

EXHIBIT "A"

MINUTES OF REGULAR MEETING – MARCH 24, 2014

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 LaMar on March 24, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering and Planning Burton, Executive Director of Operations Shields, Executive Director of Water Resources Weghorst, Director of Human Resources Roney, Director of Public Affairs Beeman, Assistant Director of Maintenance Drake, Assistant Director of Water Operations Roberts, Legal Counsel Arneson (via conference call), Secretary Bonkowski, Mr. Ian Swift, Mr. Jim Reed, Mr. Bruce Newell, Mr. Brian Probolsky, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION

1) 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 2, C-8, C-9, 10, 15 16, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 1, 3, 4, 5, 6, 7, 11, 12, 13, and 14 will be off. This was confirmed by Mr. Cook, General Manager of the District.

On October 31, 2013, the District received its fully executed copy of the Annexation Agreement with the Orange County Water District. 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. On November 10 2008, the IRWD Board 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 approved the operating agreement. This was confirmed by Mr. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED – None.

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 14 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the March 10, 2014 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, Peer Swan, and John Withers.

5. FEBRUARY 2014 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for February 2014, and Disclosure Report of Reimbursements to Board members and staff; approve the February 2014 Summary of Payroll ACH payments in the total amount of \$1,448,596 and approve the February 2014 accounts payable disbursement summary of warrants 345957 through 346629, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$22,342,695.

6. BOND AUTHORIZATION ELECTIONS – IMPROVEMENT DISTRICT NOS. 185/285

Recommendation: That the Board adopt the following resolutions by title declaring result of Canvass of Election Returns for Bond Election, Improvement District No. 185 and District No. 285.

RESOLUTION NO. 2014-19

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT DECLARING RESULT OF CANVASS OF ELECTION RETURNS FOR BOND ELECTION, IMPROVEMENT DISTRICT NO. 185

RESOLUTION NO. 2014-20

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT DECLARING RESULT OF CANVASS OF ELECTION RETURNS FOR BOND ELECTION, IMPROVEMENT DISTRICT NO. 285

CONSENT CALENDAR (Continued)

7. DYER ROAD WELLFIELD WELL NO. 2 REHABILITATION - FINAL ACCEPTANCE

Recommendation: That the Board accept construction of Dyer Road Wellfield Well No. 2 Rehabilitation; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

8. FISCAL YEAR 2013-14 ENGINEERING PLANNING RESERVES EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations in the amounts of \$99,000, \$85,800, and \$88,000 for the Fiscal Year 2013-14 Engineering Planning Reserves, projects 11055 (1780), 21055 (1350), 31055 (1575), respectively.

9. WATER OPERATIONS TRANSDYN REPLACEMENT EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board authorize the General Manager to approve Expenditure Authorizations in the amount of \$226,600 for project 10489 (1680) and \$125,400 for project 30489 (1090) for the Water Operations Transdyn System Replacement.

10. JOINT COMMUNITY FACILITIES AGREEMENT WITH THE CITY OF IRVINE AND HERITAGE FIELDS EL TORO

Recommendation: That the Board adopt the following resolution by title:

RESOLUTION NO. 2014-21

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT APPROVING A JOINT COMMUNITY FACILITIES AGREEMENT RELATING TO CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3 (GREAT PARK)

11. PLANNING AREA 1 (ORCHARD HILLS) NEIGHBORHOOD 2 CAPITAL IMPROVEMENTS

Recommendation: That the Board authorize the addition of project 30428 (4717) to the FY 2013-14 Capital Budget in the amount of \$238,700; and approve an Expenditure Authorization in the amount of \$238,700 for the Planning Area 1 (Orchard Hills) Neighborhood 2 Recycled Water Capital Improvements, project 30428 (4717).

CONSENT CALENDAR (CONTINUED)

12. REIMBURSEMENT AGREEMENT BETWEEN IRWD AND THE CITY OF IRVINE FOR INSTALLATION AND ADJUSTMENT OF IRWD FACILITIES TO GRADE

Recommendation: That the Board authorize the addition of projects 11761 (5150), 21761 (5151), and 31761 (5152) to the FY 2013-14 Capital Budget in the amounts of \$464,200, \$277,200, and \$39,600; approve Expenditure Authorizations for projects 11761 (5150) and 21761 (5151) in the amounts of \$464,200 and \$277,200; and authorize the General Manager to execute a Reimbursement Agreement with the City of Irvine for its annual Slurry Seal and Pavement Rehabilitation project, Bid No. 14-1003.

13. SAN JOAQUIN MARSH CAMPUS PAVING PROJECT

Recommendation: That the Board authorize the addition of project 11788 (5226) to the FY 2013-14 Capital Budget in the amount of \$231,000 and approve an Expenditure Authorization in the amount of \$80,300 for the San Joaquin Marsh Campus Paving, project 11788 (5226).

14. PROPOSED CHANGES TO SALARY GRADE SCHEDULE FOR THE GENERAL EMPLOYEES' UNIT

Recommendation: That the Board approve of a 0.63% increase to the salary grade ranges for the General Employees' unit, effective retroactively to December 1, 2013, and adopt the following resolution by title:

RESOLUTION NO. 2014-22

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT RESCINDING RESOLUTION
NO. 2013-51 AND ESTABLISHING A REVISED SCHEDULE OF
POSITIONS AND SALARY RATE CHANGES

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS - REDUCTION OF RETENTION AND SPARE PARTS

General Manager Cook reported that construction of MWRP Phase 2 Expansion and Flood Protection Improvements is 98.5% completed. Mr. Cook said that as part of Contract Change Order No. 103, which extended the Phase 2 completion date to June 13, 2014, staff and Filanc agreed that the reduction from 5% to 2.5% is recommended upon the successful completion of the seven-day 10 MGD test of the membrane bioreactor (MBR) facility and substantial completion of items on the project correction list.

Mr. Cook said that the MBR equipment installed at MWRP is manufactured by GE-Zenon and the original contract had a limited quantity of spare parts provided. The MBR system has a

significant number of mechanical parts, and to improve process reliability, key pieces of equipment and the required spare parts were identified. Prices were obtained from Zenon Environmental Corporation, GE Water and Process Technologies. The total cost for the spare parts including equipment, taxes, and shipping is \$199,496.47 which includes pumps (MBR permeate Pump & 2 chemical feed pumps); valves (27 valves: check, butterfly, solenoid, angle, plug); instruments (temperature, level, pressure, flow); controls (processor, power supply module, ethernet switch); and miscellaneous blower components and ejector.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on March 18, 2014. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE REDUCTION OF RETENTION FROM 5% TO 2.5% OF THE CONTRACT AMOUNT AND UPON THE SUCCESSFUL COMPLETION OF THE SEVEN-DAY 10 MGD TEST OF THE MEMBRANE BIOREACTOR FACILITY, RELEASED FUNDS IN EXCESS OF 2.5% OF THE CONTRACT AMOUNT FROM RETENTION CURRENTLY HELD FOR MWRP PHASE 2 EXPANSION PROJECT 20214 (1599); AND APPROVED PROCUREMENT OF THE SPARE PARTS FOR THE MEMBRANE BIOREACTOR FACILITY IN THE AMOUNT OF \$199,496.47 WITH ZENON ENVIRONMENTAL CORPORATION, GE POWER AND WATER – WATER & PROCESS TECHNOLOGIES.

CHLORAMINE BOOSTER STATIONS AT THREE DOMESTIC WATER RESERVOIRS – CONSULTANT SELECTION

General Manager Cook reported that chloramines are injected at several reservoirs throughout the District to minimize nitrification events. Mr. Cook said that this project will construct chloramine booster stations at the Turtle Rock Zone 3, Foothill Zone 6, and Portola Zone 8 reservoirs. The new systems will replace the existing chloramine booster stations at the pump stations. A new chloramine booster station will also be added at the Portola Zone 8 Reservoir to increase chlorine residuals in the Portola Hills domestic system, which is at the end of the domestic water system and experiences nitrification events.

Executive Director of Engineering Burton reported that staff issued a Request for Proposal for the design of the chloramines booster stations to Arcadis, Tetra Tech, Psomas, and URS Corporation (URS). Mr. Burton said that staff evaluated and ranked the proposals, and determined that URS proposed the most qualified team based on its extensive experience in the design of disinfection facilities. URS's proposal also included detailed preliminary site plans for each location and identified the relevant design parameters for the various elements of the project including the chemical storage building and reservoir mixer.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on March 18, 2014. In response to Director Swan's inquiry relative to the design costs for the building, following discussion, staff was asked to work with the consultant to determine if any cost saving measures could be implemented. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$311,900 AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH URS

CORPORATION IN THE AMOUNT OF \$219,500 FOR THE CHLORAMINE BOOSTER STATIONS AT THREE DOMESTIC WATER RESERVOIRS, PROJECT 11687 (4409).

SERIES 1993 BOND LETTER OF CREDIT EXTENSION

General Manager Cook reported that the District currently has \$37.5 million of Series 1993 Bonds (1993 Bonds) with a Bank of New York Mellon (BNYM) letter of credit (LOC) scheduled to expire on June 2, 2014. Mr. Cook said that staff requested Bank of New York to provide pricing options to extend the letter of credit for three and five years; however, BNYM provided a proposal to extend the LOC for only one year at the current pricing of 0.35%. He said that additionally, in connection with the recent Improvement District (ID) consolidation that occurred in November 2013, it is necessary to amend the Indenture for the 1993 Bonds to substitute the reference to IDs 105, 140 and 250 with the new consolidated IDs 125 and 225.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on March 4, 2014. He asked that staff was directed to try for a one or three year extension. There being no further comments, on MOTION by Swan, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING AMENDED RESOLUTION BY TITLE:

RESOLUTION NO. 2014 -23

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT
AUTHORIZING CERTAIN ACTIONS IN CONNECTION
WITH EXTENSION OF LETTER OF CREDIT

WHEELING AGREEMENT WITH METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Director of Water Policy Weghorst reported that in April 2011, IRWD, MWDOC and Metropolitan executed the Coordinated Operating, Water Storage, Exchange and Delivery Agreement (Coordinated Agreement) that allows IRWD (with Metropolitan's consent) to secure non-State Water Project (SWP) water through unbalanced exchanges. At Metropolitan's discretion, the SWP can be stored either in the Strand Ranch or in Metropolitan's Southern California reservoirs and can be recovered by IRWD from either location and delivered to IRWD through exchanges with Metropolitan. The Coordinated Agreement does not, however, facilitate the delivery of non-SWP water from the Strand Ranch to IRWD's service area. Such deliveries must occur through the "Wheeling Service" provisions of Metropolitan's Administrative code.

Mr. Weghorst said that in November 2012, staff and legal counsel began drafting a Wheeling Agreement that would facilitate IRWD's delivery of 1,000 AF of non-SWP stored water from the Strand Ranch to IRWD's service area and also incorporated language in the Agreement which provides for the option of delivering the water through an operational exchange. Metropolitan has return obligations to a Kern County-based water district in 2014, which creates an opportunity to exchange IRWD's stored non-SWP supply for water Metropolitan would be delivering into Kern County. The operational exchange would result in IRWD receiving 1,000 AF of water in the California Aqueduct from Metropolitan in exchange for IRWD recovering 1,000 AF of non-SWP

water from the Strand Ranch and delivering for use in Kern County. The Agreement also includes a provision for this wheeling transaction to serve as a pilot project without disqualifying the Strand Ranch from consideration as Extraordinary Supply under a future Metropolitan Water Supply Allocation Plan.

Mr. Weghorst said that the rates for “Wheeling Service” include Metropolitan’s System Access Rate, Water Stewardship Rate and the Treatment Surcharge, if applicable for treated water. In addition, the wheeling party must pay Metropolitan for the actual cost (not system average) of SWP power service utilized for delivery of the wheeled water. Metropolitan shall also assess an administration fee of not less than \$5,000 per transaction. Consistent with MWDOC’s Rate Resolution, MWDOC shall assess a one-time administrative charge based on actual staff and legal time spent on the Agreement (not to exceed \$20,000), and MWDOC shall assess an annual charge for actual staff time spent on accounting and administering at the time the water is wheeled (not to exceed \$5,000). Excluding the administrative costs, IRWD’s estimated cost of “Wheeling” non-SWP water from the Strand Ranch using current groundwater recovery costs is \$639 per AF (untreated) compared with Metropolitan’s Full Service Untreated Tier 1 rate of \$593 per AF.

Director Swan reported that this item was reviewed by the Water Banking Committee on January 23, 2014. He said he believes the fees imposed by MWDOC unnecessary, especially since the District is a member agency and considers this a part of core business. Additionally, he said he is uncomfortable with the MWDOC requirement that the District cannot resell this water to another agency in need of water supplies. Following discussion with the Board members, General Manager and legal counsel, Director Reinhart made a motion to approve staff’s recommendation. Director Swan said he would like to amend the motion to include language that when the District enters into similar water wheeling transactions in the future, that provisions in the Wheeling Agreement, including legal and other administrative fees imposed by MWDOC and MWDOC’s consent to the sale or assignment of wheeled water, not be considered as setting a precedent in the future water agreements. The amended motion was unanimously carried, and THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE WHEELING AGREEMENT WITH METROPOLITAN WATER DISTRICT AND MUNICIPAL WATER DISTRICT OF ORANGE COUNTY SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL, AND UPON ENTERING INTO FUTURE WHEELING AGREEMENTS WITH SIMILAR TRANSACTIONS WITH METROPOLITAN AND THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC), THAT THE PROVISIONS IN THE WHEELING AGREEMENT, INCLUDING LEGAL AND OTHER ADMINISTRATIVE FEES IMPOSED BY MWDOC AND MWDOC’S CONSENT TO THE SALE OR ASSIGNMENT OF WATER NOT BE CONSIDERED AS SETTING A PRECEDENT FOR FUTURE WHEELING AGREEMENTS.

GENERAL MANAGER'S REPORT

General Manager Cook reported that he, along with Mr. Burton and Director Reinhart attended a meeting at Santa Margarita Water District last week regarding Regional Recycling projects. He said he also attended an ACC-OC Legislative Committee meeting relative to the Water Bond; meetings with Managers and staff relative to the MWDOC budget; and MWDOC Administration and Finance meeting. He said that the next MWDOC budget discussion will be held tomorrow with the South County General Managers and Board members. He noted the upcoming MWDOC Elected Officials forum to be held on April 3, 2014.

DIRECTORS' COMMENTS

Director Withers reported that later this week members of the Brookfield Infrastructure group from Australia will be meeting with staff.

Director Reinhart reported on his participation on a panel discussion at the WaterReuse Conference relative to reclaimed water and its future; a MWDOC meeting, a regional recycling projects meeting, and that he would be attending a South County discussion tomorrow. He further suggested that tonight's meeting be adjourned in memory of Colonel Jack Foley.

Director Swan reported on his attendance at a WACO planning meeting, a CASA conference, and a meeting at the District's Learning Center with Mr. A.G. Kawamura and his associates. He said he is planning to attend the Southern California Dialogue group, an ACWA Board meeting this Thursday, and a climate change meeting at UCI.

Director LaMar reported on a KUCI radio interview on Public Affairs, an NROC Quarterly Board meeting, and a Water Quality Task Force meeting in Sacramento last week. He said that he will be meeting with Mr. Scott Maloni of Poseidon Resources this week.

CLOSED SESSION

President LaMar said that a Closed Session Conference would be held relative to anticipated litigation – Government Code Section 54956.9(d)(2) – significant exposure to litigation (one potential case).

OPEN SESSION

The meeting was adjourned with all Directors present. President LaMar said that there was no action to report from the Closed Session.

ADJOURNMENT

President LaMar adjourned the meeting in memory of Colonel Jack Foley.

APPROVED and SIGNED this 14th day of April, 2014.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone