

## MINUTES OF SPECIAL BOARD MEETING – JULY 16, 2007

The Special Board meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Reinhart at 5:00 p.m., July 16, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Swan, and Reinhart

Directors Absent: Miller and Withers

Also Present: General Manager Jones, Assistant General Manager Cook, Legal Counsel Arneson, Ms. Debby Cherney, Mr. Mike Hoolihan, Mr. Terry Loomis, Mr. Christopher Smithson, Mr. Dan Miller and Mr. Sat Tamaribuchi of The Irvine Company and other members of the public and staff.

COMMUNICATIONS TO THE BOARD - None

### WORKSHOP

General Manager Jones reviewed the agenda, ground rules and desired outcomes. Mr. Jones provided an overview of model runs and connection fee/property tax scenarios. He further discussed TIC recommendations and revisions incorporated into the staff-recommended scenario.

Mr. Christopher Smithson presented the Enterprise model run results from the staff-recommended scenario, and discussion was held regarding the results.

### ACTION CALENDAR

General Manager Jones reported that the Board considers connection fees and property tax rates, and makes adjustments as a result of changing assumptions and capital needs on an annual basis. He said that the fundamental objectives set forth in setting connection fees and property taxes included 1) Minimizing and equitably allocating new capital costs; 2) Maintaining the 50/50 split between connection fees and property taxes; 3) Minimizing rate and fee “shock”; 4) Maintaining the 75% debt service coverage objective; and 5) Maintaining the District’s replacement fund for its intended use. He said that these fundamental objectives are supplemented by a variety of assumptions, including cost of debt, the District’s rate of return and the ENR index, as well as how 1% property tax revenues are to be allocated.

Mr. Jones said that in reaching this year’s recommendation, staff has discussed the factors influencing rates with The Irvine Company (TIC) on numerous occasions during the course of the year. He said that staff has recommended a new capital project funding methodology which clarified project classifications between new capital, enhancements and replacements. He said that staff also worked with TIC to improve their understanding of IRWD’s practices

and policies related to the funding and development of capital projects. Following discussion, on MOTION by Swan, seconded by Matheis and unanimously carried (3-0), STAFF WAS DIRECTED TO MAINTAIN THE 1% REVENUE ASSUMPTIONS THROUGH GOVERNER SCHWARZENEGGER'S TERM OF OFFICE, AND THE FOLLOWING RESOLUTIONS WERE ADOPTED BY TITLE AS FOLLOWS:

RESOLUTION NO. 2007-21

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA, 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, RECYCLED WATER AND NATURAL TREATMENT SYSTEM SERVICE AND EXHIBITS THERETO

RESOLUTION NO. 2007-22

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA ESTABLISHING AD VALOREM TAX REVENUES FOR FISCAL YEAR 2007-08

CLOSED SESSION

President Reinhart said that a Closed Session would be held with legal counsel relative to initiation of litigation (Govt. Code Section 54956.9(c) – involving one or more potential cases, concerning the annexation to OCWD.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Reinhart, Swan, and Matheis (Withers and Miller absent). No action was reported.

ADJOURNMENT

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

APPROVED and SIGNED this 23rd day of July, 2007.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone