

MINUTES OF REGULAR MEETING –APRIL 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 April 23, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

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, Secretary Bonkowski, Legal Counsel Arneson, Director of Water Resources Weghorst, Assistant Director of Finance/Treasurer Jacobson, Assistant Treasurer Fournier, Director of Human Resources Wells, Director of Administrative Services Mossbarger, Director of Water Operations Posey, Director of Public Affairs Beeman, Assistant Director of Water Policy Sanchez, Mr. Mike Hoolihan, Ms. Kirsten McLaughlin, Ms. Gretchen Maswadeh, Mr. Jim Reed, Mr. Wayne Clark, Mr. Bruce Newell, Ms. Shannon Reed, Mr. Yves McGale, 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, 5, 6, 7, C-8, C-9, 10, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells, 2, 3, 4, 11, 12, 13, 14, 16 and 18 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.

WORKSHOPS

PROPOSED OPERATING BUDGET AND RATES AND CHARGES FOR FISCAL YEAR 2012-13

Using a PowerPoint presentation, Executive Director of Finance Cherney reviewed the schedule for budget and rate adoption. Ms. Cherney highlighted changes from the April 9, 2012 workshop noting that the Board rate setting actions by the Metropolitan Water District and Orange County Water District are lower than the original budget assumptions; therefore, the rate decrease warrants reducing the Los Alisos service area commodity increase by \$0.01 per ccf. Using a chart, she reviewed the proposed Fiscal Year (FY) 2012-13 Operating Budget of \$111.1 million, representing an increase of \$3.6 million, or 3.4%, over FY 2011-12. She further reviewed the proposed rate adjustments for the three rate areas including Irvine Ranch and Los Alisos, and also included comparison rates from fiscal year 2011-12 to fiscal year 2012-13.

Ms. Cherney reviewed the next steps including mailing the Proposition 218 notices on May 8, 2012, receiving and tabulating responses over the 45-day period; and on June 25, 2012 adopting proposed rates and charges effective July 1, 2012. Following Director Swan's comment on the budget that it is not a contractual agreement, on MOTION by Matheis, seconded and unanimously carried, **THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE APPROVING THE OPERATING BUDGET FOR FISCAL YEAR 2012-13 (WITH RATES AND CHARGES FOR FISCAL YEAR 2012-13 TO BE CONSIDERED FOR ADOPTION ON JUNE 25, 2012); AND APPROVED THE PROPOSITION 218 NOTICES SUBJECT TO NON-SUBSTANTIVE MODIFICATIONS.**

RESOLUTION NO. 2012 – 18

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA
APPROVING DISTRICT'S OPERATING BUDGET FOR
FISCAL YEAR 2012-13 AND DETERMINING COMPLIANCE WITH
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

WORKSHOPS (continued)

RETIREMENT STUDY – EVALUATION ON ALTERNATIVES

General Manager Cook reported that at the April 9, 2012 Board meeting, a Resolution of Intention was adopted for a second tier of pension benefits for future-hired employees. The provisions of that resolution included adopting a 2% at 60 CalPERS formula for future-hired employees with a three-year average final compensation. Employees hired into the second tier will be contributing 7.0% of salary to their CalPERS pensions based on the guidance provided by CalPERS in its valuation letter. Mr. Cook said that the previous modeling had included a 6.0% CalPERS pension contribution for Proposal D. Based on the Board-adopted Resolution of Intent, this assumption was no longer valid; therefore Proposal D was re-modeled to include a 7.0% employee contribution. Other assumptions included in this proposal (rate of return on assets at 7.25%, existing employees contributing 8.0% of salary, the District paying 25% of payroll along with the balance of the employee's 8.0% until the transition is complete, and the continuation of the District's match of up to 3.0% of each employee's base salary to his/ her 401(a) deferred compensation savings plan) remained the same. The outcome of the model run for the revised Proposal D (identified as "Proposal D-1") results in the District's pension liability being fully funded by 2033, or 21 years.

Due to a larger number of employees in the audience, President Matheis asked that any comments or questions be asked following the presentation by Executive Director of Finance Cherney. Using a PowerPoint presentation, Ms. Cherney reviewed projections for Plans A through D-1. She reviewed observations about the proposed alternatives and study process noting: 1) the projected period required to fully fund the District's pension liability does not vary significantly among the proposed plans; 2) the District's contributions under the proposed alternatives vary only slightly, while impact to employee take-home pay varies significantly between alternatives; 3) the fiscal year 2012-13 Operating Budget contemplates a District contribution rate of 25% employer contribution, roughly 3% employer-paid member contribution through March 1, 2013, then 2% through balance of fiscal year, and a 3% match to 401(a) savings plan; and 4) employees have expressed a strong desire for more certainty about what they can expect regarding: a) the District's continued 3% matching contributions to the 401(a) savings plan; b) the level of future pension contributions; and c) the timing and extent of any future changes.

Ms. Cherney said that staff recommends the Board discuss and identify a preferred alternative for the employee retirement benefits program. Once this direction is provided, staff will schedule employee all-hands meetings to discuss the preferred retirement plan design alternative. The employee meetings will also provide an opportunity for employee feedback to the preferred alternative, and will hopefully address some of the concerns with the uncertainties associated with the District's retirement benefits that have developed over time.

President Matheis asked if the employees in the audience had any questions or comments. There were none. She made a motion to select the D-1 Alternative. The motion was seconded by Director Reinhart. Director Matheis also said that that staff will submit items to the Board at future dates for adoption of any of the changes reflected in Plan D-1, such as any future shifts in the 8% employee contribution to the employees. Prior to taking a Board vote on this item,

Director Swan clarified his comments from the April 9, 2012 Board meeting, provided a brief history of employer deferred compensation matching program, and commented that the alternatives are projections only, and are not a contractual obligation for future Board members. General Manager Cook said that selecting an alternative is not intended to infer a contract and can be reviewed periodically with the Board as conditions change. Director Swan said he prefers the plan to be a 20 year *road map* and used for guidance only. Director Reinhart commented that the plan is subject to change; however, at this time, the D-1 Alternative reflects a good compromise on assumptions. Director LaMar concurred with Director Reinhart's comments. Director Withers commented on the process, said that it has been too lengthy, especially with the impacts to employees, and said he is appreciative of the talented employees at the District. He further said that he supports the 3% employer deferred compensation matching as well as the D-1 Alternative. Director Swan made a substitute motion to select the D-1 Alternative, with a cap on the deferred compensation employer match of \$1,500 per employee. The motion failed for lack of a second. Director Swan made a second substitute motion to select the D-1 Alternative and expressly state that the alternative is a guideline and road map, and not a 20 year commitment by the Board. The motion failed for lack of a second. There being no further discussion, on MOTION by Matheis, seconded by Reinhart and carried (4-1) (Matheis, Reinhart, LaMar and Withers voting aye, and Swan noting no), THE BOARD SELECTED D-1 AS THE PREFERRED ALTERNATIVE FOR EMPLOYEES' RETIREMENT BENEFITS BASED ON AON HEWITT'S SUPPLEMENTAL FINANCIAL PROJECTIONS AND MODELING FOR THE DISTRICT'S CALPERS PENSION PROGRAM.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 11 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the April 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, Douglas Reinhart, Peer Swan and John Withers.

7. MARCH 2012 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for March 2012; approve the March 2012 Summary of Payroll ACH payments in the total amount of \$1,376,566.20, and approve the March 2012 Accounts Payable Disbursement Summary of Warrants Nos. 327968 through 328835, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$21,061,870.07.

CONSENT CALENDAR (Continued)

8. DISTRICT STRATEGIC MEASURES DASHBOARD

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

9. FISCAL YEAR 2011-12 MANHOLE REHABILITATION PROJECT – CONSTRUCTION AWARD

Recommendation: That the Board authorize the General Manager to execute a construction contract with Zebron Contracting, Inc. in the amount of \$192,500 for the Fiscal Year 2011-12 Manhole Rehabilitation project 20922 (1175).

10. MICHELSON WATER RECYCLING PLANT (MWRP) PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS VARIANCE NO. 2

Recommendation: That the Board authorize the General Manager to execute Variance No. 2 with Harper and Associates in the amount of \$34,170 for supplemental coating inspection and engineering services associated with the MWRP Phase 2 Expansion, projects 20214 (1599) and 30214 (1706).

11. TUSTIN LEGACY DEVELOPMENT REIMBURSEMENT AGREEMENT WITH THE CITY OF TUSTIN

Recommendation: That the Board authorize a budget increase for the Legacy Park Tustin Ranch Road Project 11379 (3786) in the amount of \$259,400, from \$686,700 to \$946,100; for project 21379 (3787) in the amount of \$337,700, from \$703,300 to \$1,041,000; and for project 31379 (3788) in the amount of \$271,200, from \$884,600 to \$1,155,800; approve Expenditure Authorizations for project 11379 in the amount of \$259,400, project 21379 in the amount of \$337,700, and project 31379 in the amount of \$271,200; and authorize the General Manager to execute a Reimbursement Agreement with the City of Tustin for the design and construction of IRWD Capital Facilities on the Tustin Legacy development.

ACTION CALENDAR

NEWPORT BOULEVARD DOMESTIC WATER MAIN RELOCATION – CONTRACT CHANGE ORDER

Executive Director of Engineering Burton reported that this project will construct a replacement 12 inch water main in Newport Boulevard and 8 inch pipelines in the five sequential cross streets from Mesa Drive to Wilson Street. All existing water services will be relocated to the replacement water mains, and the existing mains will be abandoned. In January 2012, a construction contract in the amount of \$3,657,815.54 was awarded to Sully Miller Contracting Company (Sully Miller).

Mr. Burton said that the project plans stated the existing asphalt on Newport Boulevard was an average of 7 inches thick. Sully Miller's potholing determined the existing pavement thickness ranged from 6 to 22 inches with an average thickness of 18 inches. Staff reviewed Sully Miller's findings as well as the pothole report prepared by Dudek during the pipeline design, which was performed to verify the vertical locations of existing storm drain, gas, and electrical utilities crossing the domestic waterline's alignment in Newport Boulevard. Dudek's pothole report showed similar findings to Sully Miller's in that the pavement ranged from 6 to 24 inches. Staff determined that Dudek erroneously used an average of the asphalt thickness from the geotechnical report rather than its pothole report. Since Sully Miller's bid was based on removing only 7 inches of pavement, additional work is necessary to saw-cut, break, excavate and remove, haul-off and dispose the thicker pavement depth. Sully-Miller will need to use different equipment to remove the thicker pavement, e.g. larger saw to cut the pavement, a pavement breaking attachment on the backhoe to break up the pavement every 18 inches, and a larger excavator.

Mr. Burton said that Sully Miller also requested an additional 32 working days to remove the thicker pavement. Because the City of Costa Mesa has required the minimal use of steel plates for vehicle safety, Sully Miller is not able to remove the thicker pavement too far in advance of its pipeline installation. The removal of the thicker pavement will limit Sully Miller's pipeline installation production rate. The project documents calls for an intermediate project milestone to complete all work within City of Costa Mesa streets by June 13, 2012, approximately one month ahead of the opening of the Orange County Fair. Due to the unforeseen slowed production, the City of Costa Mesa has authorized 16 additional calendar days for working in the City right-of-way; the new intermediate project milestone date to complete all work within the City right-of-way is June 29, 2012. Sully Miller has agreed to this new intermediate milestone date.

Mr. Burton said that Sully Miller submitted a change order for the additional costs and time to install the replacement pipeline under the changed condition. Staff has reviewed Sully Miller's cost proposal, negotiated changes, and believes that the final cost is appropriate and reasonable. Contract Change Order No. 1 is in the amount of \$376,501.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on April 17, 2012. Director Withers left the Board room at 6:03 p.m. On MOTION by Reinhart, seconded and carried (4-1) (Reinhart, LaMar, Swan, and Matheis voting aye, and Withers absent), THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 10822 (1866) BY \$420,000, FROM \$4,859,500 TO \$5,279,500; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$420,000; AND APPROVED CONTRACT CHANGE ORDER NO. 1 IN THE AMOUNT OF \$376,501 WITH SULLY MILLER CONTRACTING COMPANY FOR THE NEWPORT BOULEVARD DOMESTIC WATER MAIN RELOCATION, PROJECT 10822 (1866).

SYPHON RESERVOIR INTERIM IMPROVEMENTS - BUDGET ADDITION, EXPENDITURE AUTHORIZATION, AND CONSULTANT SELECTION

General Manager Cook reported that staff has been developing plans to integrate Syphon Reservoir into the recycled water system with a reconstructed dam and conveyance facilities which will substantially expand IRWD's recycled water seasonal storage capacity. Staff is anticipating that the construction of the new dam could begin in four to six years pending completion of the project CEQA/NEPA, final design, and finalization of anticipated external funding sources.

Mr. Cook said that the interim project could be utilized to store and then discharge recycled water to the IRWD Zone A recycled water system. Staff anticipates that the interim project will improve the hydraulics of the recycled water system in Zone A, particularly as the Great Park and other developments east of Jeffery are completed. This project will consist of a filtration system, chlorination system, and piping and valve modifications to discharge water from the reservoir into the Zone A System until the permanent facilities supporting the reservoir are constructed and the reservoir is expanded.

Executive Director of Engineering Burton said that staff issued a Request for Proposal to AKM, Arcadis-US, Inc., HDR, Tetra Tech, and URS for the design of the project with each firm submitting a proposal. Staff evaluated the proposals and recommends the selection of URS based on their project understanding, project team, and design fee.

Mr. Burton said that while staff is taking steps to complete the environmental document and mitigation process (CEQA/NEPA), securing external project funding, and completing the design of the expanded reservoir, the District will benefit from utilizing the smaller, existing reservoir by constructing these improvements. Because these improvements will be removed once construction of the reservoir expansion project begins, staff completed a payback analysis to determine if it is economically feasible to construct the interim facilities. The key assumptions used in the analysis are: 1) by not having to discharge flows to the Orange County Sanitation District, IRWD would recognize one year of CORF savings in 2013; 2) after 2013, OCWD will have constructed the necessary pipeline between the Green Acres Project (GAP) system and Groundwater Replenishment System, making GAP the preferred option for wintertime disposal; 3) that IRWD would recognize an annual savings on the purchase of 450 acre-feet of Metropolitan Water District (MWD) untreated water required to supplement the recycled water system; and 4) completed using MWD's adopted rates for untreated water for 2013. Using the above assumptions, the analysis indicates the payback for the project at approximately 3.5 years. Director Withers returned to the Board room.

Director Reinhart reported that this item was reviewed by the Engineering and Operations Committee on April 17, 2012. Following discussion, staff was asked to research the optimal size of the reservoir without anticipating any federal funding; determine when it would be best to upsize the facility; and provide additional confirmation that the slopes are stable if the reservoir is upsized.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 30374 (3729) TO THE FY 2011-12 CAPITAL BUDGET IN THE AMOUNT OF \$1,399,800; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$239,500; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$170,000 WITH URS CORPORATION FOR THE SYPHON RESERVOIR INTERIM IMPROVEMENTS, PROJECT 30374 (3729).

ASSET OPTIMIZATION – LAKE FOREST PROPERTY SERRANO SUMMIT FINAL MAP CONSULTANT SELECTION

Assistant Director of Finance Jacobson reported that the City Council approved the 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 Environmental Impact Report. On April 17, 2012, the City formally approved the formation of the related Community Facility District for the project.

Mr. Jacobson said that with the recent approval of the Serrano Summit tentative tract map (TTM) and area plan, the next phase of development entitlement includes obtaining a Final Map for the project which involves satisfying the conditions of approval as stipulated in the City's TTM approval process. He said that the process to obtain a recordable Final Map is considered to be more ministerial in nature than the tentative map process, and staff recommends retaining a consultant to manage a civil engineer, landscape architect and others to coordinate agency permitting requirements, to complete the necessary Department of Real Estate conditions, to work closely with City staff towards completion of the Final Map, and advise the District throughout the process.

Mr. Jacobson said that staff requested proposals from three firms to manage the Final Map process including Lewis Operating Group, Developers Edge, and Hogle-Ireland; all three firms submitted proposals. The proposals varied significantly in terms of expected hours required for project completion as well as hourly rates and additional fees proposed. Estimated consulting hours to complete the project ranged from 716 to 1,740 based on each consultant's estimate of the effort associated with the requested scope of work; average hourly rates ranged from \$130 to approximately \$450 per hour. To facilitate a comparison between the consultants' proposals, staff assumed an initial requirement of 1,000 consulting hours. All of the consultants estimated a schedule of completion of 14-18 months.

Mr. Jacobson said that at the March 22, 2012 Asset Management Committee meeting, it was determined that Lewis and Developers Edge provided the most comprehensive proposals. Based on discussions and feedback from the Committee meeting regarding project experience and qualifications, representatives from the two firms were invited to make presentations to the Committee on their proposals. The two firms presented their proposals to the Committee at a meeting on April 16, 2012. The presentations included a discussion of each firm's experience and qualifications, project-specific expectations for the Serrano Summit Final Map process and potential challenges that may arise with the project. Based on the presentations and discussion with the Committee, staff recommends that the Board approve the retention of Lewis Operating Group to manage the Final Map process. It is anticipated that Lewis's in-depth knowledge of the

Serrano Summit project, familiarity with key City staff/consultants and extensive experience processing numerous residential tract maps will provide the management required to efficiently process the Final Map. Lewis' fee of \$257 per hour is the higher of the two firms; however, it is anticipated that the value provided by its unique in-house resources (marketing, engineering, design, etc.) will offset certain costs that would be incurred for similar outside consultants. Additionally, Lewis' negotiated pricing agreements with various industry consultants will be realized by the District providing additional value. Staff recommends approval of an initial contract for 1,000 hours. Because the proposal by Lewis initially estimated 1,740 hours, staff will return to the Board should additional funds be required.

Director Withers reported that this item was reviewed by the Asset Management Committee at a Special Meeting held on April 16, 2012. Following discussion relative to the value to hiring Lewis Operating Group versus Developers Edge, on MOTION by Withers, seconded and unanimously carried, **THE BOARD APPROVED THE RETENTION OF LEWIS OPERATING GROUP TO MANAGE THE FINAL MAP PROCESS FOR THE SERRANO SUMMIT PROJECT AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT NOT TO EXCEED \$257,000.**

GENERAL MANAGER'S REPORT

General Manager Cook reported that he was contacted by the Los Angeles Division of the Army Corps of Engineers noting that its Pacific Division is very interested in meeting with staff during the ACWA conference in May.

Mr. Cook said that he and staff met with Ms. Lacy Kelly of the Association of California Cities-Orange County last week and gave her on a tour of the San Joaquin Marsh Campus.

Mr. Cook reminded the Board of tomorrow's Always Business Smart Program Networking lunch being held for staff to speak with potential and existing vendors.

DIRECTORS' COMMENTS

Director LaMar reported that he and President Matheis, General Manager Cook and staff had recently met with Congressman John Campbell and Senator Lou Correa. He said that he attended an Orange County Forum meeting, and that tomorrow he will be attending an ACWA meeting in Sacramento relative to the Endangered Species Act, and at the end of this week he will also be attending a Southern California Water Committee meeting.

Director Reinhart reported that he attended a MWDOC elected officials forum. He said last Friday he attended a resident tour and was disappointed with the attendance. He said he would like the Water Resources Policy and Communications Committee to review the format going forward, and encouraged staff to provide input on this program.

Director Swan reported on his and Director Matheis' attendance at a walk in the San Joaquin Wildlife Sanctuary with the City of Irvine's Mayor Kang. He suggested that staff look into producing a video of the marsh for the District's website. He also reported on his attendance at a WACO Planning meeting; and said he will be attending a CASA conference tomorrow in Napa. He

will also be meeting with Director Ted Page of Kern County Water District on his return trip from the conference.

Director Matheis also reported she attended a meeting with Congressman John Campbell and Senator Lou Correa. She also said that she attended a resident tour last Saturday and noted that attendance was low.

ADJOURNMENT

There being no further business, President Matheis adjourned the meeting at 6:45 p.m.

APPROVED and SIGNED this 14th day of May, 2012.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles and Giannone