

MINUTES OF REGULAR MEETING –JUNE 25, 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 Vice President Withers on June 25, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: Matheis.

Also Present: General Manager Cook, Executive Director of Finance Cherney, Assistant Director of Finance/Treasurer Rob Jacobson, Executive Director of Operations Pedersen, Executive Director of Water Policy Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Director of Water Resources Weghorst, Acting Executive Director of Engineering and Planning Malloy, Assistant Director of Water Policy Sanchez, Assistant Controller Smithson, Mr. Jim Reed, Ms. Shannon Reed, Ms. Kirsten McLaughlin, Ms. Gretchen Maswadeh, Mr. Dan Miller, Mr. Dean Kirk, Mr. Sat Tamaribuchi, Mr. Brian Star, Mr. Peter Herzog, 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, 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, 2008. 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.

PUBLIC HEARING

PROPOSED CHANGES TO THE SCHEDULE OF RATES AND CHARGES EFFECTIVE JULY 1, 2012

General Manager Cook reported that pursuant to the requirements of Proposition 218, a Public Hearing on the rates and charges is required. Following the Public Hearing, staff recommends that the Board adopt the proposed changes to the Schedule of Rates and Charges required to fund operating expenses.

Vice President Withers declared this to be the time and place for a hearing on the proposed changes to the rates and charges. He asked the Secretary how the hearing was noticed.

Secretary Bonkowski reported that the hearing was noticed by an independent processing firm, PSB Integrated Mark, by mail. She then presented the affidavit of mailing to be received and filed.

On MOTION by Swan, seconded and unanimously carried, THE AFFIDAVIT OF MAILING BY AN INDEPENDENT PROCESSING FIRM AS PRESENTED BY THE SECRETARY WAS RECEIVED AND FILED.

Vice President Withers asked Legal Counsel to describe the nature of the proceedings.

Legal Counsel Arneson said that the public hearing is held, pursuant to Proposition 218 and Article XIID of the Constitution of the State of California, for all persons interested to be heard, to present objections or protests, including any written comments submitted, concerning the increase in property-related rates and charges and any proposed new property-related rates and charges.

Vice President Withers requested a staff report from Executive Director of Finance Cherney on the proposed rates and charges, and inquired whether there had been any written communications.

Using a PowerPoint presentation, Executive Director of Finance Cherney reviewed the schedule for the budget and rate adoption. Ms. Cherney said that for the noticing procedure, that on

May 8, 2012, 87,038 notices were mailed including separate notices for the Irvine rate area for residential, commercial, and landscape customers; for the Los Alisos rate area for residential, commercial, and landscape customers; and the Orange Park Acres rate area. She said that as of today, there is a total of 11 responses received, of which the last response had been placed before each Board member. She said that the protests represented 0.01% of the 87,038 notices sent, and under Proposition 218, more than 50% of the IRWD customers would have had to protest in order to prevent the Board from adopting the proposed rates and charges.

Using charts, she reviewed the proposed rate adjustments and made a comparison from the current to proposed charges in the various rate areas for water, sewer/recycled service for the three rate areas. She then reviewed a typical residential customer's rates from the current rate to the proposed rate for FY 12-13 for the three separate rate areas.

Vice President Withers inquired whether there was anyone present who wished to address the Board regarding the proposed changes to the rates and charges. There was none.

Vice President Withers inquired whether there are any comments or questions from members of the Board of Directors. In response to Director Swan's inquiry, Mr. Christopher Smithson said that the current revenue shortfall, based on current rates, projected expenses, and other assumptions, would be \$970,000 for the treated system, and \$1.2 M for the sewer system.

Director Swan said he will be voting to oppose tonight's rate increase, even though it is a nominal increase. He said he believed that a good portion, about one-half, would have been offset if the other Board members had supported the discontinuation or limitation of the 3% employer deferred compensation matching contribution in the recent evaluation of retirement study alternatives. He said his concern is that given the sizeable amount of compensation percentages the District will be paying for retirement for all of the employees for the next 20 years, the 3% the District is placing on top of this contribution is excessive, and therefore he cannot vote in favor of this rate increase.

On MOTION by Reinhart, seconded by LaMar, and carried (3-1) (Withers, Reinhart, and LaMar voting aye, and Swan voting no), THE HEARING WAS CLOSED AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2012 - 26

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

CONSENT CALENDAR

On MOTION by LaMar, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 13 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the June 11, 2012 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, and Peer Swan.

6. RESOLUTION OF COMMENDATION FOR IRAJ TAHERI

Recommendation: That the Board adopt the following resolution by title commending Iraj Taheri for his dedicated and loyal service to the District.

RESOLUTION NO. 2012-27

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT COMMENDING
IRAJ TAHERI FOR HIS DEDICATED AND LOYAL
SERVICE TO THE DISTRICT

7. JOINT RESOLUTION COMMENDING JOHN J. SCHATZ FOR 18 YEARS AS GENERAL MANAGER FOR THE SANTA MARGARITA WATER DISTRICT

Recommendation: That the Board adopt the following resolution by title commending John J. Schatz for 18 years as General Manager for the Santa Margarita Water District.

RESOLUTION NO. 2012-28

JOINT RESOLUTION COMMENDING
JOHN J. SCHATZ FOR 18 YEARS AS GENERAL MANAGER
FOR THE SANTA MARGARITA WATER DISTRICT

CONSENT CALENDAR (CONTINUED)

8. MAY 2012 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for May 2012; approve the May 2012 Summary of Payroll ACH Payments in the total amount of \$1,365,196.29, and approve the May 2012 Accounts Payable Disbursement Summary of Warrants Nos. 329643 through 330490, Workers' Compensation Distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$20,113,174.92.

9. DISTRICT STRATEGIC MEASURES DASHBOARD

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

10. WASTEWATER OPERATIONS FISCAL YEAR 2012-13 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations for project 11513 (1625) for \$275,000; project 21513 (1251) for \$165,000; project 31513 (1364) for \$220,000; project 20957 (1221) for \$275,000; project 20910 (1149) for \$222,200; project 21004 (1265) for \$110,000 and project 21037 (1318) for \$70,400.

11. EXPENDITURE AUTHORIZATIONS FOR FISCAL YEAR 2012-13

Recommendation: That the Board approve Expenditure Authorizations for FY 2012-13 for \$71,500 for project 1767, Engineering Planning Study Reserve; \$1,673,000 for project 1541, OCSD CORF; \$1,150,000 for project 1393, OCSD Solids Handling; \$250,000 for project 3731, Recycled Conversions On-site; \$145,800 for project 3732, Recycled Conversions Off-site; and \$77,000 for project 3778, Health Department Fees.

12. PROPOSITION 50 GRANT APPLICATION FOR WELL 115 REPLACEMENT PROJECT

Recommendation: That the Board authorize a grant application for Well 115 Replacement Project for funding up to \$1.9 million and agree to grant application requirements including a matching fund requirement of at least 50%, and adopt the following resolution by title authorizing submission of an application for Proposition 50 funding, and authorize the General Manager to sign and file an application with the State of California.

CONSENT CALENDAR (CONTINUED)

RESOLUTION NO. 2012-29

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT AUTHORIZING
SUBMISSION OF AN APPLICATION FOR PROPOSITION 50
FUNDING AND AUTHORIZING THE GENERAL MANAGER
TO SIGN AND FILE AN APPLICATION WITH THE
STATE OF CALIFORNIA

13. MWRP BIOSOLIDS HANDLING AND ENERGY RECOVERY FACILITIES
VARIANCE NO. 11

Recommendation: That the Board approve Variance No. 11 in the amount of \$120,760 with Black & Veatch for the Michelson Water Recycling Plant biosolids Handling and Energy Recovery Facility, project 20847 (1617).

ACTION CALENDAR

SETTING CONNECTION FEES AND PROPERTY TAX RATES FOR FY 2012-13

Using a PowerPoint presentation, Executive Director of Finance Cherney reviewed the schedule including Committee meetings, and a stakeholders workshop, and noted that July 23, 2012 is the last day to adopt property taxes for submission to the County Assessor's office.

Ms. Cherney said over the course of the last few years, staff has identified several issues of emerging significance as the District approaches build-out. In addition, the Irvine Company (TIC) has raised issues regarding the sustainability and fundamental fairness in the capital funding objectives and the application thereof. In the last two years, the Building Industry Association of Orange County (BIA), Five Point Communities and the NAIOP Commercial Real Estate Development Association (NAIOP) have joined the discussion, expressing similar concerns. She said that staff and the working group have identified and added a number of discussion topics and additional work that need to be completed including whether: 1) the 50/50 policy is sustainable as ultimate development approaches and whether a re-measurement or shift in methodology is appropriate; 2) non-bond funded improvement districts, such as IDs 101/210, should be included in the regional capital split and pay a fair share of regional capital costs, and if so, exploring alternate mechanisms for those payments whether through property taxes or a user rate surcharge; 3) issues relating to the proper allocation of the growth in the new capital program as it relates to the addition of various water and wastewater projects; and 4) issues relating to projections of water and wastewater demand for purpose of regional capital allocations and/or total costs. Ms. Cherney said that the stakeholders' group consisting of IRWD staff and its consultant, Mr. Dave Ferguson, the Irvine Company, Five Point Communities, the NAIOP, and BIA have met monthly. She said that the group's feedback about the process has been consistently positive, and that individuals wished to address the Board this evening.

Ms. Cherney reviewed several charts, including FY 2011-12 scenarios based on actionable criteria, identified alternatives, impact base by Improvement District, residential connection fees proposed for IRWD compared to June 30, 2011, and commercial connection fees proposed compared to June 30, 2010.

Mr. Peter Herzog of NAIOP (commercial real estate) noted the complexity of these issues and said its organization would agree with a 5% increase for commercial/industrial properties. Mr. Bryan Star of BIA thanked staff and Board for including them in the stakeholder's process and is grateful for its relationship with the District. He said that his organization would request going back to a 3.5% increase as opposed to staff's recommendation. Vice President Withers asked the audience if there were any others who wished to speak relative to this item. There were none.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on June 5, 2012 and the Committee also received updates periodically from staff during the fiscal year. Mr. Swan said that currently, the District is collecting about 60% of the connections fees needed to maintain the 50/50 policy. He said that if the District collects enough to maintain the 50/50 split percentage along with CPI, this would be in the best interest for the District and consistent with past practices. He said that staff is currently reviewing existing capital definition, and is examining additional revenue sources to assist in paying for these fees, and that the District has made progress in this effort. He described last year's matrix, and noted that it was the assumption at that time that the connection fees would go up by 10% in this fiscal year. He said with all of these assumptions, the average increase would be between \$5,000 and \$6,000; and today the average is approximately \$3,800, and therefore is \$1,200 underfunded. He said that in order to narrow the deficit, the District would need to increase the connection fees over 10%. He further said that at the June 5, 2012 Finance Committee meeting, there was not a consensus; therefore he will be making a substitute motion recommending a 10% increase. Director LaMar said that it was very significant that discussions on this matter have been held during the year with staff and the stakeholders relative to fundamental changes on setting these fees. He said that he wants a fair and equitable approach to connection fees but more work is needed, so at this time he would support a 5% increase in connection fees. He further said he would like the stakeholders to understand and be on notice that as a result they most likely will be required to pay higher fees at a future date. Director LaMar made a motion, seconded by Reinhart to increase the connection fees by 5%. Director Swan made a substitute motion to approve a 10% increase in connection fees. He said that his concern is that an additional increase is needed at this time, and he does not want to come to a point where property taxes will have to cover the deficit. Director Swan's motion failed for a lack of a second. Director Reinhart said he did not concur with Director Swan's motion, and would support a 5% increase now, but is prepared to support a plan to get to a higher amount quickly when the process has resolved the issues. Following additional discussion, LaMar's MOTION carried (3-1) (Withers, Reinhart, and LaMar voting aye, and Swan voting no), **THE BOARD APPROVED A 5% INCREASE IN CONNECTION FEES AND ADOPTED THE FOLLOWING RESOLUTIONS BY TITLE:**

RESOLUTION NO 2012-30

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

RESOLUTION NO 2012-31

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
ESTABLISHING AD VALOREM TAX REVENUES FOR
FISCAL YEAR 2012/13

WATER QUALITY AND WATER OPERATIONS' FISCAL YEAR 2012/13 EXPENDITURE
AUTHORIZATIONS

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 11638 (3721) FOR \$107,300, PROJECT 30375 (3730) FOR \$93,500, PROJECT 10389 (1195) FOR \$405,700; PROJECT 11493 (1496) FOR \$293,700; PROJECT 11489 (1486) FOR \$650,100; PROJECT 31489 (1304) FOR \$206,800; PROJECT 21088 (1627) FOR \$200,200; PROJECT 11488 (1674) FOR \$203,500; PROJECT 11486 (1656) FOR \$170,500; PROJECT 31486 (1268) FOR \$170,500; PROJECT 11487 (1667) FOR \$91,700, PROJECT 31487 (1276) FOR \$120,500 AND PROJECT 11485 (1646) FOR \$135,300.

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION – CONSTRUCTION
MANAGEMENT AND INSPECTION SERVICES – VARIANCE NO. 3

Acting Executive Director of Engineering and Planning Malloy reported that construction of the Michelson Water Recycling Plant (MWRP) Phase 2 Expansion and Flood Protection Improvements project was awarded to Filanc in July 2009 in the amount of \$87,479,450 to expand the recycled water production capacity of MWRP to 28 million gallons per day and protect MWRP from flooding of San Diego Creek. Mr. Malloy said that ARCADIS-US/Malcolm Pirnie have been providing construction management and inspection services for this project since September 2009 which includes: 1) reviewing and negotiating change orders with the contractor; 2) preparing change requests and change orders for approval; 3) reviewing and negotiating progress payments; 4) reviewing project financials; 5) preparing internal and external communications; 6) preparing the biweekly, monthly, and quarterly reports; 7) coordinating work between the MWRP construction management team, IRWD staff, contractors, outside consultants, and agencies; 8) reviewing the project schedule; 9) maintaining the document control system; 10) performing other tasks, such as maintaining the project's correction (punch) list and spare parts list; and 11) inspection services. He said that the original

contract with ARCADIS-US/Malcolm Pirnie contained funding authorization through February 2012. Through work reallocation and Variance No. 2, there is sufficient authorization through July 2012. The anticipated construction completion date is January 15, 2013. Variance No. 3 with ARCADIS-US/Malcolm Pirnie in the amount of \$317,569 is for additional construction management and inspection services for the remainder of the Phase 2 Expansion through February 2013. Variance No. 3 would cover project close-out and reflects a less-than-full-time labor effort for construction management and inspection services since construction activities are anticipated to be reduced in the latter portion of the project.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 3 IN THE AMOUNT OF \$317,569 WITH ARCADIS-US/MALCOLM PIRNIE FOR ADDITIONAL CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FOR THE MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS, PROJECTS 20214 (1599) AND 30214 (1706).

SANTIAGO CANYON AREA BOOSTER PUMP STATIONS PERMANENT GENERATORS – EXPENDITURE AUTHORIZATION AND CONSTRUCTION AWARD

The Santiago Canyon Area BPS Permanent Generators Project will construct permanent emergency diesel generators at five Booster Pump Stations (BPS) located in the Santiago Canyon area. The project will also construct block walls around the Shaw BPS, Read BPS, Williams BPS, and Manning BPS to help deflect radiant heat from wildfires to protect the equipment. The project will also upgrade the Motor Control Centers (MCC) at the Shaw BPS and Read BPS and install a new SCADA radio antenna at the Shaw BPS to improve radio communications in Silverado Canyon.

General Manager Cook reported that the bid opening occurred, and six contractors submitted construction bids on May 9, 2012. The apparent low bidder was F.T. Ziebarth Company (Ziebarth) with a low bid of \$1,167,700. Mr. Cook said that on May 9, 2012, Ziebarth requested withdrawal of its bid. He said that the California Public Contracts Code gives a bidder the right to be relieved of its bid by consent of the awarding body if the bidder establishes that a mistake was made completing the bid form that was not the result of carelessness in inspecting the work site or reading the plans and specifications, or error in judgment, that the mistake materially altered the intended bid, and that the bidder notified the agency within five working days (weekends and state holidays excluded) of the bid opening. Staff believes Ziebarth's clerical error in bid items 1 and 2 of the bid proposal represents a mistake and not an error in judgment or interpretation. IRWD Legal Counsel reviewed the bids and Ziebarth's request to withdraw its bid.

Mr. Cook said that the apparent low bidder became Pacific Hydrotech Corporation (Pacific Hydrotech) with a bid amount of \$1,314,500. Pacific Hydrotech has recently completed construction projects for IRWD including the BPS Roof Replacements Project and the RMS at 9 Domestic Water Reservoirs Project which were completed on-time and within the project budgets.

Psomas submitted Variance No. 4 in the amount of \$33,368 to provide additional engineering services during construction, construction survey, assistance to review the Air Quality Management District (AQMD) permit applications for the new generators, and additional assistance during the construction bid period.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,306,700 FOR PROJECT 11476 (1570); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$101,800 FOR PROJECT 11480 (1602); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$96,300 FOR PROJECT 11481 (1612); CONSENTED TO RELIEVE F.T. ZIEBARTH COMPANY OF ITS BID DUE TO MISTAKE; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH PACIFIC HYDROTECH IN THE AMOUNT OF \$1,314,500; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 4 WITH PSOMAS FOR THE SANTIAGO CANYON AREA BOOSTER PUMP STATIONS EMERGENCY GENERATORS PROJECT.

MULTI-FAMILY DWELLING AND COMMERCIAL PLUMBING FIXTURE RETROFIT PROGRAM CONSULTANT SELECTION

Executive Director of Water Resources Heiertz reported that this project will use the services of a contractor to install cost-effective, high efficiency plumbing fixtures for eligible multi-family and commercial customers. Mr. Heiertz reported that a Request for Proposal was issued in May 2012 to 10 firms to administer and implement the plumbing fixture installation program. He said that proposals were received from four firms: AmGreen Solutions, Southwest Environmental, EcoGreen and Bottom Line Utility Solutions. He said that staff evaluated the proposals and recommends the selection of Bottom Line based on its project understanding, approach, experience, schedule and fixed unit cost fees. The combined projects are expected to result in 1,000 retrofits of multi-family fixtures and approximately 150 commercial fixtures at a cost not to exceed \$400,000. IRWD will only pay for completed retrofits based on the fixed unit cost schedule. The retrofits are estimated to save approximately 300 acre-feet over the 10-year life of the devices, which is cost-effective to IRWD based on the associated avoided water and wastewater cost of approximately \$660,000.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH BOTTOM LINE UTILITY SOLUTIONS TO PERFORM PLUMBING FIXTURE INSTALLATION SERVICES FOR ELIGIBLE MULTI-FAMILY AND COMMERCIAL CUSTOMERS UNDER THE MULTI-FAMILY DWELLING AND COMMERCIAL PLUMBING FIXTURE RETROFIT PROGRAM IN AN AMOUNT NOT TO EXCEED \$400,000.

GENERAL MANAGER'S REPORT

General Manager Cook reported that that Mr. Dan Ferons was recently appointed General Manager of Santa Margarita Water District.

DIRECTORS' COMMENTS

Mr. Jim Reed, consultant for the District, noted that he attended County of Orange and City of Lake Forest's ribbon cutting ceremony, for the Alton Parkway extension project.

Director LaMar also noted his attendance at the Alton Parkway event. He further said that he enjoyed last Friday's Board meeting where he and other Directors and staff toured the District's Strand Ranch and Stockdale West Ranch water banking projects along with Board members of Rosedale-Rio Bravo Water Storage District and Buena Vista Water Storage District.

Director Reinhart reported on his attendance at a MWDOC Board meeting and noted MNWD's modeling on various types of connections. He said that he would like to adjourn the Board meeting this evening in memory of Mr. Jess Senecal, a long-standing Chairman of ACWA'S Legal Affairs Committee.

Director Swan reported on his attendance at MWDOC and ISDOC meetings, and commented on LAFCO's intention to respond to the recent Grand Jury report relative to transparency for Orange County cities, District, Joint Power Authority and County Government. He further reported on his attendance on a District tour with the City of Anaheim's Mayor Pro Tem Harry Sidhu as well as the recent tour of District's Strand Ranch and Stockdale West Ranch water banking projects. He complimented staff on their efforts in scheduling this event together with the District's water banking partners.

Director Withers reported that he will be speaking this Thursday to the California Utility Management Executives in the Inland Empire relative to public policy and budget- related issues.

CLOSED SESSION

Vice President Withers said that a Closed Session would be held this evening - Conference with Legal Counsel – ANTICIPATED LITIGATION – (1) significant exposure to litigation pursuant to Government Code Section 54956.9 (b) (one potential case) and (2) initiation of litigation pursuant to Government Code Section 54956.9(c) (one potential case).

OPEN SESSION

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

ADJOURNMENT

Vice President Withers adjourned the meeting in memory of Mr. Jess Senecal.

Approved and signed this 9TH day of July, 2012.

President, IRVINE RANCH WATER DISTRICT

Assistant Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles and Giannone