

EXHIBIT "A"

MINUTES OF REGULAR MEETING –APRIL 24, 2023

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 McLaughlin on April 24, 2023 at the District offices, 15600 Sand Canyon Avenue, Irvine.

Directors Present: Withers, Reinhart, Swan, and McLaughlin

Directors Absent: LaMar

Written and Oral Communications: During Public Comment, Director Swan read into the record a document regarding Syphon reservoir, which is attached to the Minutes as Attachment "1".

Items too late to be agendized: None

Also Present: General Manager Cook, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Executive Director of Technical Services Burton, Executive Director of Water Policy Weghorst, Director of Strategic Communications and Advocacy / Deputy General Counsel Compton, Director of Water Resources Sanchez, Director of Human Resources Mitcham, Director of Water Quality and Regulatory Compliance Colston, Director of Safety and Security Choi, Director of Maintenance Manning, Director of Treasury Morris, Director of Information Services Kaneshiro, Secretary Bonkowski, Assistant Secretary Swan, General Counsel Collins, and members of the staff and public.

WORKSHOPS

4. FISCAL YEARS 2023-24 AND 2024-25 PROPOSED OPERATING BUDGETS AND RECOMMENDED RATES AND CHARGES

Using a PowerPoint presentation, Manager of Strategic Planning and Analysis Smithson reported that the proposed Fiscal Year (FY) 2023-24 net Operating Budget is \$220.7 million, representing an increase of \$32.9 million or 17.5% over the prior year and the proposed FY 2024-25 net Operating Budget is \$234.5 million, representing an increase of \$13.8 million or 6.3% over FY 2023-24. Mr. Smithson said that the first workshop was held on April 10, 2023, and then using charts and graphs reviewed the proposed budget with its key drivers, rate development, proposed rates, pumping surcharge areas, a typical customer rate review, average yearly rate increase history, rate comparisons with other agencies, non-operating net income, Proposition 218 notices and next steps.

Director Swan said that this item was reviewed by the Finance and Personnel Committee on March 6, 2023, March 22, 2023, and April 4, 2023. On MOTION by Withers, seconded by Reinhart and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2023-5

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT,
APPROVING THE DISTRICT'S OPERATING BUDGETS FOR FISCAL YEAR 2023-24
AND FISCAL YEAR 2024-25 AND DETERMINING COMPLIANCE WITH ARTICLE XIII B
OF THE CALIFORNIA CONSTITUTION

5. CAPITAL BUDGET AND LONG-TERM CAPITAL PROGRAM FOR FISCAL YEARS 2023-24 AND 2024-25

Using a PowerPoint presentation, Senior Engineer Robinson reported that he will provide a presentation on the Capital Budget for Fiscal Year (FY) 2023-24 and FY 2024-25 and that the forecasted capital expenditures for FY 2023-24 and FY 2024-25 are \$105.1 and \$111.0 million.

Mr. Robinson reviewed what the two-year capital budget would accomplish and compared the previous forecast to actual expenditures for FY 2021-21 and 2022-23. Mr. Robinson said that for the past two fiscal years, FY 2021- 22, forecasted expenditures were originally estimated at \$181.2 million, and that actual earned value is \$145.6 million, approximately 80% of forecasted expenditures. Using maps, Mr. Robinson provided an update on development, and then listed expenditure by categories and the top expenditure projects. He then described the long-term capital program identifying all planned replacement, regional, and development projects. Director Swan asked staff to review the five-to-10-year replacement fund analysis at a future Committee meeting.

Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on April 19, 2023, and on MOTION by Reinhart, seconded and carried (Reinhart, McLaughlin, and Withers voting aye, and Swan voting no (3-1 vote), THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2023 – 6

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH
WATER DISTRICT APPROVING THE DISTRICT'S CAPITAL BUDGET
FOR FISCAL YEARS 2023-24 AND 2024-25

CONSENT CALENDAR

On MOTION by Reinhart, seconded by Withers and unanimously carried, CONSENT CALENDAR ITEMS 6 THROUGH 12 WERE APPROVED AS FOLLOWS:

6. BOARD MEETING MINUTES

Recommendation: That the minutes of the April 10, 2023 Regular Board Meeting be approved as presented.

7. MARCH 2023 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary report, the summary of fixed and variable rate debt, and the disclosure report of reimbursements to Board members and staff, approve the March 2023 summary of payroll ACH payments in the total amount of \$2,376,574, and approve the March 2023 accounts payable disbursement summary of warrants 434259 through 435046, Workers' Compensation distributions, ACH payments, virtual card payments, wire transfers, payroll withholding distributions and voided checks in the total amount of \$21,164,204.

CONSENT CALENDAR (CONTINUED)

8. APPOINTMENT OF TREASURER AND ASSISTANT TREASURER

Recommendation: That the Board appoint Kent Morris as The Irvine Ranch Water District Treasurer and appoint Cheryl Clary as Assistant Treasurer effective April 24, 2023.

9. FISCAL YEAR 2022-23 IRWD GUIDING PRINCIPLES SCORECARD

Recommendation: Receive and file.

10. OTHER POST-EMPLOYMENT BENEFITS TRUST AGREEMENT

Recommendation: That the Board adopt the following resolution by title approving Declaration of Trust for the Irvine Ranch Water District OPEB Section 115 Trust.

RESOLUTION NO. 2023-7

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT
APPROVING DECLARATION OF TRUST FOR THE
IRVINE RANCH WATER DISTRICT
OPEB SECTION 115 TRUST

11. REHABILITATION OF WELL OPA-1 BUDGET ADDITION AND CHANGE ORDER

Recommendation: That the Board authorize the addition of Project 12594, Rehabilitation of Well OPA-1, to the FY 2022-23 Capital Budget in the amount of \$557,500 and authorize the General Manager to accept Orange County Water District's construction contract change order with Innovative Construction Solutions in the amount of \$387,476.40.12.

12. RESOLUTION REGARDING APPLICATION FOR GRANT FUNDING FOR THE ORANGE PARK ACRES WELL 1 PFAS TREATMENT PROJECT

Recommendation: Staff recommends that the Board adopt the following resolution by title authorizing the General Manager to apply for grant funding for the planning, design, and construction of the OPA Well 1 PFAS Treatment Project and authorize the General Manager to execute an amendment to the existing PFAS Treatment Agreement that will facilitate coordinated grant administration and the transfer of the grant funding to OCWD.

RESOLUTION NO. 2023-8

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT
AUTHORIZING THE GENERAL MANAGER TO
APPLY FOR AND ACCEPT GRANT FUNDING FROM
THE STATE WATER RESOURCES CONTROL BOARD FOR
THE WELL OPA-1 PFAS TREATMENT SYSTEM PROJECT

ACTION CALENDAR

13. RATTLESNAKE DAM GEOTECHNICAL INVESTIGATION AND STABILITY ANALYSIS CONSULTANT SELECTIONS AND BUDGET ADDITION

Executive Director of Technical Services Burton reported that the Rattlesnake Dam Geotechnical Investigation and Stability Analysis project will perform geotechnical investigations to obtain additional data that will be used to perform an in-depth stability analysis and seismic evaluation of the dam.

Mr. Burton said that in December 2022, staff issued a request for proposal for the Rattlesnake Dam Geotechnical Investigation to six consultants: AECOM, GEI, Genterra, Geopentech, Geosyntec, and Stantec. He said that staff received proposals from AECOM, GEI, Genterra, and the Geopentech/Geosyntec team, and based on AECOM's local team, understanding of the project, experience with geotechnical investigation, and relatively lower fee, staff recommends the selection of AECOM.

Mr. Burton said that IRWD contracted with HDR in 2020 to enhance IRWD's Dam Safety Program and integrate Risk Informed Decision Making (RIDM) as a core program component. He said that they are intimately familiar with past evaluations related to the Issue Evaluation Study from their involvement with the risk analysis; and they continue to be a leader in the dam safety industry specifically with their experience in RIDM. He said that in February 2023 at staff's request, HDR submitted a proposal for the Rattlesnake Dam Issue Evaluation Study and Alternatives Analysis. HDR's proposal includes support during the geotechnical investigation phase, performance of geologic and engineering evaluations based on the gathered geotechnical data, updates to the baseline risk analysis and development of risk mitigation measures, and preparation of an IES summary report.

Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on April 19, 2023, and on MOTION by Reinhart, seconded by Withers and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 12101, RATTLESNAKE DAM GEOTECHNICAL INVESTIGATION AND STABILITY ANALYSIS, TO THE FY 2022-23 CAPITAL BUDGET IN THE AMOUNT OF \$2,331,000, AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH AECOM IN THE AMOUNT OF \$741,115 FOR GEOTECHNICAL INVESTIGATION SERVICES, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HDR ENGINEERING, INC. IN THE AMOUNT OF \$624,865 FOR ENGINEERING SERVICES.

OTHER BUSINESS

14. GENERAL MANAGER'S REPORT

General Manager Cook reported on the successful completion of the purchase of Lake Forest property.

Mr. Cook asked President McLaughlin to adjourn the Board meeting in memory of former Serrano Water District's Board of Director Larry Pharris.

15. COMMUNITY UPDATE:

General Manager Cook said that he communicated with Consultant Newell and he had nothing to report this evening from the canyons.

16. DIRECTORS' COMMENTS

Director Withers reported on his attendance at a Groundwater Replenishment System Final Completion Dedication ceremony and a NWRI meeting where they discussed the future of this organization. He said that this Friday he would be attending a Southern California Water Coalition meeting.

Director Swan reported on his attendance at MWDOC meetings, a WACO planning meeting, and his normal committee meetings. He said that this Wednesday he will be attending a Southern California Water Dialogue meeting.

Director Reinhart reported on his attendance at OCWD meetings, a MWDOC Board meeting, and a Groundwater Replenishment System Final Completion Dedication ceremony.

Director McLaughlin said that she had no meetings to report on this evening.

17. CLOSED SESSION

Legal Counsel Collins said that the following Closed Sessions would be held this evening. She also said that a copy of the correspondence from Mr. David Hillman, Item 17B, had been placed before each Board of Director and was also posted on the IRWD website.

- A. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to Government Code Section 54956.9(d)(1): *IRWD v. OCWD, et al.*, Case No. 30-2016-00858584-CU-WM-CJC.
- B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Gov. Code § 54956.9(d)(2)) *Significant exposure to litigation*: One case, David Hillman giddyap@att.net
- C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Gov. Code § 54956.8).
Property: A portion of East Amapola Road in the unincorporated territory of the County of Orange, State of California, identified as Lot B of Tract No. 931 in Book 29, Page 26 of Miscellaneous Maps, Records of Orange County, California
Agency negotiators: Kevin Burton, Eric Akiyoshi, Claire Collins
Negotiating parties: Nitesh Patel
Under negotiation: Price and terms

18. OPEN SESSION

Following the Closed Sessions, the meeting was reconvened with Directors McLaughlin, Reinhart, Withers and Swan present. General Counsel announced that the Board unanimously authorized counsel to proceed with the appeal described in item 17A, and that with respect to item 17C, the Board authorized the General Manager to accept the price and terms offered by

Mr. Patel and execute a Purchase and Sale Agreement to that effect. There were no further reports.

19. ADJOURNMENT

There being no further business, President McLaughlin adjourned the meeting in memory of Mr. Larry Pharris.

APPROVED and SIGNED this 22nd day of May 2023.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, General Counsel
Hanson Bridgett LLP

Attachment 1

I hereby request that the Board and Staff do a complete review of the proposed Syphon Reservoir. The project was originally approved with an expected cost of less than \$80 million with the expectation that a significant portion of that was to be provided by grants for other government entities. As I understand it the project cost has increased to over three times the original estimate to close to \$250 million. This project would increase recycled water storage by about 4,000 acre feet. During the last decade that added storage would be used in about one time in every four of five years. In the future with projected decreases in water use mandated by the State the frequency of use may increase somewhat but it is unlikely to be used much except during wet years. During those wet years the District's capacity in Irvine Lake would likely be filled providing untreated water to supplement the recycled system at a greater rate than the small expansion of Syphon.

The cost of \$250 million if bond financed will increase existing debt by about 33%. I would like to have how this large amount is to be repaid and who would be the folks to pay for it. The enlarged dam will become a noticeable feature with in the greater Irvine area, significantly so to those neighbors proximate to the dam. The construction will likely cause significant impacts to traffic and air quality while the finished enlarged dam will at least somewhat increase the risk of flood in the event of failure. Early on I requested a projected flood inundation map showing that flood risk. Staff believes that risk to be so low as to not require flood insurance, but as we know requirements change over time.

Specifically, the current underlying assumptions justifying the need should be reviewed and include the projected amount of recycled water generated by future populations and any new areas of the District that will be sewered to MWRP that are currently sewered elsewhere.

At the time this project was given the go ahead it was compared to at least one alternative and Syphon was slightly more cost effective. I would like to revisit that alternative and explore other options that given the significant increases in the cost of Syphon may well be much less costly.

Given the magnitude of the cost growth and its impacts to user rates and property taxes I would further request that a qualified outside engineering firm not doing business with the district review the assumptions and findings of this review including the projected impacts to rates and property taxes and who will be asked to pay.

As a matter of interested the San Joaquin Reservoir was added to the recycled storage increasing storage by about 3,000 acre feet costing less than \$10 million. Also, that the projected spillway fix at Irvine Lake will increase wet weather storage by over 2,000 area feet for less than \$100 million.

Sincerely,

Peer Swan

April 24, 2023

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