lewis has recommended the following sub-consultants: 1) Civil Engineering by RBF Consultants; 2) Landscape Architecture by Architerra; 3) Environmental Permitting by VCS; 4) Dry Utility Planning by Utility Specialists; and 5) Fuel Modification by Firewise 2000. He said that additional details on the sub-consultant evaluation and selection process are included in the Consultant Selection Summary provided by Lewis in the Exhibit.

Mr. Jacobson said that the estimated project cost for design and processing of the final map for the Serrano Summit property includes entitlement management fees for Lewis in the amount of \$257,000 (previously approved by the Board), individual sub-consultant service fees totaling \$865,000, plan check and related City/agency fees estimated to be \$195,000 as well as contingencies. Mr. Jacobson introduced Mr. Omar Dandashi from Lewis Homes who was in the audience.

Director Withers reported that this item was reviewed and approved by the Asset Management Committee on October 1, 2012. On MOTION by Withers, seconded and unanimously carried, **THE BOARD APPROVED AN INCREASE TO THE FY 2012-13 CAPITAL BUDGET IN THE AMOUNT OF \$1,590,000 FOR PROJECT 1264, ASSET OPTIMIZATION – LAKE FOREST PROPERTY DEVELOPMENT FOR COSTS RELATED TO OBTAINING A FINAL MAP ON THE PROPERTY AND APPROVED AN EXPENDITURE AUTHORIZATION FOR \$1,590,000.**

ESTABLISHING CONNECTION FEES IN IMPROVEMENT DISTRICTS 184/284

General Manager Cook reported that the District will need to establish and adopt connection fees for redevelopment in Improvement Districts (IDs) 184/284 for a commercial development considering conversion to residential use. These IDs were for commercial development of the Foothill Ranch area which included residential IDs 182/282. Mr. Cook said that this item was previously brought to the Finance and Personnel Committee, and additional information was requested from staff regarding demand factors. The demand information is addressed in the write-up with details and also provided in the exhibit. On MOTION by Swan, seconded and unanimously carried, **THE BOARD APPROVED ESTABLISHING RESIDENTIAL CONNECTION FEES IN IMPROVEMENT DISTRICTS 184/284 AND ADOPTED THE FOLLOWING RESOLUTION BY TITLE:**

RESOLUTION NO 2012-41

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE
RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
ADOPTING CHANGES TO CONNECTION FEES AS SET FORTH IN
THE SCHEDULE OF RATES AND CHARGES IN EXHIBIT "B" TO THE
RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT
FOR WATER, SEWER, RECYCLED WATER AND NATURAL
TREATMENT SYSTEM SERVICE

DENTAL AND VISION INSURANCE COVERAGE FOR CALENDAR YEAR 2013

General Manager Cook reported that ACWA/JPIA has negotiated rates with Delta Dental for the plan year beginning January 1, 2013 which include a 2.01% increase in the premiums for IRWD's current dental plan, Plan A. IRWD has a two-year rate guarantee from EyeMed Vision Care for the District's vision coverage through December 31, 2013. Mr. Cook said that IRWD has retained a consultant team to review the District's overall retirement and health benefits package to maximize value to the employees and develop an equitable cost sharing method to minimize increasing exposure to rising costs in the future. The results of that study are still being developed and will not affect recommendations for adjustments to the 2013 dental and vision insurance benefits. Director Swan reported that this item was reviewed by the Finance and Personnel Committee on October 2, 2012 and the Committee concurs with the staff recommendation. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO CONTINUE COVERAGE FOR IRWD WITH ACWA/JPIA FOR DELTA DPO PLAN A WITH CHILD AND ADULT ORTHODONTIC COVERAGE, AND WITH EYEMED VISION CARE FOR THE 2013 CALENDAR YEAR; AND THE MAXIMUM AGE FOR DEPENDENTS IN EACH OF THESE PLANS WAS CHANGED TO AGE 26 AS ALLOWED UNDER THE FEDERAL HEALTH CARE REFORM ACT.

GENERAL MANAGER'S REPORT

General Manager Cook reported that staff has completed a response to the Grand Jury's reported entitled "Transparency Breaking up Compensation Fog – But Why Hide Pension Costs". He said that the District aligns its reporting format to the format specified by the State Controller's office.

Mr. Cook said that in regard to the OCWD recycled water penalty, for this year's basin equity assessment report, staff submitted two forms, one removing the exclusion of recycled water from total water demand and the other with the exclusion remaining. He said that he met with OCWD's General Manager and that this item could be a topic for discussion at a future joint Ad Hoc Committee meeting.

Mr. Cook said that as a follow-up to the WateReuse Research Initiative where the District has committed funding for a two- year period, this topic will also be discussed at the upcoming CASA conference where he will be making a presentation on the initiative.

Mr. Cook updated the Board on the Environmental Impact Report (EIR) outreach process on the Biosolids project noting that it has been sent out for review with most of the outreach focused on neighboring the Irvine Company, Watermarke, Sea & Sage, and University Synagogue. He said that this week staff hopes to have a response to comments on the Draft EIR. He also said that staff is working toward a date for the Conditional Use Permit to be heard before the City of Irvine's Planning Commission. He further said that the Biosolids project went out to bid today.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at MWDOC's PAMO meeting where Mr. Weghorst made a presentation on the District's Water Banking project which he said was well received. He reported on his attendance at a MWDOC Board Workshop, a SOCWA Board meeting, and a WACO meeting.

Director Swan reported that he attended an ACWA Board meeting and a workshop, a Newport Chamber of Commerce Legislative Committee meeting, and a WACO meeting.

Director Withers reported that he attended a CA LAFCO meeting and will also be attending a LAFCO Board meeting and a CORO luncheon this week.

Director Matheis reported that she will be attending a CalDesal conference and the NWRI Clark Prize event later this month.

CLOSED SESSION

Director Matheis said that Closed Session would be held as follows:

CLOSED SESSION RELATIVE TO Conference with Real Property Negotiator - Government Code Section 54956.8:

Property: Portions of Sections 3 and 4 of T30S, R26E MDB&M, Kern County
Parcels Nos. 534-010-27, 534-010-28, 534-010-29, 534-010-30, 534-010-32
Negotiating Parties: Anthony L. Leggio, President of Bolthouse Properties, LLC
Agency Negotiator: Paul Cook, General Manager
Purpose of Negotiations: Price and Term of Payment

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, Reinhart, Withers and Matheis present. No action was reported.

ADJOURNMENT

President Matheis adjourned the meeting.

Approved and signed this 15th day of October, 2012.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone