

MINUTES OF REGULAR MEETING –DECEMBER 14, 2009

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 December 14, 2009 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers (via teleconferencing from 980-9th Street, Sacramento, California), LaMar, Reinhart, Matheis, and Swan.

Directors Absent: None.

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering and Construction Burton, Director of Planning and Water Resources Heiertz, Director of Finance Cherney, Legal Counsel Arneson, Mr. Jim Reed, Ms. Beth Beeman, Mr. Paul Weghorst, Mr. Mike Hoolihan, Mr. Mark Tettermer, Mr. Alex Aguilar, Mr. Tony Mossbarger, Ms. Patty Uematsu, Mr. Dean Kirk, Mr. Dan Miller, Mr. Phil Isenberg, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Mrs. Smith said it was her understanding that currently wells 5, C-8, C-9, 10, 13, 15, and 17 will operate in accordance with the District's annual pumping plan. Wells 2, 4, 11, 12, 14, and 16 will operate a portion of the week. Wells 1, 3, 6 and 7 will be off. The District's currently planned pumping for December is 2,945 AF. This was confirmed by Mr. Jones, General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD), a Notice of Completion was approved by the OCWD Board of Directors on March 19, 2009. Metropolitan Water District has given notice to OCWD to extract 22,000 acre feet in fiscal year 2009/10. The extraction is being performed by agencies that constructed conjunctive use wells under this program. IRWD is not a participant. This was confirmed by Mr. Jones.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. OCWD will continue to work with IRWD on the annexation issue to determine if a satisfactory arrangement can be developed with both parties. This was confirmed by Mr. Jones. Mr. Jones also said that OCWD staff will be preparing a Memorandum of

Understanding next week with Yorba Linda Water District pursuant to their request to annex certain lands.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce additional groundwater for use within IRWD and transfer imported water from IRWD to South County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED – None.

PRESENTATIONS

NATIONAL PURCHASING INSTITUTE ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT AWARD

Mr. Alex Aguilar presented to the Board the Achievement of Excellence in Procurement Award from the National Purchasing Institute.

ACWA 2009 OUTSTANDING OUTREACH PARTICIPATION AWARD

Vice President Swan presented to the Board the Association of California Water Agencies Award received during the ACWA conference for outstanding Outreach Participation for 2009 in recognition of outstanding outreach participation as the top agency in ACWA's Region 10.

DELTA PACKAGE UPDATE AND BUDGET OUTLOOK

The District's consultant Phil Isenberg of Isenberg/O'Haren placed before each director a copy of his firm's California Budget Report dated December 14, 2009. He reviewed this document and also provided an update on the Delta package.

CONSENT CALENDAR

Vice President Swan asked that Item No. 10 be moved to the Action Calendar for discussion. There being no objection, this item was moved to the Action Calendar. Additionally, General Manager Jones placed before the Board a revised motion for item No. 15. On MOTION by Matheis, seconded and unanimously carried, on a roll call vote (5-0) (Matheis, Reinhart, LaMar, Swan and Withers voting aye, **CONSENT CALENDAR ITEMS 6 THROUGH 9 AND 11 THROUGH 16 WERE APPROVED AS AMENDED AS FOLLOWS:**

6. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the November 23, 2009 Regular Board Meeting be approved.

CONSENT CALENDAR (CONTINUED)

7. 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, Doug Reinhart, Peer Swan and John Withers.

8. MASTER CALENDAR AND OTHER INFORMATION ITEMS

Recommendation: Receive and file.

9. CASH AND DEBT MANAGEMENT GUIDING PRINCIPLES

Recommendation: Receive and file.

11. NOVEMBER 2009 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for November 2009; approve the November 2009 Summary of Wire Transfers and ACH payments in the total amount of \$5,403,699.48; and approve the November 2009 Warrants Nos. 305737 through 306426, Workers' Compensation distributions and voided checks in the total amount of \$5,491,357.59.

12. PROPOSED 2010 INVESTMENT POLICY

Recommendation: That the Board approve the proposed 2010 Investment Policy and adopt the following resolution by title approving investment policy and authorizing the Treasurer and Assistant Treasurers to invest and reinvest funds of the District and of each of its Improvement Districts and to sell and exchange securities.

RESOLUTION NO. 2009- 32

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT APPROVING INVESTMENT
POLICY AND AUTHORIZING THE TREASURER AND ASSISTANT
TREASURERS TO INVEST AND REINVEST FUNDS OF THE
DISTRICT AND OF EACH OF ITS IMPROVEMENT DISTRICTS
AND TO SELL AND EXCHANGE SECURITIES

CONSENT CALENDAR (CONTINUED)

13. DEFERRED COMPENSATION PLAN AMENDMENT

Recommendation: That the Board adopt the restated Section 457 Deferred Compensation Plan and adopt a resolution adopting amendments with respect to the Irvine Ranch Water District Deferred Compensation Plan.

RESOLUTION NO. 2009-33

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT ADOPTING
AMENDMENTS WITH RESPECT TO THE
IRVINE RANCH WATER DISTRICT
DEFERRED COMPENSATION PLAN

14. FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING
WITH POSEIDON RESOURCES LLC AND ITS AFFILIATES

Recommendation: That the Board authorize the General Manager to execute the First Amendment to the Memorandum of Understanding with Poseidon Resources and its affiliates subject to non-substantive changes as approved by the General Manager and Legal Counsel.

15. SYPHON RESERVOIR AND SURROUNDING PROPERTY LAND ACQUISITION
NEGATIVE DECLARATION

Recommendation: That the Board find on the basis of the whole record before it (including the Initial Study and any comments received) that there is no substantial evidence that the project will have a significant effect on the environment and that the Negative Declaration or Mitigated Negative Declaration reflects IRWD's independent judgment and analysis, adopt the proposed Negative Declaration for the Syphon Reservoir and surrounding property land acquisition and approve the project; direct staff to post and file a Notice of Determination, and submit payment for the Department of Fish and Game filing fee.

16. 2010 SELECTION OF STATE LOBBYIST/CONSULTANT

Recommendation: That the Board approve a Professional Services Agreement for a term of six months with Isenberg/O'Haren in the amount of \$6,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$42,900.

ACTION CALENDAR

FISCAL YEAR 2008/09 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Following Vice President Swan's comments on the financial statements, Director of Finance Cherney said that the PERS actual and the PEB update will be discussed at the January Finance and

Personnel Committee meeting. On MOTION by Swan, seconded and unanimously carried on a roll call vote (5-0) (Matheis, Reinhart, LaMar, Swan and Withers voting aye), the FISCAL YEAR 2008/09 COMPREHENSIVE ANNUAL FINANCIAL REPORT WAS RECEIVED AND FILED.

ELECTION OF OFFICERS

President Reinhart asked that Item No. 23 be placed as the first item on the Action Calendar. Vice President Swan moved that this item be deferred to the December 18 Strategic Planning Workshop. This motion was not seconded, and it was the consensus of the Board to hold this item at this time.

President Reinhart asked the General Manager to serve as temporary Chairman to conduct the election for President. In response to General Manager Jones asking for nominations, Director Matheis nominated Director Swan and Director LaMar nominated Director Reinhart for President. There being no further nominations, on MOTION by Matheis, seconded and unanimously carried on a roll call vote (5-0) (Matheis, Reinhart, LaMar, Swan and Withers voting aye), THE NOMINATIONS FOR PRESIDENT WERE CLOSED. Director Matheis commented on her reasons for nominating Peer Swan for President. Director Swan said that today was his 30th anniversary as a Board member and commented on why he believed he is qualified to be President. Director Lamar said that he understood Peer Swan's reasoning for running for President, but due to the critical point where Doug Reinhart has been placed in key roles on various matters of the District, he felt it important to retain him as President for 2010.

MOTION by Matheis that Peer Swan be elected President was not carried, on a roll call vote (2-3) (Swan and Matheis voting aye and LaMar, Withers and Reinhart voting no. On MOTION by LaMar, seconded and carried on a roll call vote (3-2), (LaMar, Reinhart, and Withers voting aye, Swan voting no, and Matheis abstaining, DOUGLAS REINHART WAS ELECTED PRESIDENT.

President Reinhart asked that General Manager Jones continue as Temporary Chairman for the election of Vice President. General Manager Jones asked for nominations for Vice President. Director LaMar nominated John Withers as Vice President. Director Withers asked that his nomination be withdrawn for this position. There being no objection, John Withers nomination was withdrawn. Director Matheis then nominated Peer Swan for Vice President. On MOTION by Matheis and unanimously carried, on a roll call vote (5-0) (Swan, Matheis, Withers, LaMar and Reinhart voting aye), THE NOMINATIONS WERE CLOSED FOR VICE PRESIDENT. On MOTION by Matheis and carried (4-0) (Swan abstaining and Reinhart, LaMar, Matheis, and Withers voting aye), PEER SWAN WAS ELECTED VICE PRESIDENT.

At 6:30 p.m., Director Withers, via teleconferencing, reported that he was no longer able to be present for the Board meeting.

SHADY CANYON GOLF COURSE RECYCLED WATER ISSUES

General Manager Jones reported that in early 2006, representatives of the Shady Canyon Golf Club contacted IRWD about problems associated with the use of recycled water. Due to increasing salt levels found in the soil, the grass was dying and areas had to be re-sodded. These increasing salt levels are the compound effect of several things including poor drainage in the

soils, very low precipitation for the past several years which helps naturally leach out the higher salt levels, and the use of recycled water which has increased levels of salt.

In May 2006, the Board approved a letter agreement with the Irvine Company in which potable water could be used for four months a year while recycled water would be used during the remaining eight months a year. During the four-year term of the agreement, the Golf Club has applied over 8,000 tons of sand to the fairways (known as 'topdressing') to help provide better drainage. That agreement expires in December of this year.

In September 2009, representatives of the Golf Club contacted IRWD to discuss water supply issues. The Golf Club is concerned that, in spite of the topdressing, the higher salt levels persist and additional steps need to be taken including the expiration of the agreement be extended from December 31, 2009 to October 31, 2011 and the Golf Club be allowed to use potable water for six months a year (May through October, inclusive) with recycled water used for the remainder of the year. During this period, the Golf Club will be replacing the grass in the fairways with a more salt tolerant hybrid Bermuda.

General Manager Jones said that staff has discussed with representatives from Shady Canyon Golf Course the current situation with regard to the potable water supply and the potential for IRWD to adjust allocations if the Metropolitan Water District of Southern California or the Municipal Water District of Orange County should reduce IRWD's imported potable water allocation. Mr. Jones said that if a reduction to IRWD's allocation should occur, potable landscape irrigation accounts such as Shady Canyon Golf Course would be the first to be impacted. Vice President Swan said that he would like IRWD to receive an acknowledgement from the Shady Canyon Golf Club that they are aware they could receive reclaimed water if IRWD had severe cutbacks from MWD. Mr. Chick Willette of Shady Canyon Golf Club Board member, who was in the audience, said he felt that his Board would be fine with signing and sending said letter to IRWD.

On MOTION by LaMar, seconded and unanimously carried (Withers absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH SHADY CANYON GOLF CLUB IN WHICH POTABLE WATER MAY BE USED FOR SIX MONTHS EACH YEAR (MAY THROUGH OCTOBER) INCLUSIVE FOR TWO YEARS SUBJECT TO IRWD'S WATER SHORTAGE CONTINGENCY PLAN DURING WHICH TIME SHADY CANYON GOLF CLUB WILL CONVERT ITS EXISTING GRASS TO A MORE SALT TOLERANT HYBRID OF BERMUDA GRASS, AND REQUESTED THAT STAFF PREPARE A LETTER FOR SHADY CANYON GOLF CLUB'S SIGNATURE ACKNOWLEDGING THAT IF THERE WERE SEVERE POTABLE WATER CUTBACKS, THE SHADY CANYON GOLF CLUB WOULD BE RECEIVING RECLAIMED WATER DURING THIS SHORTAGE.

RECYCLED WATER SERVICE LATERAL FOR THE GAS RECOVERY SYSTEM – CONSTRUCTION AWARD

Director of Engineering Burton reported that the Coyote Canyon Landfill is owned and operated by the County of Orange and that Gas Recovery Systems (GRS) operates the gas-to-energy

facility located near the Coyote Canyon Landfill in which the methane from the landfill is harvested to produce energy. The GRS site currently uses domestic water in the operation of their cooling tower, on-site irrigation, and fire service system. In March 2009, IRWD executed an agreement with GRS in which IRWD agreed to design and construct the improvements to deliver recycled water to GRS for use in its cooling towers, on-site irrigation, and fire service.

Mr. Burton said that the design was performed by Stantec Consulting and that the new recycled water system consists of a pressure reducing valve located near the Coastal Zone G Pump Station within IRWD's property; approximately 1,100 lineal feet of buried and aboveground wall mounted 4-inch ductile iron pipeline; a 3-inch meter; approximately 220 lineal feet of 3-inch ductile iron pipeline that will supply the irrigation system; and miscellaneous piping modifications required to separate the on-site domestic and recycled water systems.

Mr. Burton said that the project was advertised to six contractors; all six contractors attended the mandatory pre-bid meeting. He said that on November 19, 2009, the bid opening was held with all six contractors submitting bids with the apparent low bidder from GCI Construction, Inc. with a low bid of \$228,770. The engineer's estimate was \$182,500.

He said that the discrepancy between the low bid and the engineer's estimate is primarily attributable to items added to the scope of the project at GRS's request after preparation of the engineer's estimate. Following discussion, staff was asked to contact the County of Orange to determine if the turbines would meet future air quality standards, and then follow-up with the Board.

On MOTION by Reinhart, seconded and unanimously carried (Withers absent), THE BOARD AUTHORIZED THE ADDITION OF PROJECT 30340 TO THE FY 2009-10 CAPITAL BUDGET FOR \$315,700; APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT 30340 FOR THE SAME AMOUNT; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH GCI CONSTRUCTION, INC. IN THE AMOUNT OF \$228,770 FOR THE RECYCLED WATER SERVICE LATERAL FOR GAS RECOVERY SYSTEM, PROJECT 30340.

UNIVERSITY DRIVE AND CAMPUS DRIVE SEWER REHABILITATION AND FORCE MAIN PHASE II – CAPITAL BUDGET ADJUSTMENT, EXPENDITURE AUTHORIZATION AND CONTRACT CHANGE ORDER NO. 1

Director of Engineering Burton reported that Leatherwood Construction, Inc. (Leatherwood) was awarded the construction contract for the University Drive and Campus Drive Sewer Rehabilitation and Force Main Project in July 2009 in the amount of \$1,993,710.00. The project includes construction of approximately 5,000 lineal feet of new 16-inch force main between University Lift Station and the existing gravity main near the street intersection of University and Campus Drives, and replacement of 400 lineal feet of 27-inch deteriorated gravity main and seven sewer manholes in Campus Drive.

Mr. Burton reported that during pre-construction potholing activities, Leatherwood discovered existing dry utilities (signal interconnect and detector loop cable) in conflict with the proposed sewer

force main alignment between California Avenue and Mesa Road. He said that no records of the existing City of Irvine's cable were found during the project's design phase. Since the cable alignment is essentially identical to the force main and the force main cannot be shifted due to other utility conflicts, approximately 2,600 lineal feet of the cables need to be relocated towards the edge of the road. He said that Leatherwood also found a 12-inch reclaimed water line from 1977 that was not installed as indicated on the as-built plan. The conflict with the District's reclaimed water line will require realignment of approximately 750 lineal feet of the proposed sewer force main, both horizontally and vertically. The force main's original alignment was within the dirt shoulder (outside of the paved road section) along University Drive. The revised alignment pushes segments of the force main into the roadway material from the trench offsite, installing 1-sack slurry backfill within the trench, and replacing the asphaltic concrete paving over the pipe trench.

Mr. Burton said that Contract Change Order No. 1 includes the additional work required due to the two utility conflicts. Staff has reviewed Leatherwood's costs for labor and material, and found them fair for the work involved.

President Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on December 8, 2009 but that the Committee was concerned that IRWD was not aware of where the reclaimed water mains were located. Following discussion, staff was asked to see if the City staff could review plans prior to work startup.

On MOTION by Swan, seconded and unanimously carried (Withers absent), THE BOARD AUTHORIZED AN INCREASE TO THE FY 2009-10 CAPITAL BUDGET IN THE AMOUNT OF \$271,300, FROM \$2,536,900 TO \$2,808,200 FOR PROJECT 20378; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$271,300; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 1, IN THE AMOUNT OF \$188,262.54, TO LEATHERWOOD CONSTRUCTION, INC. FOR CONSTRUCTION OF THE UNIVERSITY DRIVE AND CAMPUS DRIVE SEWER REHABILITATION AND FORCE MAIN PHASE II, PROJECT 20378.

MODJESKA CANYON ROAD PIPELINE RELOCATION - CONSTRUCTION AWARD

General Manager Jones reported that the Orange County Public Works (County) is improving the existing storm drain culverts along Modjeska Canyon Road and other adjacent canyon roads. The County's Storm Drain Replacement, Site 6 project is located near 17286 Modjeska Canyon Road. The County will replace an existing 30-inch diameter corrugated metal pipe with a precast 3.5-foot X 6-foot reinforced concrete box storm drain. IRWD's existing 8-inch diameter domestic water and 12-inch diameter raw water pipelines must be lowered to avoid interference with the proposed bottom of the new storm drain.

Staff prepared the project plans and construction documents and the project was advertised to a select list of three contractors. On December 4, 2009, the bid opening was held with all three contractors submitting responsive bids. The apparent low bidder was Paulus Engineering, Inc. with a low bid of \$105,576. The engineer's estimate was \$119,000.

On MOTION by Swan, seconded and unanimously carried (Withers absent), THE BOARD APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNTS OF \$183,700 FOR PROJECT 11244 AND \$183,700 FOR PROJECT 31244; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$105,576 FOR THE MODJESKA CANYON ROAD PIPELINE RELOCATION PROJECTS 11244 AND 31244.

IRVINE DESALTER WELLS, PIPELINE, AND TREATMENT PLANT IMPROVEMENTS DESIGN CONSULTANT SELECTION

General Manager Jones reported that the proposed project will increase production at the Irvine Desalter Project Primary Treatment Plant (IDP-PTP) by converting Well 106 to become another source of groundwater for this facility. As part of this project, staff is also proposing that Well 107, which is currently providing groundwater to the IDP-PTP, be rehabilitated to maximize the amount of groundwater produced by this well.

The proposed project scope of work includes a Preliminary Design Report (PDR), final design documents, and construction documents for the rehabilitation or reconstruction of new well(s) on site for both Wells 106 and 107, wellhead facilities for both wells, raw water conveyance pipeline for Well 106, pipeline replacement of a portion of the existing pipeline along Irvine Center Drive, well pump modifications at several of the Irvine Desalter wells, and modifications to the IDP-PTP. The estimated capital cost for this alternative ranges from \$8 to \$11 million.

Director of Engineering Burton reported that on October 9, 2009, Request for Proposals were sent to the five firms, with the pre-proposal meeting held on October 15, 2009. Mr. Burton said that proposals were received on November 4, 2009 from RBF, Tetra Tech, and Psomas. Carollo and Malcolm Pirnie declined to submit a proposal. Due to discrepancies in their understanding of the level of design effort required for the pipelines, wellheads, and traffic control design costs proposed by RBF and Psomas were normalized for equitable comparison with Tetra Tech's design fee. Mr. Burton said that staff recommends awarding the project to Tetra Tech, Inc. because of their excellent and comprehensive experience and understanding of the critical design issues.

President Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on December 8, 2009. On MOTION by Reinhart, seconded and unanimously carried (Withers absent), THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,354,500 FOR PROJECT 11325; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH TETRA TECH, INC. IN THE AMOUNT OF \$1,120,800 FOR THE IRVINE DESALTER WELLS, PIPELINE, TREATMENT PLANT IMPROVEMENTS, PROJECT 11325.

PURCHASE OF SYPHON RESERVOIR

General Manager Jones reported that on November 12, 2009, a letter of intent to purchase Syphon Reservoir and associated easements and acquiring surrounding lands was sent to the Irvine Company (TIC). Staff and legal counsel worked with TIC to develop a conveyance agreement. Mr. Jones then reviewed the summary of the terms and conditions of the agreement as follows: For the purchase price,

IRWD will receive the following: 1) the Syphon Reservoir property: 40.0 acres; 2) a portion of the TIC-owned remnant parcel: 6.3 acres (the Northern Remnant at 2.7 acres and the Portola slope parcel at 3.6 acres); and 3) temporary easements over the Highline Canal alignment from Rattlesnake Reservoir to Syphon Reservoir. Mr. Jones said that the purchase is subject to the following: 1) Transportation Corridor Authority (TCA) approval and transfer of 219.4 acres of land comprised of deed restricted mitigation area and TCA-owned remnant parcels that will be transferred to IRWD at no cost prior to closing of escrow; 2) review of the Preliminary Title Report; 3) due diligence period of 30 days (at TIC's request) to inspect, test, review the physical condition of property and review the environmental, land use and other constraints to confirm suitability for intended use; and 4) Execution of Conveyance Agreement and deeds as approved by Boards of IRWD and TIC.

Mr. Jones said that as stated in IRWD's November 12, 2009 Letter of Intent, staff will use its best efforts to close escrow by December 30, 2009. He said that subsequent to the December 8, 2009 Engineering and Operations Committee review of this item, staff received a Phase 1 Environmental Site Assessment Report and a Dam Assessment Report for the Syphon Reservoir from URS. He said that the Phase 1 Environmental Site Assessment found no evidence of recognized environmental concerns with the property. The Dam Assessment Report found no apparent concerns with the dam structure that would preclude the immediate use of the reservoir for storage of water.

President Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on December 8, 2009. On MOTION by Reinhart, seconded and unanimously carried (Withers absent), **THE BOARD AUTHORIZED THE ADDITION OF PROJECT 30341 TO THE FISCAL YEAR 2009-10 CAPITAL BUDGET IN THE AMOUNT OF \$5.50 MILLION; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$5,550,000 FOR PROJECT 30341; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONVEYANCE AGREEMENT WITH THE IRVINE COMPANY FOR THE PURCHASE OF SYPHON RESERVOIR FOR \$5.5 MILLION, AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE.:**

RESOLUTION NO. 2009-34

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT AUTHORIZING
ACQUISITION OF LAND AND EASEMENTS FOR
SYPHON RESERVOIR PROJECT

GENERAL MANAGER'S REPORT

General Manager Jones reported that Mr. Bruce Newell had coordinated a meeting with Mr. Brian Stevens from the OC Fire Authority, who is responsible for the Irvine area. Mr. Jones said that he had a good meeting with him and offered IRWD's assistance with drills, etc.

Mr. Jones said that Ms. Fiona Sanchez was reelected to the California Urban Counsel Board of Directors. Director Matheis extended compliments from the IRWD Board on her reelection.

Mr. Jones said that once he receives information on funeral services for Mr. Wes Bannister, he will provide the date and location.

Mr. Jones provided a recap of water levels at the Peters Canyon Reservoir. He said that he met with Mr. Mark Denny from the Orange County Parks, and that they are interested in revisiting the conversion of the reservoir to reclaimed water. He said that he provided him the costs associated with retrofitting the reservoir. Mr. Denny said that they will be looking at outside funding for this conversion, and could also convert Irvine Park as well. He added that Mr. Denny further said that they were not interested in buying make-up water for the reservoir and would rely on rain water.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at the ACWA conference in San Diego; an NWRI Board meeting last week relative to branding; a tour and overview of IRWD with the Building Industry Association; an OCBC League of Cities holiday reception; a WACO presentation; and a MWDOC meeting relative to combining some Committees.

Director Matheis reported on her attendance at the Colorado Water Users' Association meeting in Las Vegas where one of the interesting topics was on climate change, and the ACWA conference where she enjoyed the presentation on myths and truths on the Delta with Vice President Swan as one of the presenters.

Director Swan reported on his attendance at the ACWA conference, an OCBC Infrastructure Committee, and the Colorado Water River Users conference. He then asked staff to prepare a letter to send to the County of Orange relative to the County's obligation for clearing out of the San Diego Creek as the capacity of the channel now appears to be diminished to a 20-year flood versus a 100-year flood condition. Additionally, he suggested that a meeting be scheduled with the Board of Supervisors Chairman relative to this matter.

Director Reinhart reported on his attendance at the ACWA conference, a MWDOC/OCWD Joint Board meeting, a WateReuse Board meeting in San Diego, a MWDOC PAMO meeting, a WACO meeting, and a meeting of the South County agencies with General Managers and their Board of Directors. He said that he was asked to schedule a meeting with the three south county agencies along with the three MWDOC directors. Mr. Jones said that MWDOC issues will be discussed in this Friday's Strategic Planning Workshop.

Mr. Jim Reed, the former Director of the Los Alisos Water District, complimented Shadetree Partnership on its efforts on reforesting the Lake Forest area as the trees are now mature and the area looks beautiful.

CLOSED SESSION

President Reinhart said that the following closed session would be held:

CLOSED SESSION WITH REAL PROPERTY NEGOTIATOR – Government Code Section 54956.8

- (a) Property: Various parcels - Portions of Sections 25, 26, 34, and 35 of T23S R19E MDB&M.

Negotiating Parties: Ernest Conant, Legal Counsel Representing Jackson Ranch owners
Agency Negotiator: Paul Jones, General Manager
Purpose of Negotiations: Price and Term of Payment

- (b) Property: 1221 Edinger Avenue, Tustin, CA
Negotiating Parties: Gemsa Enterprises LLC
Agency Negotiator: Paul Jones, General Manager
Purpose of Negotiations: Price and Term of Payment

OPEN SESSION

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

ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting to Friday, December 18, 2009 at 7:30 a.m. to hold a Strategic Planning Workshop in the District's Multi-Purpose Room.

APPROVED and SIGNED this 11th day of January, 2010.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone