

EXHIBIT "A"

MINUTES OF REGULAR MEETING – AUGUST 25, 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 August 25, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering Burton, Executive Director of Finance Clary, Executive Director of Operations Sheilds, Executive Director of Water Policy Weghorst, Director of Treasury and Risk Management Jacobson, Director of Public Affairs Beeman, Director of Human Resources Roney, Legal Counsel Arneson (by teleconference), Secretary Bonkowski, Assistant Secretary Savedra, Ms. Amy McNulty, Ms. Christine Compton, Mr. and Mrs. Chris Kinner, Ms. Lyndy Lewis, Mr. Mike Bray, Mr. Lars Oldewage, Ms. Gina Jackson, Mr. Jim Reed, Mr. Bruce Newell 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, 12, 14, 15, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 3, 11, 13, and 16 will be off. This was confirmed by Mr. Cook, General Manager of the District.

ITEMS TOO LATE TO BE AGENDIZED: None.

PRESENTATION

RESOLUTION OF COMMENDATION FOR CHRIS KINNER

On MOTION by Withers, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2014-37

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

General Manager Cook presented the commendation to Mr. Kinner. Mr. Kinner said he appreciated his time at the District and also thanked Mr. Cook for his good works at being a most notable General Manager.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 8 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the August 11, 2014 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, Douglas Reinhart, Peer Swan and John Withers as described.

6. JULY 2014 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for July 2014, and Disclosure Report of Reimbursements to board members and staff; approve the July 2014 Summary of Payroll Ach payments in the total amount of \$1,487,194 and approve the July 2014 accounts payable disbursement summary of warrants 350335 through 351009, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$30,005,464.

7. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

8. EXPENSE POLICY REVISION RESOLUTION

Recommendation: That the Board adopt the following Resolution by title rescinding Resolution No. 2006-29 establishing a revised policy on business expense reimbursement, travel, meeting compensation, and representation.

RESOLUTION NO. 2014- 38

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2006-29 AND ESTABLISHING A REVISED POLICY
ON BUSINESS EXPENSE REIMBURSEMENT, TRAVEL,
MEETING COMPENSATION, AND REPRESENTATION

ACTION CALENDAR

BOOSTER PUMP STATION CHECK VALVE REPLACEMENT CONSTRUCTION AWARD

Executive Director of Engineering Burton reported that this project will replace a total of 10 hydraulically-controlled ball check valves with silent check valves at the Foothill Ranch Zone 4-6 and Coastal Zone 4 Booster Pump Stations. Mr. Burton said that the check valves tend to fail in the open or closed position which can lead to damage of the other equipment.

Mr. Burton said that the project was advertised to a select list of 14 contractors. The bid opening was held August 13, 2014 with bids received from GCI Construction, SS Mechanical, and Schuler Engineering Corporation. Schuler is the apparent low bidder with a total bid amount of \$247,252; the engineer's estimate is \$150,000. Mr. Burton said that although Schuler's bid was 65% higher than the engineer's estimate, all three bids are within a 5% range, indicating that the bids represent the fair market value for the work. He said that the higher bids are likely due to the high level of coordination and scheduling required for the contractor to perform the work while still keeping the pump stations in operation. The contractor will have to perform the modifications one pump at a time in order to maintain sufficient pumping capacity at each station throughout the construction period. Staff reviewed Schuler's bid and determined that the bid is fair and responsive.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$77,000 FROM \$267,300 TO \$344,300 FOR PROJECT 11751 (5116); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$344,300 FOR PROJECT 11751 (5116); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT IN THE AMOUNT OF \$247,252 WITH SCHULER ENGINEERING CORPORATION FOR THE BOOSTER PUMP STATION CHECK VALVE REPLACEMENT, PROJECT 11751 (5116).

MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONTRACT CHANGE ORDER

Construction of the Biosolids project was awarded to Filanc/Balfour-Beatty in March 2013 in the amount of \$163,513,307. The Biosolids project will provide biosolids digestion, dewatering, energy production, and on-site sludge drying. The project includes excavation for subsurface structures, installation of 3,028 foundation piles, three egg-shaped digesters, a state-of-the-art odor control system, a biogas conditioning system and emergency power generation using micro-turbines, a fats, oil and grease receiving station, and new utility services.

Executive Director of Engineering and Planning Burton reported staff performed a review of the project's electrical power requirements and concluded that modifications to electrical Switchgear 16 were necessary. These modifications include: 1) increasing the capacity of incoming transformer T-16 and the corresponding cable feeders to accommodate future load growth; 2) increasing corresponding secondary cable feeders for outgoing transformer T-17 to match that of T-16; 3) increasing Switchgear 16 bus size and main circuit breakers to accommodate future electrical load growth and full output capacity of eight-200 kW microturbines; 4) reducing select feeder breaker sizes and corresponding cable feeders to match more accurate load information

that was not available during design; and 5) deletion of two feeder breakers for future microturbines now that 200 kW microturbine units have been selected. The increased cost of these modifications was included in Contract Change Order (CCO) No. 13, which was previously approved by the Executive Director of Engineering and Water Quality. These modifications also resulted in less electrical conduit and cable installation by the electrical subcontractor, Morrow-Meadows. The credit associated with the reduced electrical work is addressed in CCO No. 17 in the credit amount of <\$106,241.99>

Mr. Burton said that after the start of construction, staff noticed that stormwater was ponding on the roadways on the east side of the project site more significantly than anticipated. Staff and the design engineer reviewed the biosolids site and concluded that modifications were required to the stormwater collection system located on the southeast portion of the Biosolids site. Modifications to the stormwater system include replacing the headwall and drainage V-ditch located south of the Biosolids site with a buried system consisting of piping, manholes, catch basins, and other appurtenances. In addition, modifications include changes to curbs, gutters, grading, and stormwater retention pond piping. CCO No. 18 is in the amount of \$108,087.55.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 19, 2014. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 17 IN THE CREDIT AMOUNT OF <\$106,241.99> FOR REDUCED ELECTRICAL SUBCONTRACTOR WORK RELATED TO MODIFICATIONS TO SWITCHGEAR 16, AND CONTRACT CHANGE ORDER NO. 18 IN THE AMOUNT OF \$108,087.55 FOR STORMWATER COLLECTION SYSTEM MODIFICATIONS AND RELATED WORK FOR THE MICHELSON WATER RECYCLING BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 21146 (4286).

2014 WATER BOND SUMMARY

Manager of Water Policy Compton provided an update on the 2014 water bond. Ms. Compton said that on August 13, 2014, the Legislature adopted and the Governor signed AB 1471 which replaced the \$11.14 billion water bond with Proposition 1, a smaller water bond. She said that Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, puts a \$7.545 billion bond before the voters in November. Ms. Compton also said that she has communicated with ACWA and they are preparing educational materials that staff will be reviewing.

Director Matheis said that she had an opportunity to discuss the bond at the San Bernardino County Water conference and believes the proposition to be a great piece of legislation and is very proud that IRWD staff was able to provide input into this legislation. She further said that it is not prohibited for elected officials to speak in favor of this proposition and asked that staff provide the Board with a position statement. On MOTION by Matheis, seconded and unanimously carried, THE BOARD ADOPTED A "SUPPORT" POSITION ON PROPOSITION 1, THE WATER QUALITY, SUPPLY, AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014.

PRESENTATION

STAFF UPDATE FROM IRWD POST RETIREMENT BOARD

General Manager Cook reported that at the August 5 IRWD Post Retirement Board, Buck Consultants provided potential strategies to preserve portfolio gains in the Trust. He said that at the meeting, the Board took an action to rebalance its assets. Director of Treasury and Risk Management Jacobson then provided the Board with an update on these actions including moving the Trust's US equity position into money market funds, and buying a put option to hedge 50% of the remaining US equity position providing protection below the index. Director Swan said that this action will provide a cautious approach to protect past gains.

OTHER BUSINESS

GENERAL MANAGER'S COMMENTS

General Manager Cook provided an update on the CC&B implementation and noted that the system is on track with the invoices being processed and that customers are "holding steady". He said that there has been a new level of customer interest in the turf program to save water.

Mr. Cook reported on a Joint Drought Workshop with the City of Tustin scheduled for September 30 at the Clifton Community Center from 4 to 7 p.m.

Mr. Cook noted the September 27th "Replant the Plant" employee event where families will be planting shrubs at the MWRP Expansion project site as well as tour the new facility.

Mr. Cook further noted that on October 16, the District will be hosting the ACC-OC City Leadership reception again this year at the San Joaquin Wildlife Sanctuary.

DIRECTORS' COMMENTS

Director Matheis reported on her attendance last Friday at the San Bernardino Water Conference relative to the drought.

Director Withers reported that on Wednesday he will be attending an OCSD Board meeting as well as an OCSD Internal Audit Committee meeting, and on Thursday he and staff will be making a presentation at the Newport Beach Kiwanis Club. He further noted that Mr. Alan Bernstein from the City of Tustin was appointed as the Alternate City member for LAFCO.

Director Reinhart reported on his attendance at the Urban Water Institute and a MWDOC Board meeting.

Director Swan reported on his attendance at an ACWA Board meeting and a Water Management Committee meeting, both in Sacramento, a WACO planning meeting, an ACWA Budget Committee meeting where they are discussing a substantial increase in dues, and a CASA conference in Monterey. He commented on his new invoice with the CC&B system and also noted his concerns with a number

of cities doing drought ordinances. He asked that an item be placed on the next Strategic Planning Workshop agenda to discuss if the District could provide some assistance to the disadvantaged communities in the San Joaquin Valley where the District is conducting water banking activities.

Director LaMar reported on his attendance at the ACWA Regulatory Summit and an NWRI Committee meeting. He said that tomorrow he will be briefing the City of Irvine City Council relative to the drought.

IRWD consultant Bruce Newell commented on IRWD's Silverado pipeline project in Santiago Canyon as well as his involvement with fire prevention plans in this area. IRWD consultant Jim Reed provided the Board an update on the meetings he attended on behalf of the District.

CLOSED SESSION

President LaMar said that a Closed Session would be held with Legal Counsel relative to Existing litigation - Government Code Section 54956.9(d)(1).- Williams vs. IRWD and MWD.

OPEN SESSION

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

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting.

APPROVED and SIGNED this 8th day of September, 2014.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone