

EXHIBIT "A"

MINUTES OF REGULAR MEETING – JUNE 25, 2018

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 Reinhart on June 25, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Water Policy Weghorst, Director of Water Recycling Operations Zepeda, Director of Maintenance Drake, Director of Water Operations Roberts, Director of Human Resources Roney, Director of Treasury and Risk Management Jacobson, Government Relations Officer Compton, Director of Public Affairs Beeman, Legal Counsel Collins, Manager of Strategic Planning and Analysis Smithson, Secretary Bonkowski, Assistant Secretary Swan, Public Affairs Manager Fabris, Mr. Andrew Pollard, Mr. and Mrs. John Jaegar, and others.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: Mr. John Jaegar spoke about the length of service of the Board of Directors and recommended new representation from the public at the next election. He further commented on Item No. 3, Proposed Changes to the Schedule of the Rates and Charges.

PUBLIC HEARING

PROPOSED CHANGES TO THE SCHEDULE OF THE RATES AND CHARGES EFFECTIVE JULY 1, 2018

President Reinhart 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 said that the hearing was noticed by mail and presented affidavits of mailing. On MOTION by Swan, seconded by Matheis and unanimously carried, **THE BOARD RECEIVED AND FILED THE AFFIDAVITS OF MAILING BY AN INDEPENDENT PROCESSING FIRM AS PRESENTED BY THE SECRETARY.**

President Reinhart requested Legal Counsel Collins to describe the nature of the proceedings.

Legal Counsel Collins said that the public hearing is held, pursuant to Proposition 218, Article XIIIID 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.

President Reinhart requested a staff report from the Executive Director of Finance or her Designee on the proposed rates and charges, and inquired whether there have been any written communications.

PUBLIC HEARING (CONTINUED)

Prior to hearing a response, General Manager Cook said that a revised page, B-20, had been placed before each Director which is relative to No. 3. Fats, Oils, and Grease (FOG), Control Program Fees. Manager of Strategic Planning and Analysis Smithson said that as of June 21, 2018, the District received three written protests from property owners in the District at a separate post office box apart from the normal District mail. Mr. Smithson said that the three written protests represent 0.003% of the 101,283 notices sent and 1.21% were returned as undeliverable. He said that under Proposition 218, more than 50% of the IRWD customers would have to protest in order to prevent the Board from adopting the Proposed Rates and Charges. He further said that for a typical residential customer, the residential monthly bill will be increased by \$1.58 or 3.0%.

President Reinhart inquired whether there was anyone present who wished to address the Board regarding the proposed changes to the rates and charges. There was no one besides Mr. John Jaeger, who spoke under Oral Communications, who wished to be heard.

President Reinhart inquired whether there were any comments or questions from members of the Board of Directors. There were none. He then asked that the hearing be closed.

On MOTION by Swan, seconded by Matheis, and unanimously carried, THE HEARING WAS CLOSED AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2018-16

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH
WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
RESCINDING RESOLUTION NO. 2017-17 AND 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 RECYCLED WATER SERVICE

CONSENT CALENDAR

Prior to consideration of the Consent Calendar General Manager Cook reported that regarding item No. 12 on the Consent Calendar, due to a legal requirement pursuant to Government Code Section 54954(c)(3), prior to taking final action on changes to the salary schedule that includes salary ranges for local agency executives, he is required to provide an oral summary of the recommended action prior to voting. He said that the staff recommendation tonight is to revise the Managers, Exempt Supervisors, Confidential and Exempt Employees Salary Schedule to: 1) reclassify certain positions approved by the Board of Directors in the Fiscal year 2018-19 Operating Budget; 2) add exempt position classifications from the General Unit Salary Schedule; and 3) adjust the salary ranges by 4% and approve a 4% Cost of Living Adjustment (COLA) for the positions in the groups described above which includes agency executive staff. He further said that the recommended motion is to: 1) approve the revised Managers, Exempt Supervisors, Confidential and Exempt Employees Salary Grade Schedule, approve a July 1, 2018 4% COLA for salaries of employees in positions listed in the Managers, Exempt Supervisors, Confidential

CONSENT CALENDAR (CONTINUED)

and Exempt Employees; and 2) adopt a resolution by title establishing a new salary schedule of positions for the new Non-Exempt Supervisor Unit and a revised schedule of positions for the General Employee Unit with no changes to salary rate ranges, and adopt a resolution by title establishing a revised salary grade schedule for the General Employees Unit and a new salary grade schedule for the Non-Exempt Supervisor Unit. On MOTION by LaMar, seconded by Swan, CONSENT CALENDAR ITEMS 4 THROUGH 15 WERE APPROVED AS FOLLOWS:

4. RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board ratify/approve the meetings and events for Mary Aileen Matheis, Doug Reinhart, Steve LaMar, Peer Swan and John Withers as described.

5. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the June 11, 2018 and June 18, 2018 Regular Board Meetings be approved as presented.

6. 2018 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: That the Board adopt an "Oppose" position on SB 998 (Dodd, D-Napa) and a "Support" position on The Water Supply and Water Quality Act of 2018.

7. MAY 2018 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the monthly Interest Rate SWAP Summary for May 2018, and Disclosure Report of Reimbursements to Board members and staff; approve the May 2018 Summary of Payroll ACH payments in the total amount of \$1,863,936 and approve the May 2018 Accounts Payable Disbursement Summary of Warrants 387443 through 388468, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$14,875,476.

8. PLANNING AREA 51 HERITAGE FIELDS CAPITAL FACILITIES

Recommendation: That the Board authorize the General Manager to accept Heritage Fields' Construction Contract with Fydaq Company Inc. in the amount of \$130,413 for the District 5 Cadence South Sewer Improvements, project 10117; authorize the General Manager to accept Heritage Fields' Construction Contract with Fydaq in the amount of \$598,335 for the District 5 Chinon Street Domestic Water, Sewer And Recycled Water Improvements, projects 10022, 10023 and 10024; approve Contract Change Order No. 1 to projects 10022, 10023 and 10024 in the amount of \$124,418.98 for additions to quantities originally contracted to the District 5 Chinon Street Domestic Water, Sewer and Recycled Water Improvements; authorize the General Manager to Accept Heritage Fields' Construction Contract with Fydaq in the amount of \$1,056,852 for the District 5 "A" Street Domestic Water And Recycled Water Improvements, projects 10343 and 10344; and approve Contract Change Order No. 3 to projects 06048 and 05788 in the amount of \$226,934 for tasks related to extending sewer pipelines across and within Barranca Parkway.

CONSENT CALENDAR (CONTINUED)

9. TUSTIN LEGACY MOFFETT DRIVE AND LEGACY ROAD CAPITAL DOMESTIC AND RECYCLED WATER FACILITIES BUDGET INCREASE AND CONTRACT CHANGE ORDER

Recommendation: That the Board authorize a budget increase in the amount of \$160,000, from \$643,000 to \$803,000, for project 10260; authorize a budget increase in the amount of \$125,000, from \$643,000 to \$768,000, for project 10261; and approve contract Change Order No. 2 in the amount \$219,711 for the Moffett Drive and Legacy Road Capital Domestic and Recycled Water Improvements.

10. ELDERWOOD SEWER UPSIZING CONSTRUCTION AWARD

Recommendation: That the Board authorize the General Manager to execute a construction contract with GCI Construction in the amount of \$183,260 for the Elderwood Sewer Upsizing, project 10095.

11. MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONTRACT CHANGE ORDER NO. 84

Recommendation: That the Board approve Contract Change Order No. 84 in the amount of \$105,492.90 with Filanc/Balfour Beatty for electrical items due to the addition of grease pumps to the methane digester mixers for the Michelson Water Recycling Plant Biosolids and Energy Recovery Facilities, project 04286.

12. ADOPTION OF FISCAL YEAR 2018-2019 DISTRICT SALARY GRADE SCHEDULES AND COST OF LIVING ADJUSTMENT FOR MANAGERS, EXEMPT SUPERVISORS, CONFIDENTIAL AND EXEMPT EMPLOYEES AND ADOPTION OF REVISED SALARY GRADE SCHEDULE FOR THE GENERAL EMPLOYEES UNIT AND THE NEW SALARY GRADE SCHEDULE FOR THE NON-EXEMPT SUPERVISOR UNIT

Recommendation: 1) That the Board approve the revised Managers, Exempt Supervisors, Confidential and Exempt Employees Salary Grade Schedule, approve a July 1, 2018 4% Cost of Living adjustment for salaries of employees in positions listed in the Managers, Exempt Supervisors, Confidential and Exempt Employees Salary Grade Schedule, and adopt the following resolution by title rescinding Resolution No. 2017-16 and adopting revised salary grade schedule for Managers, Exempt Supervisors, Confidential and Exempt Employees; and 2) that the Board establish a new salary schedule of positions for the new Non-Exempt Supervisor Unit and a revised schedule of positions for the General Employee Unit with no changes to salary rate ranges and adopt the following resolution by title establishing revised salary grade schedule for the General Employees Unit and new salary grade schedule for the Non-Exempt Supervisor Unit.

CONSENT CALENDAR (CONTINUED)

RESOLUTION NO. 2018-17

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT
RESCINDING RESOLUTION NO. 2017-16 AND
ADOPTING REVISED SALARY GRADE SCHEDULE FOR
MANAGERS, EXEMPT SUPERVISORS, CONFIDENTIAL,
AND EXEMPT EMPLOYEES

RESOLUTION NO. 2018-18

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT
ADOPTING REVISED SALARY GRADE SCHEDULE FOR
THE GENERAL EMPLOYEES UNIT AND NEW SALARY GRADE SCHEDULE FOR
THE NON-EXEMPT SUPERVISOR UNIT

13. FY 2018-19 OPERATING BUDGET VENDOR EXPENDITURE
COMMITMENTS GREATER THAN \$100,000

Recommendation: That the Board approve the list of vendor commitments greater than \$100,000 based on approved FY 2018/19 Operating Budget expenditures.

14. REIMBURSEMENT TO BOARD MEMBER FOR BUSINESS EXPENSES

Recommendation: That the Board approve the expense report submitted for reimbursement for business mileage expenses incurred by Director Peer Swan in the amount of \$4,357.63.

15. PRETREATMENT PROGRAM DEVELOPMENT AND IMPLEMENTATION
CONSULTANT SELECTION

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with EEC Environmental to develop and implement a pretreatment program in the amount of \$140,580.

ACTION CALENDAR

ZONE 1 RESERVOIR CONSULTANT SELECTION AND CONSTRUCTION AWARD

General Manager Cook reported that the District currently operates a 15 million-gallon domestic water reservoir which serves as the primary storage for the Zone 1 domestic water system and as the forebay for the onsite East Irvine Zone 1 to 3 and South County emergency booster pump stations. The project includes construction of a new 3.7 MG aboveground prestressed concrete reservoir, which will increase the overall domestic water storage in the Zone 1 system and will provide greater operational flexibility and storage redundancy in IRWD's largest domestic water service area.

Executive Director of Engineering and Water Quality Burton reported that Tetra Tech performed all elements of the pre-design and design phases for the project, including geotechnical, civil, mechanical, structural, electrical, and instrumentation. Mr. Burton said that staff requested Tetra Tech to submit a proposal for engineering support services during construction which includes scope for submittal reviews, responses to contractor requests for information, site visits, record drawing preparation, energy control procedure development, and construction coordination and engineering support commensurate with the requirements of the project. He said that staff reviewed its scope of work and fee and finds it acceptable.

Mr. Burton said that the project was advertised for construction bids to a select list of four contractors. Mr. Burton said that the bid opening was held June 19, 2018 with bids received from Gateway Pacific Contractors, Pacific Hydrotech Corporation, and Pascal & Ludwig Constructors. He said that Pacific Hydrotech Corporation is the apparent low bidder with a bid amount of \$9,688,996. The remaining bids were \$10,949,779 and \$11,125,096. The engineer's estimate, prepared by Tetra Tech, was \$11,000,000. He further said that staff reviewed Pacific Hydrotech Corporation's bid and has determined that it is responsive.

Director Withers said that the consultant selection recommendation was reviewed by the Engineering and Operations Committee on June 19, 2018, and that the Committee concurs with the staff recommendation. On MOTION by Withers, seconded by Matheis, and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH TETRA TECH, INC. IN THE AMOUNT OF \$290,000 FOR ENGINEERING SUPPORT SERVICES DURING CONSTRUCTION; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PACIFIC HYDROTECH CORPORATION IN THE AMOUNT OF \$9,688,996, FOR THE 3.7 MG ZONE 1 RESERVOIR, PROJECT 06401.**

GET SMART WATER-ENERGY CUSTOMER PROGRAM

General Manager Cook reported that in 2017, the District successfully implemented a combined water-energy efficiency program with Southern California Edison (SCE) and Southern California Gas Company (SoCal Gas). Mr. Cook said that staff proposes to continue this water-energy partnership in 2018 with the implementation of a new program, called the "Get Smart" program. He said that the Get Smart program will provide customers with Rachio smart irrigation timers (smart timers) and Nest thermostats. IRWD will provide funding for the smart timers while the energy utilities will provide funding for the thermostats. SCE and SoCal Gas have a contract with Synergy Companies to implement the energy portion of the program. Synergy Companies is also qualified to implement the water portion of the program

Director Matheis said that this was reviewed and approved by Water Resources Policy and Communications Committee on June 13, 2018. On MOTION by Matheis, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE INSTALLATION SERVICES AGREEMENT WITH EAGLE SYSTEMS INTERNATIONAL, INC. DOING BUSINESS AS SYNERGY COMPANIES, FOR THE GET SMART PROGRAM THAT COMMITS FUNDING IN THE AMOUNT OF \$350,000, SUBJECT TO NON-SUBSTANTIVE CHANGES.**

CLOSED SESSION

President Reinhart said that the following Closed Session will be held:

CLOSED SESSION CONFERENCE WITH REAL PROPERTY NEGOTIATORS -
Government Code Sec. 54956.8 - Related to Potential Sale of Rights to Water in the IRWD Water Bank to Municipal Water District of Orange County.

IRWD negotiators: Paul Cook, General Manager and Paul Weghorst, Executive Director of Water Policy.

Negotiating parties: Municipal Water District of Orange County.

Under negotiation: Price and terms of payment of acquisition of rights to water.

OPEN SESSION

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

ACTION CALENDAR

PROPOSED TERMS FOR A SHARED RELIABILITY PILOT PROGRAM

Executive Director of Water Policy Weghorst reported that the District is proposing to implement a Shared Reliability Pilot Program with the Municipal Water District of Orange County (MWDOC) that would provide MWDOC's member agencies with extraordinary supply from IRWD's Water Banking Projects during major droughts, water supply interruptions and other emergency conditions. Draft general terms were prepared with input from the Supply Reliability Programs Committee that describe the proposed program and define the roles that IRWD and MWDOC would fulfill in implementing the pilot program.

Following discussion, on MOTION by LaMar, seconded by Matheis and carried, (Matheis, LaMar, Withers and Reinhart voting aye, and Swan voting no) (4-1 vote), **THE BOARD APPROVED THE GENERAL TERMS THAT DEFINE THE ROLES OF IRWD AND MWDOC IN IMPLEMENTING THE PROGRAM, AND CONTINGENT ON THE BOARD'S APPROVAL OF THE PRICING AND PROGRAM DURATION TERMS, AUTHORIZED STAFF AND LEGAL COUNSEL TO WORK WITH MWDOC AND ITS LEGAL COUNSEL TO PREPARE A DRAFT AGREEMENT FOR THE BOARD'S CONSIDERATION WHICH IS SUBJECT TO NEGOTIATION ON VARIOUS MATTERS.**

GENERAL MANAGER'S REPORT: None.

DIRECTORS' COMMENTS:

Director Withers reported that he attended an NWRI Strategic planning meeting, and that this Wednesday he will be attending an OCSD Board Meeting and on Thursday an ISDOC quarterly luncheon.

Director Matheis reported on her attendance at an OC Business Council Energy Forum, a Chapman University Economic Forecast, Dr. Betty Olson's event celebrating her 40-year

stewardship of California Water, and a Greater Irvine Chamber of Commerce Celebrate Irvine event.

Director Swan reported on his attendance at a WACO Planning meeting, a Greater Irvine Chamber of Commerce Celebrate Irvine event, a Newport Bay Watershed Executive Committee meeting, a Newport Chambers' Government Affairs Committee meeting, and an ACWA Region 3 Event at Valley Springs.

Director LaMar reported on his attendance at a National Communities Coalition tour and an ACWA Region 3 event.

RECESS AND RECONVENE

President Reinhart recessed the meeting at 7:13 p.m. to hold an Irvine Ranch Water District Water Service Corporation Adjourned Regular Annual Meeting and a Bardeen Partners Adjourned Regular Board meeting. The Board meeting was reconvened at 7:17 p.m.

CLOSED SESSION

President Reinhart said that the following Closed Session will be held:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION - Significant Exposure to Litigation, Government Code Sec. 54956.9(d)(3): 2 matters – Request for Leave to File a Late Claim of Gleason; Claim of County of Orange. (Claim forms are available for public inspection per Gov. C. Section 54957.5.)

OPEN SESSION

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

ADJOURNMENT

President Reinhart adjourned the meeting at 7:32 p.m.

APPROVED and SIGNED this 9th day of July, 2018.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, Legal Counsel – Lewis Brisbois