

EXHIBIT "A"

MINUTES OF REGULAR MEETING – MARCH 14, 2016

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 Matheis on March 14, 2016 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Executive Director of Water Policy Weghorst, Executive Director of Operations Sheilds, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Director of Human Resources Roney, Assistant Director of Water Operations Roberts, Assistant Director of Recycling Zepeda, Legal Counsel Arneson, Secretary Bonkowski, Mr. Eric Akiyoshi, Ms. Dorien McElroy, Mr. Matthew Veeh, Mr. Christopher Smithson, Mr. John Dayer, Ms. Kelly Welch, Mr. Jim Reed, Mr. Bruce Newell, Mr. Karl Seckel, Mr. Norris Brandt, Mr. William Cassidy, and other members of the public and staff.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS RECEIVED TOO LATE: None.

PRESENTATION

IRWD RECOGNITION BY CALIFORNIA WATER ENVIRONMENT ASSOCIATION

Representatives of the Santa Ana River Basin Section of the California Water Environment Association presented to General Manager Cook and President Matheis its 2015 Collection System of the Year award for the local section.

WORKSHOP

WATER RELIABILITY

Using a PowerPoint presentation, Director of Water Resources Fiona Sanchez provided the baseline scenario modeling results from IRWD's Water Reliability Study. Ms. Sanchez reviewed the water reliability study objectives and overview, the reliability model including baseline assumptions, baseline results and scenario development as well as project schedule. Following discussion with the Board, staff was asked to schedule the next strategic planning session for further discussion.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 13 WERE APPROVED AS FOLLOWS:

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

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

6. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the February 8, 2016 Regular Board meeting be approved as presented.

7. 2016 LEGISLATIVE UPDATE

Recommendation: That Board authorize staff to seek amendments to AB 2304 (Levine) to protect IRWD's interests and existing efforts related to water transfers; adopt a "support" position on SB 814 (Hill); adopt a "support" position on AB 2022 (Gordon) and adopt a "support" position on H.R. 4615 (Huffman).

8. PLANNING AREA 51 HERITAGE FIELDS CAPITAL FACILITIES

Recommendation: That the Board authorize the addition of the GP-1 from Marine Way to GP-2 Domestic Water, Sewer and Recycled Water Improvement Projects 6512, 6513 and 6514 to the FY 2015-16 Capital Budget in the amount of \$335,300; \$938,300 and \$536,800 respectively; authorize the addition of the GP-2 from Bosque to GP-1 Domestic Water, Sewer and Recycled Water Improvement Projects 6536, 6537 and 6538 to the FY 2015-16 Capital Budget in the amount of \$531,300; \$333,300 and \$1,049,400 respectively; authorize budget increases for project 6016 in the amount of \$122,100, from \$34,100 to \$156,200, project 6017 in the amount of \$86,900, from \$28,600 to \$115,500, project 6018 in the amount of \$803,000, from \$609,400 to \$1,412,400; and authorize the General Manager to approve Expenditure Authorizations for projects 6016, 6017 and 6018.

9. CULVER DRIVE SEWER MANHOLE IMPROVEMENTS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Culver Drive Sewer Manhole Improvements, project 5450; authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

10. BAKER WATER TREATMENT PLANT CONTRACT CHANGE ORDER

Recommendation: That the Board approve Contract Change Order No. 14 in the amount of \$357,883 with PCL Construction for the Baker Water Treatment Plant, Project 5027.

CONSENT CALENDAR (CONTINUED)

11. JANUARY 2016 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for January 2016, and Disclosure Report of Reimbursements to Board members and staff; approve the January 2016 Summary of Payroll ACH payments in the total amount of \$1,634,115 and approve the January 2016 accounts payable Disbursement Summary of Warrants 364169 through 364864, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$22,607,260.

12. REVISED PERSONNEL POLICIES AND PROCEDURES (PERSONNEL POLICY NO. 6)

Recommendation: That the Board adopt the following resolution by title:

RESOLUTION NO. 2016 -5

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT,
RESCINDING RESOLUTION NO. 2015-31 AND
ESTABLISHING REVISED PERSONNEL POLICIES
(FOR POLICY NO. 6)

13. COMMERCIAL REAL ESTATE BROKER UPDATE

Recommendation: That the Board authorize staff to execute a listing agreement with Colliers International for a 12-month period for commercial leasing services related to the 230 Commerce and the Waterworks Business Park office properties, and execute a joint listing agreement with Colliers International and Cushman & Wakefield for a six-month period for leasing services related to the future Sand Canyon Professional Center office property.

ACTION CALENDAR

EMPLOYEE LOAN PROGRAM DEFERRED COMPENSATION 457 PLAN

General Manager Cook reported that based on feedback received from the District's 2015 deferred compensation employee survey, and inquiries from quarterly deferred compensation meetings and employee association meetings, employees have requested an option for loans to be made available from their deferred compensation accounts. Mr. Cook said that staff has researched the pros and cons of offering a loan program which included information provided by the District's plan provider, Empower Retirement, as well as feedback from a survey of other agencies regarding loan options available with their respective retirement plans. He said that this approval would extend to the 457 Plan only (employee contributions), and would not be available from the 401(a) Plan (District contributions).

Mr. Cook said that based on staff's evaluation of various loan program options offered by Empower as well as the agencies that responded to the District's NAGDA survey, staff recommends a conservative program, allowing for retirement plan loans under the following general parameters: 1) Plan participants may have no more than one retirement plan loan outstanding at any time; 2) loan amounts will be consistent with IRS limits including a maximum loan amount of \$50,000 or 50% of the employee's balance, whichever is less; 3) general purpose loans shall be amortized over a five-year period, and loans used for a primary residence may be amortized over 15 years (per IRS regulations); and 4) employees will be required to acknowledge in writing that any loan not repaid will become taxable income.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on February 2, 2016. He asked that language be included in the motion to require employees to acknowledge by signature during the application process that if the loan is not paid back, it will become taxable income to the participant/employee which will apply to current employees and employees who have separated service. There being no objection, on MOTION by Swan, seconded and unanimously carried, **THE BOARD APPROVED THE AMENDMENT OF IRWD'S DEFERRED COMPENSATION 457 PLAN TO ALLOW FOR EMPLOYEE LOANS, WITH NO MORE THAN ONE LOAN OUTSTANDING AT ONE TIME, AND UTILIZING THE IRS MAXIMUM LOAN AMOUNT OF \$50,000 OR 50% OF THE VESTED BALANCE, WHICHEVER IS LESS, AMORTIZATION OF GENERAL PURPOSE LOANS OVER FIVE YEARS, AND LOANS FOR A PRIMARY RESIDENCE AMORTIZED OVER 15 YEARS, AND THAT IF THE SUM OF ALL LOAN PAYMENTS DUE IN A CALENDAR QUARTER ARE NOT MADE AND PAYMENTS ARE NOT RECEIVED BY THE END OF THE FOLLOWING CALENDAR QUARTER, PURSUANT TO INTERNAL REVENUE CODE RULES AND REGULATIONS, THE LOAN WILL BE IN DEFAULT, AND AS A RESULT, THE ENTIRE OUTSTANDING LOAN BALANCE, INCLUDING ACCRUED BUT UNPAID INTEREST, SHALL BE DEEMED DISTRIBUTED AND WILL BE TAX REPORTED IN THE CALENDAR YEAR OF DEFAULT.**

2016 REGULAR LAFCO SPECIAL DISTRICTS' SEAT ELECTION

General Manager Cook reported that the current term of office for one of the two Regular Special District seats on the Orange County Local Agency Formation Commission (LAFCO) will expire on June 30, 2016 and that Charley Wilson has indicated his interest in continuing to represent Special Districts at LAFCO. Mr. Cook said that LAFCO is now accepting nominations for the position. He said that staff recommends that the Board authorize the nomination of Mr. Wilson for the open seat and process the necessary forms to authorize submission of the nomination form and vote at the election. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE DISTRICT SECRETARY TO SUBMIT THE "DECLARATION OF QUALIFICATION TO VOTE" FORM DESIGNATING PRESIDENT MARY AILEEN MATHEIS AS IRWD'S AUTHORIZED VOTING MEMBER AND VICE PRESIDENT DOUGLAS REINHART AS IRWD'S ALTERNATE VOTING MEMBER FOR THE ORANGE COUNTY SPECIAL DISTRICT SELECTION COMMITTEE ELECTION; NOMINATE SANTA MARGARITA WATER DISTRICT DIRECTOR CHARLEY WILSON AS A CANDIDATE FOR THE REGULAR LAFCO SPECIAL DISTRICT SEAT; AUTHORIZED PRESIDENT MATHEIS OR THE DESIGNATED ALTERNATE TO SUBMIT THE "2016 NOMINATION FORM" ON BEHALF OF DIRECTOR WILSON; AND AUTHORIZED THE DISTRICT'S VOTING MEMBER TO CAST THE DISTRICT'S BALLOT IN FAVOR OF DIRECTOR WILSON.**

STOCKDALE WEST INTEGRATED WATER BANKING PROJECT CONSTRUCTION PHASE SERVICES CONSULTANT SELECTION, CONSTRUCTION AWARD, AND BUDGET ADJUSTMENTS

This Project includes construction of water banking facilities on IRWD's Stockdale property including the drilling and equipping of three new extraction wells, construction of conveyance facilities, construction of a turn-out structure from the Cross Valley Canal (CVC), and construction of a turn-in facility to the CVC Return Pipeline. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH DEE JASPAR & ASSOCIATES, INC. IN THE AMOUNT OF \$833,777 FOR CONSTRUCTION PHASE SERVICES; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH W.M. LYLES COMPANY IN THE AMOUNT OF \$9,343,964.90 FOR THE STOCKDALE WEST INTEGRATED WATER BANKING, PROJECT 3766; AUTHORIZED A BUDGET DECREASE IN THE FY 2015-16 CAPITAL BUDGET FOR PROJECT 6145 IN THE AMOUNT OF <\$2,557,500>, FROM \$2,557,500 TO \$0; AND AUTHORIZED A BUDGET INCREASE IN THE FY 2015-16 CAPITAL BUDGET FOR PROJECT 3766 IN THE AMOUNT OF \$7,595,700, FROM \$4,744,900 TO \$12,340,600.

CHLORAMINE BOOSTER STATIONS AT FOOTHILL ZONE 6 AND PORTOLA ZONE 8 RESERVOIRS CONSTRUCTION AWARD

This project will construct chloramine booster stations at the Foothill Zone 6 and Portola Zone 8 Reservoirs. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$376,200, FROM \$2,501,200 TO \$2,877,400 FOR PROJECT 4409, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH OLSSON CONSTRUCTION IN THE AMOUNT OF \$1,921,500 FOR THE CHLORAMINE BOOSTER STATIONS AT FOOTHILL ZONE 6 AND PORTOLA ZONE 8 RESERVOIRS,

PURCHASE OF TWO COMBINATION JETTER/VACUUM TRUCKS

IRWD owns and operates a fleet of highly-specialized vehicles used to maintain its sewerage collections system, ensuring the protection of public health and the environment while complying with the IRWD Sewer System Management Plan. The combination jetter/vacuum truck is used by staff to conduct proactive, preventive, and corrective maintenance on IRWD's sewers and to respond to sewer system emergencies. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF \$1,232,700 TO THE FY 2015-16 GENERAL PLANT BUDGET FOR THE PURCHASE OF TWO COMBINATION JETTER/VACUUM TRUCKS.

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook reported on water conservation efforts for February noting that the amount of water used was the same as in 2013. Mr. Cook said that February was the hottest on

record, and that he takes great pride in noting that customers used 54 gallons per day. He said that the new current restriction for March is 9%.

Mr. Cook reported on recent Orange County Water District (OCWD) discussions relative to desalination and that the District still has concerns relative to water quality. He said that staff met with Poseidon relative to distribution levels. He said that he also attended OCWD's Finance and Personnel Committee meeting to present the District's position on the treated water, and again presented his letter relative to IRWD concerns.

Executive Director of Operations Patrick Shields introduced to the Board Mr. Jose Zepeda, the District's new Assistant Director of Recycling.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at an ACWA Board workshop relative to strategic plan objectives, and a WACO meeting where Mr. Roger Patterson presented an MWD update.

Director Withers reported that tomorrow he will be attending an Orange County Sanitation District Government Affairs and Legislative Committee meeting, a LAFCO strategic planning meeting on Friday, and a Concordia's Public Affairs Board meeting next Tuesday. He said he participated in a Blue Technology conference as part of a CalState water panel. He further said he received great feedback from the City of Irvine relative to Executive Director of Finance Cheryl Clary's presentation on water rates and rate setting at an ACC-OC event.

Director Swan reported on his attendance at an Urban Water Institute conference, a CASA conference in Washington, DC, a WACO meeting, an OCWD Water Issues meeting, a retirement event for Mary Anne Skorpanich from the County of Orange, and a meeting at SAWPA today representing the Newport Bay Watershed relative to Proposition 1.

Director Reinhart reported on his attendance at a MWDOC Board workshop, a SOCWA Board meeting, a presentation he and staff made at the Groves Mobile Home Park relative to recycled water, and a MWDOC administrative and Finance Committee meeting.

Director Matheis reported on her attendance at an ACWA conference in Washington, D.C., and an ACWA briefing in Sacramento last week relative to Article 10 and water marketing. She said that on Wednesday, she will be attending a Water Education annual briefing

CLOSED SESSION

President Matheis said that the following Closed Session would be held this evening:

- C. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION - Government Code Section 54956.9(d)(2) – significant exposure to litigation (one potential case), and Government Code Section 54956.9(d)(4) – initiation of litigation (one potential case).

RECESS AND RECONVENE

Prior to recessing to Closed Session, a Special Bardeen Partners Board of Directors meeting was held at 6:59 p.m. Following this meeting, the IRWD Board meeting was reconvened with LaMar, Withers, Swan, Matheis, and Reinhart present. The Board then recessed to discuss the IRWD Closed Session item.

OPEN SESSION

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

ADJOURNMENT

President Matheis adjourned the meeting at 8:45 p.m.

APPROVED and SIGNED this 28th day of March, 2016.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone