

## EXHIBIT "A"

### MINUTES OF REGULAR MEETING – NOVEMBER 22, 2021

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 November 22, 2021, in person at the District's headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting was also broadcast via Webex as a convenience to the public.

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

Directors Absent: None.

Written and Oral Communications: None.

Also Present: General Manager Cook, Executive Director of Technical Services Burton, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Executive Director of Water Policy Weghorst, Director of Treasury and Risk Management Jacobson, Director of Recycling Operations Zepeda, Director of Water Resources Sanchez, Director of Maintenance Mykitta, Director of Human Resources Mitcham, Director of Water Quality and Regulatory Compliance Colston, Director of Strategic Communications and Advocacy/Deputy General Counsel Compton, Facilities and Fleet Manager Tedescucci, Secretary Bonkowski, Assistant Secretary Swan, General Counsel Collins, Consultant Newell, members of the public, and other staff.

### GROUNDWATER WORKPLAN UPDATE

Using a PowerPoint presentation, Engineer Robinson reviewed the accomplishments and changed conditions since the 2018 Groundwater Workplan, historical water use and groundwater production, and identified IRWD's future groundwater needs and opportunities. He further reviewed next steps which include continued pumping to 100% of water use inside OCWD, completing rehabilitation and determining viability of existing Well 51 for blending, and revising groundwater needs every two to three years for prudent capital planning.

Director Withers reported that this item was reviewed by the Engineering and Operations Committee on November 16, 2021, and thanked staff for its efforts.

### CONSENT CALENDAR

Director Swan asked that Item No. 12 be moved to the Action Calendar for discussion. There being no objections, this item was moved accordingly. President Reinhart said that before the final vote on the Consent Calendar, pertaining to Item No. 11 on tonight's agenda, on November 8, 2021, the Board conducted its annual performance evaluation of the General Manager. This evening the Board is considering changes to his compensation as a result of the performance review. Pursuant to Government Code Section 54953(c) (3) prior to taking final action on changes to the General Manager's compensation, he said he would provide a summary of the recommended action before us. He said that the recommendation is to: 1) increase the base salary of the General Manager by 3.08%, from \$324,156 to \$334,156, per year effective October 1, 2021, and 2) provide a one-time performance award of \$30,000 as a taxable lump sum cash payment. He further said that all other aspects of the General Manager's compensation would remain unchanged.

CONSENT CALENDAR (CONTINUED)

On MOTION by Withers, seconded by LaMar and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 11 WERE APPROVED AS FOLLOWS:

5. BOARD MEETING MINUTES

Recommendation: That the minutes of the November 8, 2021, Regular Board meeting be approved as presented.

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

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Karen McLaughlin, Peer Swan, and John Withers, as described.

7. OCTOBER 2021 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary report, the Summary of Fixed and Variable Rate Debt, and Disclosure Report of reimbursements to Board members and staff, approve the October 2021 summary of Payroll ACH payments in the total amount of \$2,243,984, and approve the October 2021 accounts payable disbursement summary of Warrants 421839 through 422574, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$28,837,020.

8. UTILITY TRUCK CONTRACT AWARD

Recommendation: That the Board authorize the General Manager to execute a contract with Tuttle-Click Ford Lincoln in the amount of \$379,257 for the purchase of four new and unused medium duty utility trucks.

9. SR-55 FREEWAY WIDENING SANITARY SEWER RELOCATION ON COWAN BUDGET INCREASE AND CONSTRUCTION AWARD

Recommendation: That the Board authorize a budget increase for Project 11583 in the amount of \$113,000, from \$262,000 to \$375,000, and authorize the General Manager to execute a construction contract with GCI Construction, Inc. in the amount of \$222,845 for the SR-55 Freeway Widening Sanitary Sewer Relocation on Cowan, Project 11583.

10. LABORATORY EQUIPMENT PURCHASE CONTRACT AWARD

Recommendation: That the Board authorize the General Manager to execute a contract with Agilent Technologies in the amount of \$267,720.56 for the purchase of a liquid chromatograph-tandem mass spectrometer.

11. CHANGES TO GENERAL MANAGER'S COMPENSATION

Recommendation: That the Board approve an increase to the annual salary of the General Manager to the amount of \$334,156 and a one-time performance award in the amount of \$30,000 effective October 1, 2021.

## ACTION CALENDAR

### 12. DECLARATION OF REAL PROPERTY AS EXEMPT SURPLUS LAND

In response to Director Swan's inquiry, Legal Counsel Collins said that this declaration is mandated by law to receive Board authority for beginning negotiations, and that once the negotiations are finalized, it will be submitted to the Board for approval to dispose of the named property. There being no further discussion, on MOTION by Swan, seconded by LaMar, and unanimously carried, **THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE DECLARING THAT REAL PROPERTY DESIGNATED APN 093-242-80 IS EXEMPT SURPLUS LAND THAT IS NOT NECESSARY FOR IRWD'S USE, AUTHORIZED DISTRICT STAFF TO NEGOTIATE DISPOSAL OF THE PROPERTY, AND FOUND THAT THE DECLARATION AND DISPOSAL OF THE PROPERTY IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.**

#### RESOLUTION NO. 2021-24

DECLARING THAT REAL PROPERTY DESIGNATED APN 093-242-80 IS EXEMPT SURPLUS LAND THAT IS NOT NECESSARY FOR THE DISTRICT'S USE; AUTHORIZING DISTRICT STAFF TO NEGOTIATE TO DISPOSE OF THE PROPERTY; FINDING THAT THE DECLARATION AND DISPOSAL OF THE PROPERTY IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

### TERMS FOR LETTER AGREEMENT TO ALLOW METROPOLITAN WATER DISTRICT TO BORROW WATER

General Manager Cook reported that due to ongoing drought conditions and reduced State Water Project (SWP) allocations, Metropolitan Water District has requested to borrow the remaining SWP supplies stored in the IRWD Water Bank. Mr. Cook said that IRWD's Coordinated Operating, Water Storage, Exchange and Delivery Agreement (Coordinated Agreement) with Metropolitan allows it to borrow SWP supplies under certain conditions.

Executive Director of Water Policy Weghorst said that pursuant to the Coordinated Agreement, Metropolitan's borrowing of water shall not reduce IRWD's remaining balance of water in storage to below 17,500 acre-feet (AF). Mr. Weghorst said that currently IRWD has 10,492 AF of non-SWP water and 4,177 AF of SWP water totaling 14,669 AF stored in the IRWD Water Bank, and that of the 4,177 AF of SWP water, 250 AF must remain in Kern County, which leaves the remaining 3,927 AF of SWP water available for Metropolitan to borrow. He said that since IRWD's total water in storage is less than 17,500 AF, Metropolitan's borrowing of the 3,927 AF would require a letter agreement providing IRWD's written consent to waive the 17,500 AF limitation.

Mr. Weghorst said that staff has prepared terms for a letter agreement that would waive terms in the Coordinated Agreement to allow Metropolitan to borrow IRWD's SWP supplies in 2022, and it would also include provisions to close out the 2014 Exchange Agreement between IRWD and Metropolitan by issuing IRWD a credit for water already in Metropolitan's Southern California storage facilities.

Mr. Weghorst provided a summary of the letter agreement noting that: 1) IRWD will waive the requirement that Metropolitan cannot reduce the amount stored in the IRWD Water Bank to less than 17,500 AF; 2) in the same year, Metropolitan will issue a credit to IRWD for water stored in Southern California that is equal to the amount borrowed by Metropolitan; and 3) in consideration of IRWD's drought relief assistance, Metropolitan will waive IRWD's reimbursement of the recovery costs incurred by Metropolitan for the borrowed water. He then summarized the close-out of the 2014 Exchange agreement, which he said will also be accomplished in the Letter Agreement.

Mr. Weghorst highlighted the benefits to IRWD noting that by allowing Metropolitan to borrow IRWD's remaining SWP water and closing out of the 2014 Exchange Agreement will result in IRWD receiving a credit for 7,927 AF of water in Metropolitan's Southern California storage facilities. He further said that these credits will benefit IRWD by diversifying IRWD's storage programs and by allowing IRWD to avoid banking costs and banking losses in Kern County.

Director Reinhart made a motion, which was seconded by Withers, but prior to voting, Director Swan said that this item was reviewed by the Supply Reliability Programs Committee on November 18, 2021, and that his questions raised at the meeting had been answered by Metropolitan. Following comments from the Board, Withers, McLaughlin, LaMar and Reinhart voting aye and Swan voting no (4-1 vote), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A LETTER AGREEMENT BASED ON THE PROPOSED TERMS ALLOWING METROPOLITAN WATER DISTRICT TO BORROW 3,927 ACRE-FEET OF STATE WATER PROJECT WATER STORED IN THE IRWD WATER BANK AND CLOSE OUT THE 2014 EXCHANGE AGREEMENT BETWEEN IRWD AND METROPOLITAN WATER DISTRICT.

#### TERMS FOR SHORT-TERM AND LONG-TERM WATER BANKING PROGRAMS WITH SANTA CLARITA VALLEY WATER AGENCY

Executive Director of Water Policy Weghorst said that in October 2021, staff met with the Santa Clarita Valley Water Agency to discuss implementing a mutually beneficial Short-term Drought Relief and Transfer Program (Short-term Program) and a Long-term Unbalanced Exchange Program (Long-term Program). Mr. Weghorst said that the Short-term Program would involve IRWD using its recovery capacity in the Strand and Stockdale Integrated Banking Projects (IRWD Water Bank) to provide drought relief to Santa Clarita by recovering Santa Clarita's banked State Water Project (SWP) water stored in a separate Rosedale-Rio Bravo Water Storage District program. This water would be provided in exchange for the future transfer of an equivalent amount of SWP water from Santa Clarita to IRWD. He said that the proposed Long-term Program would allow Santa Clarita to deliver future SWP water into storage in the IRWD Water Bank on a 2-for-1 unbalanced exchange basis.

Director Swan said that item was reviewed by the Supply Reliability Programs Committee on November 18, 2021 and said it was a good idea; however, he would like to see a caveat of asking Santa Clarita to give a future credit within seven years since IRWD is providing financing. He further said he would like the General Manager to explore opportunities to get a credit and report back to the Board. Director Reinhart made a motion, which was seconded by Withers, but prior to voting Director Swan asked to amend the motion to include language for the General Manager to explore opportunities, and to report back regarding receiving a credit. Director Swan made a motion which was seconded by Withers, but did not pass (Swan voting aye, and Withers, LaMar, Reinhart, and McLaughlin voting no [1-4 vote]). The original motion then passed with the

following unanimous vote of Reinhart, Withers, LaMar, McLaughlin and Swan voting aye (5-0 vote), AND THE BOARD AUTHORIZED THE GENERAL MANAGER TO DEVELOP AND EXECUTE A SHORT-TERM DROUGHT RELIEF AND TRANSFER PROGRAM AGREEMENT AND A LONG-TERM UNBALANCED EXCHANGE PROGRAM AGREEMENT BETWEEN IRWD AND SANTA CLARITA VALLEY WATER AGENCY BASED ON THE TERMS PRESENTED.

### FISCAL YEARS 2021-22 AND 2022-23 PROPOSED RATES AND COST OF SERVICE STUDY

Using a PowerPoint presentation, Manager of Strategic Planning and Analysis Smithson provided an overview of the Proposed Rates and Proposition 218 Notices.

Mr. Smithson said that prior to commencing the rate-setting process for FY 2021-22 and FY 2022-23, IRWD engaged the consulting firm Raftelis Financial Consultants, Inc. to perform a Cost of Service Study (the 2020 COS Study). The purpose of the external review was to : 1) meet legal requirements; 2) affirm or update IRWD's existing processes; and 3) create an opportunity to consider alternatives that meet Board objectives. Mr. Smithson said that staff completed an additional analysis to provide rate recommendations to provide cost equity over the period of March 1, 2022, through June 30, 2023 (16 months), the time period covering the recommended rate increases. The proposed FY 2022-23 Operating Budget for IRWD is \$187.7 million, representing an increase of \$7.6 million, or 4.2%, compared to the proposed Operating Budget for FY 2021-22. Due to the continued economic impact of COVID-19 to IRWD's customers, the District deferred a rate increase until after December 31, 2021; the most recent rate increase was in July 2019. A rate increase that equates to \$4.54 per month, or an 8.9% increase for a typical residential customer, is recommended. He said that staff anticipates resuming the normal two-year rate review cycle consistent with the adoption of the two-year budget for FY 2023-24 and FY 2024-25. In addition, staff has developed Water Shortage Contingency Plan (WSCP) rates as a potential response action for each water shortage level in the WSCP.

Mr. Smithson further reviewed the key drivers comparisons for the budgets, provided charts showing the proposed rate increases, a chart showing the average yearly rate increase history, a rate comparison with other agencies with IRWD being the lowest, water shortage contingency plan rate assumptions, the draft Proposition 218 notices and structure, and recommended next steps.

On MOTION by Swan, seconded by Withers and unanimously carried, THE BOARD APPROVED THE DRAFT PROPOSITION 218 NOTICES SUBJECT TO NON-SUBSTANTIVE MODIFICATIONS.

### OTHER BUSINESS

#### GENERAL MANAGER'S REPORT

General Manager Cook reported that there was one COVID-19 case last week.

Mr. Cook reported that approximately 4,000 customers have overdue balances with a current outstanding debt of \$3.2 million

Mr. Cook introduced Mr. Frank Tedescucci as the District's new Fleet and Facilities Manager.

Mr. Cook further said that last week he met with Palo Verde Irrigation District's General Manager Ned Hyduke and its Trustee Michael Mullion.

### COMMUNITY UPDATE

Consultant Newell said there was nothing new to report in the Canyons, and was appreciative of the District's recent road and fire hydrant work efforts.

### DIRECTORS' COMMENTS

Director LaMar reported on his attendance at the District's Business Outreach Program – Biosolids and Energy Recovery Facility tour, a Southern California Dialogue meeting, and an ACWA Executive Committee meeting and Board meeting.

Director McLaughlin reported on her attendance at a webinar regarding a PFAS Water Treatment Plant and a California Water Policy Conference.

Director Swan reported on his attendance at the District's Business Outreach program touring the Biosolids facility, a Ribbon Cutting event with the District's new tenants Bandai, an OCBC Infrastructure Committee meeting, and a Southern California Water Dialogue meeting.

Director Withers reported on his attendance at an NWRI Board meeting, a Business Outreach program touring the Biosolids facility, a PFAS webinar, and a California Water Policy conference.

Director Reinhart reported on his attendance at a Business Outreach program touring the Biosolids facility and an OCWD Board meeting.

### CLOSED SESSION

Legal counsel Collins said that the following Closed Sessions would be held:

- 1) CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9 (d)(4): initiation of litigation (*one potential case*).
- 2) CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Pursuant to Government Code Section 54956.8:

*Property:* Irvine Lake, Parcels 105-361-01, 105-361-03, 105-361-10, 105-361-11, 105-361-20, 105-361-24, and 105-361-25. County of Orange

*Agency negotiators:* Paul Cook, General Manager, and Rob Jacobson, Treasurer/Director of Risk Management

*Negotiating parties:* County of Orange and Serrano Water District

*Under negotiation:* License Price and Terms of Payment

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors McLaughlin, Swan, Reinhart, LaMar and Withers present. No action was reported.

ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting at 8:15 p.m.

APPROVED and SIGNED this 13th day of December 2021.

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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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Claire Hervey Collins, General Counsel  
Hanson Bridgett LLP

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