

EXHIBIT "A"

MINUTES OF REGULAR MEETING – APRIL 11, 2016

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 11, 2016 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Matheis and Withers.

Directors Absent: Swan and LaMar.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Executive Director of Water Policy Weghorst, Executive Director of Operations Sheilds, Director of Treasury and Risk Management Jacobson, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Assistant Director of Water Operations Roberts, Assistant Director of Recycling Operations Zepeda, Director of Administrative Services Mossbarger, Legal Counsel Arneson, Secretary Bonkowski, Government Relations Officer Compton, Purchasing Manager Aguilar, Principle Engineer Akiyoshi, Mr. Barkev Meserlian, Ms. Kelly Welch, Mr. Joe Constantino, Mr. Norris Brandt, Ms. Amy Omae, Mr. Scott Lynch, Ms. Gitty Momtahn, Mr. Jim Reed, Mr. Bruce Newell, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: Ms. Gitty Momtahn, a resident of Lake Forest, reported on the substantial increase in her water bills over the last four months, and did not understand its cause. In response to her concerns, Director of Water Resources Sanchez was asked to work with this customer.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

WORKSHOPS

FISCAL YEAR 2016-17 OPERATING BUDGET AND PROPOSED RATES AND CHARGES

Executive Director of Finance Clary reported that the proposed Fiscal Year (FY) 2016-17 Operating Budget for Irvine Ranch Water District is \$146.9 million (M), representing an increase of \$6.6 M, or 4.7%, when compared with the Operating Budget for FY 2015-16. Ms. Clary said that the proposed FY 2016-17 budget assumes that the IRWD Biosolids project will begin operations in June 2017. The budget also assumes that the Baker Water Treatment Plant (BWTP) will come on line in October 2016. The budget reflects the full cost of operating the plant in the individual line items, with the reimbursement to IRWD for 76% of the operating expenses by the BWTP partners.

Using a PowerPoint presentation, Mr. Christopher Smithson provided an overview of the proposed operating budget. Mr. Smithson said that the proposed increase over last year's

budget is driven primarily due to: 1) increase in labor costs associated with new positions to support new or planned operating facilities as well as labor rate increases (\$4.4M); 2) increase in employee benefits associated with labor and rate increases in health insurance and Public Employee Retirement System contributions (\$1.7M); 3) increase in the cost of water primarily due to anticipated rate increases from outside agencies (\$1.3); 4) decrease in electricity due to a pass-through rate deduction and shifts in well production partially offset by operating facilities coming on line (BWTP and Biosolids facility) \$<1.6M>; 5) higher electrical costs associated with the BWTP (\$1.1M); 6) higher permits, licenses and fess associated with the BWTP and property taxes for water banking properties (\$0.3M); 7) higher operating and maintenance expenses associated with additional facilities coming on line and increased maintenance associated with aging infrastructure; 8) increase in data processing costs associated with the Oracle unlimited license (\$0.4); 9) increase in professional fees and programs primarily associated with conservation programs (\$1.4); 10) higher conservation rebates associated with higher reimbursable expenditures and tactical measure programs (\$1.3M); 10) expended reimbursement from BWTP Partners (<\$3.4M>); and 11) all others less than \$0.3M individually (\$0.8M). He further reviewed the key budget assumptions, funding sources and uses, proposed rates, pumping surcharges, rate comparisons and history, non-operating sources and uses, and budget strategy. Following discussion, Mr. Smithson said that the second budget workshop will be held on April 25, 2016. President Matheis thanked staff for their efforts.

DRAFT FISCAL YEAR 2016-17 CAPITAL BUDGET

Mr. Barkev Meserlian provided a forecast of the capital expenditures for the upcoming fiscal year which are estimated at \$159.6 million. Mr. Meserlian said that three projects: 1) the MWRP Biosolids and Energy Recovery Facilities; 2) Orange County Sanitation District's Capital Outlay Revolving Fund, Equity, and Solids Facilities; and 3) the Irvine Lake Pipeline North Conversion project will make up approximately 50% of projected expenditures. Mr. Meserlian said that the top 10 projects groups totaling \$129.3 M include: 1) MWRP Biosolids and Energy Recovery Facilities (\$45.6M); 2) Orange County Sanitation District/Capital Outlay Revolving Fund/Solids Facilities (\$18.2M); 3) Irvine Lake Pipeline North Conversion (\$14.6M); 4) Water Banking and Dry-Year Programs (\$11.5M); 5) Baker Water Treatment Plant (\$10.4M); 6) Planning Area 52 (Great Park Neighborhoods)(\$9.0M); 7) General Plant (\$5.6M); 8) Annual Operational System Repair and Rehabilitation (\$5.0M); 9) Business Software (\$4.8); and 10) Asset Optimization (\$4.6M). He further said that the final budget will be presented to the Board on April 25, 2016.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 – 9 WERE APPROVED AS FOLLOWS:

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, and John Withers as described.

CONSENT CALENDAR (Continued)

6. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the March 28, 2016 Regular Board meeting be approved as presented.

7. 2016 LEGISLATIVE UPDATE

Recommendation: That Board adopt a “SUPPORT” position on AB 2488 (Dababneh); an “OPPOSE” position on AB 2583 (Frazier); an “OPPOSE” position on SB 885 (Wolk); a “SEEK AMENDMENTS” position on SB 814 (Hill); a “SUPPORT” position on SB 974; an “OPPOSE UNLESS AMENDED” position on SB 1317 (Wolk); and a “SUPPORT IN CONCEPT” position U.S. Army Corps of Engineers and Bureau of Reclamation Atmospheric River Research and Reservoir Operations Funding.

8. SECOND AMENDED WATER SUPPLY ASSESSMENT FOR SANTIAGO HILLS II AND VERIFICATION FOR TRACTS 16199 AND 17995

Recommendation: That the Board approve the Second Amended Water Supply Assessment for the Santiago Hills II project and the Verification of Sufficient Water Supply for Tracts 16199 and 17995.

9. TRAVEL AUTHORIZATION TO ATTEND CONFERENCE

Recommendation: That the Board authorize Executive Director of Finance Clary to attend the Government Finance Officers Association of the United States and Canada’s 110th Annual Conference in Toronto, Ontario.

ACTION CALENDAR

ANNUAL ORACLE SOFTWARE MAINTENANCE AND SUPPORT AGREEMENT RENEWAL

General Manager Cook reported that the Oracle Software Maintenance and Support Agreements, which expire in May 2016, provide for upgrades and maintenance of the District’s Oracle Customer Care and Billing (CC&B) software, Oracle eBusiness Suite (EBS) Financial software, and Oracle Technology software. Mr. Cook said that these agreements provide pricing for software maintenance and licenses contained in the Unlimited License Agreement (ULA) executed with Oracle in May 2014 as well as the EBS Financial Software Agreement executed with Oracle in May 2010.

Director Matheis reported that this item was reviewed and approved by the Finance and Personnel Committee on April 5, 2016. On MOTION by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED STAFF TO RENEW THE ANNUAL ORACLE SOFTWARE MAINTENANCE AND SUPPORT AGREEMENTS, AND ADDITIONAL LICENSES AND SUPPORT, IN THE AMOUNT OF \$919,711 EFFECTIVE ON MAY 30, 2016 (ULA) AND ON MAY 22, 2016 (EBS).

DISCOVERY SCIENCE FOUNDATION EDUCATION PROGRAM

General Manager Cook reported that the District has successfully partnered with Discovery Science Foundation (DSF) to create and implement water education outreach programs for schools throughout IRWD's service area.

Public Relations Manager Matt Veeh said that over the course of the nine-year partnership, the elementary school assembly program, the middle school water quality and field trip program and additional education outreach efforts have instructed approximately 81,740 students on the importance of water to Southern California, conservation and the environment. He said that beginning in FY 2016-2017, staff proposes that DSF administer a new high school pilot water education program that is specifically designed for IRWD's service area high schools. The pilot program for high school teachers was developed after extensive discussions with local teachers. It will focus on natural scarcity, sources and usage of water in Orange County and will include interactive lessons associated with water use efficiency, groundwater, recycled water, urban runoff and droughts.

Director Withers reported that this item was reviewed by the Water Resources Policy and Communications Committee on April 6, 2016. He suggested that staff evaluate the savings in IRWD's time versus the savings by partnering with DSF. On MOTION by Withers, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH DISCOVERY SCIENCE FOUNDATION IN THE AMOUNT OF \$531,555 FOR THE THREE-YEAR PERIOD COVERING FY 2016-2017, FY 2017-2018 AND FY 2018-2019, FOR THE ELEMENTARY, MIDDLE AND HIGH SCHOOL EDUCATION PROGRAMS.**

WATER SUPPLY RELIABILITY STUDY VARIANCE NO. 2

General Manager Cook reported that that HDR Engineering, Inc. was retained by the District to update its 2008 Water Supply Reliability Study which will include an evaluation of impacts from various supply and system interruption scenarios as well as development of enhanced modeling tools. He said that Variance No. 1 was approved last year to incorporate new information available from the California Department of Water Resources and to consider additional future water supply projects that may be implemented by Metropolitan Water District (MWD).

Director of Water Policy Sanchez reported that Variance No. 2 will provide additional project management associated with modifications to IRWD's Reliability Study Model and study report necessitated by new information from DWR and Metropolitan's proposed projects. She said that at staff's request, HDR will conduct several iterations of IRWD's Reliability Study Model in response to multiple revisions that have occurred to results from the Orange County Reliability Study. Each revision requires significant time to obtain and reformat data to align with the baseline scenario in IRWD's Reliability Study Model. The revisions are based on updates to information available from the preparation of Metropolitan's Integrated Resources Plan. Ms. Sanchez said that HDR will incorporate IRWD's water banking project into the

Reliability Study Model as a supply source, rather than as a response strategy, and will incorporate the Delta Fix into a secondary baseline using Metropolitan's assumptions for regulatory relief prior to the completion of the Delta Fix. She said that incorporation of MWD's future potential water supply projects into IRWD's Reliability Study Model will be included as part of this task along with identification and evaluation of regional and local response strategies. She further said that HDR is including additional supply and demand nodes to the model which increases its complexity. These changes require additional quality control, meetings with staff and revisions to the baseline model runs.

Director Withers said that this item was reviewed and approved by the Water Resources Policy and Communications Committee on April 6, 2016. On MOTION by Withers, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE TO THE FY 2015-16 CAPITAL BUDGET IN THE AMOUNT OF \$95,400 FOR PROJECT 11808 (6013) AND APPROVED VARIANCE NO. 2 WITH HDR ENGINEERING, INC. IN THE AMOUNT OF \$171,500.

IRWD PARTICIPATION IN THE SANTA ANA-DELHI CHANNEL DIVERSION PROJECT

General Manager Cook reported that the proposed Santa Ana-Delhi Channel Diversion Project will capture and divert low-flow urban runoff into the local sewer system to address surface water quality issues. Mr. Cook said that flows will be diverted to the Orange County Sanitation District (OCS D) sewer collection system for treatment at Plant 1 in Fountain Valley prior to use as a source of water for the Groundwater Replenishment System (GWRS). The IRWD discharges are free of pollutants but can assist in the mobilization of pollutants and trash discharged into the storm water channel from other sources. He said that staff has conducted an analysis of the affect that IRWD's well discharges have on the design and operation of the proposed project. The results of the analysis indicate that IRWD's well startup flows make up 4.3% of the design capacity of the diversion project.

Executive Director of Water Resources Weghorst said that IRWD's financial participation in the project will avoid potential future restrictions or fees being imposed by Orange County Public Works (OCPW) on flow rates and velocities associated with IRWD well discharges into the Santa Ana-Delhi Channel. Such restrictions or fees could be imposed to mitigate the mobilization of pollutants and trash in the channel or to pay for the proposed diversion project. IRWD's participation will ensure the ability to continue discharges without such restrictions and fees. IRWD will also receive pollutant offset credits for its participation in the project for the first 20 years of the project's operation. Any credits received would be valuable in developing trade arrangements.

Mr. Weghorst said that the Santa Ana-Delhi Channel Diversion Project Agreement that has been drafted by the cities and OCPW and a revised version of the agreement: 1) recognizes the affect that IRWD discharges have on the design of the project; 2) makes IRWD's financial contribution to the design and construction of the project subject to successful expiration of the challenge period related to environmental documentation adopted for the project; 3) establishes IRWD's right to continue well discharges into the channel under the same terms and conditions of existing permits; and 4) specifies that IRWD will not contribute to the operations and

maintenance of the project. He further said that the Santa Ana-Delhi Channel Diversion Project is subject to CEQA and in conformance with California Code of Regulations Title 14.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on February 16, 2016. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED THE ADDITION OF PROJECT 11945 (7024) TO THE FY 2015-16 CAPITAL BUDGET IN THE AMOUNT OF \$210,000 AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE SANTA ANA-DELHI CHANNEL DIVERSION PROJECT AGREEMENT COMMITTING IRWD TO A \$195,000 CONTRIBUTION TO THE DESIGN AND CONSTRUCTION OF THE PROJECT SUBJECT TO NON-SUBSTANTIVE CHANGES.

GENERAL MANAGER'S REPORT

General Manager Cook reported on last week's attendance at a WaterReuse national conference.

Mr. Cook said that he received notification this afternoon that Mr. Charley Wilson has been reelected to the LAFCO Commission and ran unopposed for the four-year seat.

DIRECTORS' COMMENTS

Director Withers reported on his attendance at OCSD meetings and noted an upcoming LAFCO hearing this week.

Director Reinhart reported his attendance at a WACO meeting.

Director Matheis reported that she attended a WACO meeting and a Shadetree Board meeting last week.

Consultant Jim Reed reported on meetings he attended on behalf of the District. Consultant Bruce Newell reported that he attended an inter-canyon meeting on behalf of the District.

CLOSED SESSION

President Matheis said that the following Closed Session would be held:

Conference with Real Property Negotiator relative to Government
Code Section 54956.8
Property: OCSD Service Area 7 Sewer Infrastructure
Agency Negotiator: Paul Cook, General Manager
Purpose of Negotiations: Proposed Acquisition of Property – Price and Terms

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Reinhart, Withers, and Matheis present. President Matheis said that there was no action to report.

ADJOURNMENT

President Matheis adjourned the meeting at 7:10 p.m.

APPROVED and SIGNED this 25th day of April, 2016.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone