

## EXHIBIT "A"

### MINUTES OF REGULAR MEETING – JULY 14, 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 July 14, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Water Resources Weghorst, Director of Water Resources Sanchez, Director of Risk Management and Treasury Jacobson, Director of Public Affairs Beeman, Director of Administrative Services Mossbarger, Director of Human Resources Roney, Ms. Christine Compton, Mr. Christopher Smithson, Legal Counsel Arneson (by teleconference), Secretary Bonkowski, Mr. Jim Reed, 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, 6, 7, C-8, C-9, 10, 12, 13, 14, 15, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 3, 5, 11 and 16 will be off. This was confirmed by Mr. Cook, General Manager of the District.

On October 31, 2013, the District received its fully executed copy of the Annexation Agreement with the Orange County Water District. On July 7, LAFCO staff conducted the "protest hearing" pertaining to the three OCWD Annexation Applications (Anaheim, IRWD, and YLWD). LAFCO had not received any written protests in advance of the hearing, but at the hearing Golden State Water Company submitted a written protest. LAFCO staff determined that this protest was not valid since LAFCO was only accepting protests from any "landowners and registered voters within the annexation territory" and the protest was disqualified. With no valid protests received, the LAFCO Executive Director validated the action of the LAFCO Board to approve the annexation application from Anaheim, IRWD and YLWD. LAFCO staff subsequently submitted the required documents to record the annexations with the Clerk Recorder's Office and the State Board of Equalization. These documents have been recorded and the annexation is now complete. This was confirmed by Mr. Cook.

ITEMS TOO LATE TO BE AGENDIZED: None.

## CONSENT CALENDAR

Prior to voting on the Consent Calendar items, Director Matheis said that relative to Item No. 5, she recommended Mrs. Arlene Schafer to the CSDA Board, and if elected, would provide an opportunity to have two Orange County Directors on its Board for Region 6, Seat C. Director Swan commented on Item No. 8 noting CalPERS unfunded liability and the Plan's Funded Status shown in the exhibit, particularly the market value of assets. There being no further comments, on MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 8 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the June 23, 2014 Regular Board meeting be approved as presented.

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

Recommendation: That the Board ratify/approve meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, John Withers, and Peer Swan.

5. ELECTION OF THE CALIFORNIA SPECIAL DISTRICTS' ASSOCIATION SOUTHERN NETWORK/REGION 6 SEAT C BOARD MEMBER

Recommendation: That the Board authorize the District to cast its ballot in favor of Costa Mesa Sanitary District Director Arlene Schafer and submit its ballot to CSDA no later than the August 1, 2014, deadline.

6. ACWA BUSINESS DEVELOPMENT COMMITTEE APPOINTMENT NOMINEES FOR THE 2014-15 TERM

Recommendation: That the Board authorize staff to submit the Association of California Water Agencies Committee Consideration Form signed by the General Manager nominating Director Peer Swan for appointment to the ACWA Business Development Committee for the 2014-15 term.

7. METER READING SERVICES CONTRACT

Recommendation: That the Board authorize the General Manager to execute the contract addendum and extension with Alexander's Contract Services (ACS) effective July 1, 2014 based on the rates established, not to exceed \$1,272,000 in FY 2014-15.

8. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2014-15 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Recommendation: That the Board approve the lump sum payment for employer contributions to the California Public Employees Retirement System (CalPERS) by making a one-time contribution of \$4,524,420 for the District's FY 2014-15 employer contribution.

ACTION CALENDAR

SETTING CONNECTION FEES AND PROPERTY TAXES FOR FISCAL YEAR 2014-15

General Manager Cook noted that non-substantive changes had been made by legal counsel on the resolutions establishing ad valorem taxes revenues for this fiscal year and amending allocation of ad valorem property taxes to debt service subject to pledge. A fundamental concept in the District's capital funding plan is that the cost of new capital facilities is shared equally between the connection fees paid by the developer and property taxes paid by property owners when possible. Most recently, connection fees were established for the Improvement Districts in November 2013 with the intention of recommending periodic updates based on an updated capital budget and other changing assumptions. One percent property tax revenue is allocated annually among the District's Improvement Districts. As in prior years, the Fiscal Year (FY) 2014-15 allocation will include a split between the new capital (72%) and replacement fund (28%) contemplated by the Board during the connection fee and property tax setting process of the Long Term Funding Plan process.

Director Swan said that this item was reviewed by the Finance and Personnel Committee on July 1, 2014. He said that considerable time was spent with the Irvine Company to review the projected native water yield from Irvine Lake and that discussion of these assumptions will be further discussed in Committee. Director Matheis commended staff on their efforts in setting the fees.

On MOTION BY Swan, seconded and unanimously carried THE BOARD APPROVED IDENTIFIED INCREASES IN CONNECTION FEES AND ADOPTED THE FOLLOWING RESOLUTIONS BY TITLE:

RESOLUTION NO. 2014-33

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA ADOPTING CHANGES TO CONNECTION FEES AS SET FORTH IN THE SCHEDULE OF RATES AND CHARGES IN EXHIBIT "B" TO THE RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT FOR WATER, SEWER, RECYCLED WATER AND NATURAL TREATMENT SYSTEM SERVICE

RESOLUTION NO. 2014-34

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA ESTABLISHING AD VALOREM TAX REVENUES FOR FISCAL YEAR 2014-15

RESOLUTION NO. 2014-35

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT AMENDING ALLOCATION OF AD VALOREM PROPERTY TAXES TO DEBT SERVICE, SUBJECT TO PLEDGE

## ON-CALL INFORMATION SERVICES PROFESSIONAL PROGRAMMING AND NETWORK CONSULTANTS

General Manager Cook reported that the current workload for capital projects and operational support continues to exceed a level that can be supported by the District's Information Services staff. Mr. Cook said that staff proposes to retain the services of three consultant agencies to provide programming, analysis, project management, and networking services on an on-call basis.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on July 1, 2014. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THREE ON-CALL PROFESSIONAL SERVICES AGREEMENTS WITH OUTSOURCE TECHNICAL IN THE AMOUNT OF \$300,000, SOFTWARE MANAGEMENT CONSULTANTS IN THE AMOUNT OF \$60,000, INC., AND ROBERT HALF TECHNOLOGY IN THE AMOUNT OF \$60,000 FOR ON-CALL PROGRAMMING, ANALYSIS, AND NETWORK SERVICES FOR MISCELLANEOUS PROJECTS.

## 2014 STATE LEGISLATIVE UPDATE

Government Relations Manager Compton provided an update on the 2014 legislative session and IRWD priorities including the 2014 Water Bond, AB 543 (Campos) relative to the CEQA, and sustainable groundwater management legislation. In response to Director Swan's inquiry relative to AB 543, Ms. Compton said that any translation of CEQA notices to other languages would be decided by the Governors' office. Ms. Compton noted a letter that General Manager Cook sent today to the State Water Resources Control Board relative to its proposed Emergency Urban Water Conservation regulations. General Manager Cook reported that tomorrow he and Director of Water Resources Sanchez will be in Sacramento commenting on the proposed regulations relative to the drought. Director Withers said that he was receiving positive feedback on staff's thoughtful approach and leadership in advocating positions in Sacramento and commended all involved in this. Following discussion, Director Matheis reported that this item was reviewed and approved by the Water Resources Policy and communications Committee on July 3, 2014, and on MOTION by Matheis, seconded by Withers, and unanimously carried, THE BOARD CHANGED IRWD'S POSITION FROM "OPPOSE" TO A "WATCH" POSITION ON AB 543 (CAMPOS), AND AUTHORIZED STAFF TO WORK WITH IRWD'S ASSOCIATION AND INDUSTRY PARTNERS TO ENSURE THAT THE PROPOSED CHANGES TO THE CEQA GUIDELINES ARE WORKABLE FOR THE DISTRICT; AND TOOK A "SEEK AMENDMENTS" POSITION ON THE GOVERNOR'S SUSTAINABLE GROUNDWATER MANAGEMENT PROPOSAL, SB 868, SB 1168 (PAVLEY) AND AB 1739 (DICKINSON) AND AUTHORIZE STAFF TO SEEK INCLUSION OF IRWD'S GROUNDWATER MANAGEMENT POLICY PRINCIPLES IN ANY SUSTAINABLE GROUNDWATER MANAGEMENT LEGISLATION THAT IS PUT FORWARD AS A RESULT OF THE STAKEHOLDER PROCESS.

## PROPOSED REVISIONS TO THE IRWD STORMWATER AND DRY WEATHER RUNOFF MANAGEMENT AND CAPTURE POLICY PRINCIPLES

Government Relations Manager Compton said that per the the Board's direction and as a result of recent discussion surrounding stormwater planning in California, the Stormwater and Dry Weather Runoff Management and Capture Policy Principles paper has been revised.

Director Matheis said that this item was reviewed by the Water Resources and Policy Communications Committee on July 3, 2014. Director Swan asked that language be incorporated into the policy relative to insuring flexibility in implementing state mandated planning requirements which do not apply to all areas. It was the consensus of the Board to include this language. On MOTION by Matheis, seconded and unanimously carried, **THE BOARD APPROVED THE PROPOSED REVISED STORMWATER AND DRY WEATHER RUNOFF MANAGEMENT AND CAPTURE POLICY PRINCIPLES PAPER AS AMENDED.**

### GENERAL MANAGER'S REPORT

General Manager Cook provided an update on the District's Customer Care and Business system where staff is currently planning to switch over to the new system in early August. He said that the next phase is departmental training scheduled for July 22 and 23, and that during this time, the telephones will be answered by an interactive voice recognition program as well as the District's answering service.

Mr. Cook said that the District's water feature is turned off for the summer and fall due to the drought and that staff has placed signage in front of the feature noting the reason why it is not running.

Mr. Cook noted the upcoming recognition lunch for staff who were involved with recent chlorine leak at the primary disinfection facility in Santa Ana and invited Board members to attend.

Mr. Cook presented the AWWA plaque to the Board thanking IRWD for 50 years of membership.

### DIRECTORS' COMMENTS

Director Matheis commented on last week's "Media Clippings" on the Surf City Voice article relating to another water district's attendance at meetings and believes that our staff and Board take pride in being committed to internal and external meetings. She further reported on her attendance at a WACO meeting and suggested that the District submit comments as appropriate on the proposed new Waters of the U.S. Regulations, and said that last Saturday she attended the monthly Shadetree Partnership nursery event and thanked Tom and Leslie Bonkowski and Dave Asman and his family for all of their attention given to this organization. She said that the nursery is thriving and she is delighted to be involved as a Board member. She commented on today's Media Clippings relative to San Francisco being concerned about fines for using water to clean streets.

Director Withers commented on the completion of the OCWD Annexation process and suggested an appreciation gathering to recognize this milestone. He noted the recent LAFCO appointments and said that he attended an OCSD Legislative Committee meeting this morning.

Director Swan reported on his attendance at a Southern California Dialogue meeting, a Newport Bay Conservancy Meeting, an OCWD Water Infrastructure Committee meeting, and a WACO meeting. He said that tomorrow he will be attending a WACO Planning meeting, a Dialogue meeting next week, and the following week an ACWA Board meeting in Sacramento.

Director LaMar said that he attended a WACO meeting last week.

CLOSED SESSION

President LaMar said that two Closed Sessions would be held as follows: 1) Conference with legal counsel relative to anticipated litigation pursuant to Government Code Section 54956.9(d)(4) initiation of litigation (one potential case); and 2) Conference with legal counsel relative to existing litigation - Government Code Section 54956.9(d)(1) – Capistrano Taxpayers Association v. City of San Juan Capistrano, Appellant.

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

President LaMar adjourned the meeting at 7:40 p.m.

APPROVED and SIGNED this 28th day of July, 2014.

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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