

EXHIBIT "A"

MINUTES OF REGULAR MEETING – MAY 27, 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 May 27, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering and Planning Burton, Executive Director of Operations Shields, Executive Director of Water Resources Weghorst, Director of Water Resources Sanchez, Director of Human Resources Roney, Director of Risk Management and Treasury Jacobson, Director of Public Affairs Beeman, Director of Administrative Services Mossbarger, Ms. Christine Compton, Ms. Shannon Reed, Ms. Ericka Blaska, Ms. Amy McNulty, Mr. Scott Toland, Legal Counsel Arneson, Secretary Bonkowski, Mr. Barkev Mererlian, Mr. Jim Reed, Mr. John Boone, Ms. James Fisler, Dr. Betty Olson, Mr. John Jaeger, and other members of the public and staff.

WRITTEN COMMUNICATION:

Secretary Bonkowski said that a letter was received from Tropical Plaza dated May 23, 2014 relative to Item No. 22 on the Action Calendar entitled Michelson Water Recycling Plant Phase II Expansion Landscape Construction Award.

ORAL COMMUNICATION

1) 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 2, 4, C-8, C-9, 10, 13, 14, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 1, 3, 5, 6, 7, 11, 12, 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. This was confirmed by Mr. Cook.

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 Orange County in case of emergencies. This was confirmed by Mr. Cook.

2) Mr. Jim Fisler, incumbent Special District Alternate member for the Orange County Local Agency Formation Commission, is running for re-election and asked for the Board's vote. A copy of Mr. Fisler's bio was placed before each Director.

3) Dr. Betty Olson asked for the Board's consideration for the open Metropolitan Water District Director position representing the Municipal Water District of Orange County and its member agencies. A copy of Dr. Olson's bio was placed before each Director.

4) Mr. John Jaeger spoke to the Board relative to the District's proposed rate increase. President LaMar invited Mr. Jaeger to put his comments in writing for staff to respond.

ITEMS TOO LATE TO BE AGENDIZED: None.

PRESENTATION - SCIENCE FAIR WINNERS

Ms. Cheryl Kelly recognized students for their water-related projects entered in the Irvine Unified School District Science Fair.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 20 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the April 28, 2014 Regular Board Meeting be approved as presented.

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.

6. APRIL 2014 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for April 2014, and Disclosure Report of Reimbursements to Board members and staff; approve the April 2014 Summary of payroll ACH payments in the total amount of \$1,429,785 and approve the April 2014 accounts payable disbursement summary of warrants 347428 through 348231, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$26,322,911.

7. 2014 STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

8. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

CONSENT CALENDAR (CONTINUED)

9. PROPOSED SALARY GRADE CHANGES FOR FISCAL YEAR 2014-15

Recommendation: That the Board approve the proposed changes in the District's budgeted positions as outlined in the adopted FY 2014-15 Operating Budget; and approve the Salary Grade Schedule changes effective July 1, 2014; and adopt the following resolution by title rescinding Resolution No. 2014-22 and establishing revised Schedule of Positions and Salary Rate Changes.

RESOLUTION NO. 2014 - 25

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
RESCINDING RESOLUTION NO. 2014-22 AND
ESTABLISHING A REVISED SCHEDULE OF POSITIONS
AND SALARY RATE RANGES

10. QUITCLAIM OF REAL PROPERTY TO BROOKFIELD LF 147 LLC
(PROPOSED TRACT NO. 17446)

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim Deed to Brookfield LF 147 LLC.

RESOLUTION NO. 2014 - 26

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
APPROVING EXECUTION OF THE QUITCLAIM DEED TO
BROOKFIELD LF 147 LLC

11. QUITCLAIM OF REAL PROPERTY TO THE IRVINE LAND COMPANY LLC

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim Deed to The Irvine Land Company LLC.

RESOLUTION NO. 2014 - 27

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
APPROVING EXECUTION OF THE QUITCLAIM DEED TO
THE IRVINE LAND COMPANY LLC

CONSENT CALENDAR (CONTINUED)

12. QUITCLAIM DEED OF REAL PROPERTY TO EL TORO WATER DISTRICT

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim Deed to El Toro Water District.

RESOLUTION NO. 2014 - 28

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
APPROVING EXECUTION OF THE QUITCLAIM DEED TO
EL TOTO WATER DISTRICT

13. INITIAL DISINFECTION FACILITY CHLORINE INJECTION LINE REPLACEMENT
FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Initial Disinfection Facility chlorine line replacement, project 11669 (4285); 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.

14. VALVE VAULT AND VAULT LID REPLACEMENT FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Valve Vault and Vault Lid Replacement, project 11358 (1800); 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.

15. PLANNING AREA 51 HERITAGE FIELDS DISTRICT 1 CAPITAL FACILITIES

Recommendation: That the Board authorize the addition of projects 11719 (4620), 31719 (4621), 21156 (4648), 31156 (4649), 21158 (4653), 11721 (4645), 31721 (4646), 21159 (4824), 31159 (4825), and 21165 (5016) to the FY 2013-14 Capital Budget in the amounts of \$172,700, \$105,600, \$255,200, \$78,100, \$403,700, \$161,700, \$266,200, \$310,200, \$321,200, and \$370,700, respectively; the Board authorize a budget increase in the amount of \$902,000 from \$162,800 to \$1,064,800 for project 21141 (4267); and the Board approve Expenditure Authorizations for projects 21141 (4267), 11719 (4620), 31719 (4621), 21156 (4648), 31156 (4649), 21158 (4653), 11721 (4645), 31721 (4646), 21159 (4824), 31159 (4825), and 21165 (5016) in the amounts of \$1,064,800, \$172,700, \$105,600, \$255,200, \$78,100, \$403,700, \$161,700, \$266,200, \$310,200, \$321,200, and \$370,700, respectively, for the Planning Area 51 Capital Facilities.

CONSENT CALENDAR (CONTINUED)

16. TUSTIN LEGACY ARMSTRONG AVENUE AND WARNER AVENUE
CAPITAL IMPROVEMENTS

Recommendation: That the Board authorize the addition of projects 11746 (4988), 31746 (4989), and 30447 (4984) in the amount of \$60,500, \$282,700, and \$773,300, respectively, to the FY 2013-14 Capital Budget; and approve Expenditure Authorizations for projects 11746 (4988), 31746 (4989), and 30447 (4984) in the amount of \$60,500, \$282,700, and \$773,300, respectively, for the Tustin Legacy Armstrong Avenue and Warner Avenue Improvements, projects 11746 (4988), 31746 (4989), and 30447 (4984).

17. CALSCAPE WATER USE EFFICIENCY OUTREACH PROGRAM CONSULTANT
SELECTION

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Crocker & Crocker in the amount of \$150,000 for the CALscape Outreach Program.

18. SOUTHERN CALIFORNIA GAS COMPANY PROGRAM PARTNERSHIP

Recommendation: That the Board authorize the General Manager to execute the Inter-Utility Service and Non-disclosure Agreement with Southern California Gas Company for participation and co-funding of up to \$100,000 in the Energy Savings Assistance Program that will result in cost-effective water savings.

19. SECOND AMENDMENT TO AGREEMENT FOR PARTICIPATION AND FUNDING
IN SPECIFIED MWDOC REBATE PROGRAMS

Recommendation: That the Board authorize the General Manager to execute the Second Amendment to the Agreement for Participation and Funding by IRWD in specified Municipal Water District of Orange County Rebate Programs, subject to non-substantive changes, for specified rebate programs with \$500,000 in funding for Fiscal Year 2014-15.

20. MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY
RECOVERY FACILITIES VARIANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 2 in the amount of \$112,665 with Black and Veatch to prepare the Odor Control Maintenance and Monitoring Plan for the Michelson Water Recycling Plant Biosolids and Energy Recovery Facilities, Project 21146 (4286).

ACTION CALENDAR

BAKER WATER TREATMENT PLANT CONSTRUCTION - HEARING ON R.B. SHEET METAL SUBCONTRACTOR SUBSTITUTION

General Manager Cook reported that staff has received a written request from PCL Construction, Inc., the Baker Water Treatment Plant contractor, to substitute a named subcontractor, R.B. Sheet Metal, listed in its bid schedule on the grounds of being unresponsive in honoring its bid proposal. Mr. Cook said that pursuant to California Public Contract Code 4107, IRWD is obligated to send notice of the request for substitution to the subcontractor, and in the event of an objection, IRWD is obligated to investigate the positions of both companies and to establish a hearing with the “awarding authority”, in this case the IRWD Board of Directors, such that each party may state its position.

Mr. Cook said that staff has conducted an investigation and recommends that the Board approve PCL’s request to substitute its named sheet metal subcontractor, R.B. Sheet Metal, on the grounds that (1) R.B. Sheet Metal’s promise to sign its subcontract is contingent upon a favorable determination of a product substitution request, inconsistent with the applicable contract requirements and (2) the proposed substitute product is not deemed equivalent to the specified product.

President LaMar declared this to be the time and place for a hearing on the R.B. Sheet Metal Subcontractor Substitution item, and declared the hearing open. He asked the Secretary how the hearing was noticed.

Secretary Bonkowski said that the hearing was noticed by certified letter dated May 19, 2014 to R.B. Sheet Metal, providing the five working days notice required by statute. **ON MOTION** by SWAN, seconded and unanimously carried, **THE CERTIFIED LETTER DATED MAY 19, 2014 TO R.B. SHEET METAL PRESENTED BY THE SECRETARY WAS RECEIVED AND FILED.**

President LaMar asked Legal Counsel Arneson to describe the nature of the proceedings. Legal Counsel Arneson said that due to PCL Construction’s written request to substitute a named subcontractor, R.B. Sheet Metal as it is unresponsive in honoring its bid proposal, the District was obligated to send a notice of the request for substitution to the subcontractor; investigate the positions of both companies; and hold a hearing so that each party may state its position.

President LaMar inquired of the Secretary whether there have been any written communications. Secretary Bonkowski said that the District is in receipt of four letters as follows: April 3, 2014 – PCL request for substitution; 2) April 10, 2014 – District notice to R.B. Sheet Metal of receipt of request; 3) R.B. Sheet Metal objections to substitution which is undated; however, it was received April 17, 2014; and 4) May 19, 2014 – District notice to R.B. Sheet Metal of preliminary findings and inviting response, and giving notice of hearing.

President LaMar inquired of the staff how they investigated the PCL request for substitution, and the subcontractor’s objections. Executive Director of Engineering Burton reported that upon

receipt of R.B. Sheet Metal's objection letter, staff contacted PCL and R.B. Sheet Metal to gain a clear understanding of each company's concerns. He said that PCL explained that during the bidding period it is customary for PCL to require each of its respective subcontractors to establish bids that meet the project specifications and drawings. As PCL received final bids, R.B. Sheet Metal did not disclose that its bid was contingent upon substitutions or presumed "equivalents" to the specified manufacturer for each of the scope items. He said that once PCL received our Notice to Proceed, it began to issue contracts with its listed subcontractors. At that point in time, R.B. Sheet Metal disclosed that its bid was contingent on an "equivalent". PCL explained that R.B. Sheet Metal would need to sign its subcontract in order to submit the substitution for consideration by the owner. PCL also explained that if the substitution was not accepted, R.B. Sheet Metal would need to provide the specified products. R.B. Sheet Metal refused to sign PCL subcontract, which prompted PCL to issue the subcontractor substitution request.

Mr. Burton said that R.B. Sheet Metal was contacted via phone by staff to hear their position on the matter and that they confirmed that their bid was based on an alternative manufacturer of which they believe is equal to the named supplier and have successfully installed on other projects and emphasized that the specification listed a single manufacturer as the bid basis, and that they are allowed to provide an alternative. Staff confirmed that alternatives are allowed unless the specifications explicitly state "no equal". He said that due to the objection staff would allow R.B. Sheet Metal to send their literature directly to IRWD for evaluation by our staff and the project's Architect of Record. He said that staff received the detailed product comparisons from R.B. Sheet Metal via email which was forwarded to the Architect of Record for his review, concurrent with staff review. He said that the Architect provided his review comments to staff, and IRWD issued its Preliminary Findings letter to R.B. Sheet Metal, requesting that it provide a response to the preliminary findings. He said that staff attempted to follow-up with R.B. Sheet Metal via phone on five occasions in order to discuss our findings with messages to their receptionist and voicemails were left during these attempts. He further said that since R.B. Sheet Metal did not return any of staff's calls, staff sent notification of the hearing pursuant to Public Contract Code.

President LaMar inquired whether representatives of PCL and R.B. Sheet Metal would like to address the Board. A representative from PCL was in the audience and noted that they had accepted R.B. Sheet Metal's proposal on bid day based on the understanding that it was per the plans and specifications. There was not a representative from R.B. Sheet Metal in the audience.

President LaMar inquired whether there are any comments or questions from members of the Board of Directors. Director Reinhart commented that subcontractors must bid on the specifications as provided and that the product must be equivalent or better. There being no further comments President LaMar asked that the hearing be closed.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED PCL CONSTRUCTION, INC.'S REQUEST TO SUBSTITUTE THEIR NAMED SHEET METAL SUBCONTRACTOR, R.B. SHEET METAL, INC., ON THE GROUNDS THAT (1) R.B. SHEET METAL'S PROMISE TO SIGN ITS SUBCONTRACT IS CONTINGENT UPON A FAVORABLE DETERMINATION OF A PRODUCT SUBSTITUTION REQUEST, INCONSISTENT WITH THE APPLICABLE CONTRACT REQUIREMENTS, AND (2) THE

PROPOSED SUBSTITUTE PRODUCT IS NOT DEEMED EQUIVALENT TO THE SPECIFIED PRODUCT”.

MICHELSON WATER RECYCLING PLANT PHASE II EXPANSION LANDSCAPE CONSTRUCTION AWARD

General Manager Cook reported that the District had received written communications from Tropical Landscape requesting consideration for rejecting bids which had been placed before each Director.

Executive Director of Engineering Burton reported that the Michelson Water Recycling Plant (MWRP) Phase II Expansion Landscape project will include complete landscape, hardscape and irrigation system, including clearing and grubbing, fine grading, site preparation, planting of trees and shrubs, installation of irrigation valves, piping and appurtenances, and installation of concrete and decomposed granite drives and walkways.

Mr. Burton said that the original 2009 landscape and irrigation plans were revised to coordinate with the Michelson Water Recycling Plants expansion project’s construction changes and the project was advertised on April 28, 2014 to a select list of five landscape contractors: Nature’s Image, Pinnacle Landscape, Tropical Plaza Nursery, TruGreen LandCare and Valley Crest Landscape Development. The pre-bid job walk was held on May 5, 2014 with three contractors in attendance. Only two contractors submitted bids on May 15, 2014; Valley Crest’s bid was \$940,400 and Tropical Plaza’s bid was \$978,326. The engineer’s estimate was \$1,155,345 with a \$63,000 contingency. Mr. Burton noted that letter that the District received from Tropical Plaza and said that he contacted its President, Mr. Les Fields, who had concerns relative to the engineer’s estimate and the bidding process with only two bids submitted. He said that once he explained the bidding process, Mr. Fields realized there was a misunderstanding on his part. Director Reinhart commented on Tropical Plaza’s comment relative to the engineer’s estimate, and said that when the engineer provides an estimate, it is used as an estimate of value and that the contractor weighs in a lot of factors to determine its bid. Director Matheis thanked Shadetree Partnership’s General Manager Bonkowski and Nursery Manager Asman for their efforts with providing 10,000 shrubs and 500 trees to be planted at this facility. She also recognized Shadetree’s docent Mr. John Boone for his volunteer efforts. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH VALLEY CREST LANDSCAPE DEVELOPMENT, INC. IN THE AMOUNT OF \$940,400 FOR THE MICHELSON WATER RECYCLING PLANT PHASE II EXPANSION LANDSCAPE, PROJECTS 20214 (1599) AND 30214 (1706).**

STOCKDALE WEST WELLHEAD EQUIPPING AND CONVEYANCE FACILITIES CONSULTANT SELECTION

General Manager Cook reported that the Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District (IRWD) are jointly developing the Stockdale Integrated Banking Project which includes constructing water banking facilities on Rosedale’s and IRWD’s respective Stockdale properties. As part of the Stockdale Project, IRWD plans to construct three new extraction wells on the Stockdale West Ranch property.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$272,600, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH URS CORPORATION IN THE AMOUNT OF \$225,785 FOR ENGINEERING SERVICES FOR THE STOCKDALE WEST WELLHEAD EQUIPPING AND CONVEYANCE FACILITIES, PROJECT 11645 (3766).

EXCHANGE AGREEMENT WITH METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Director of Water Policy Weghorst reported that staff received a request from Metropolitan Water District of Southern California (MWD) for banked water recovered from the District's Strand Ranch Integrated Banking Project (Strand Ranch). Mr. Weghorst said that this water would be used by MWD in 2014 in exchange for MWD water returned to IRWD within 10 years. He said that staff reviewed a draft agreement for the exchange with the Water Banking Committee in April and the Committee authorized staff to work with MWD to finalize the agreement to complete a one-for-one exchange of up to 4,000 acre-feet for the mutual benefit of both agencies.

Director Swan reported that this item was reviewed by the Water Banking Committee on April 22, 2014. Following discussion, on MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE AGREEMENT FOR EXCHANGE OF WATER BETWEEN THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AND IRVINE RANCH WATER DISTRICT FOR UP TO 4,000 ACRE-FEET OF BANKED WATER SUBJECT TO NON-SUBSTANTIVE CHANGES.

ORACLE SOFTWARE LICENSES – ADDITIONAL ORACLE CUSTOMER CARE AND BILLING SOFTWARE LICENSES AND UNLIMITED LICENSE AGREEMENT FOR TECHNOLOGY LICENSES

Director of Administration Mossbarger reported on the two major components of Oracle software licensing: Applications and Technology. Mr. Mossbarger said that application licenses are generally purchased as part of the initial software implementation and technology licenses are required for the underlying technology architecture used for databases, high availability, reliability, and diagnostics. He said to continue utilizing Oracle software without interruption, licenses must be renewed before the current license agreements expire. He said that in 2011, the Board approved the procurement of the Oracle Customer Care and Billing (CC&B) application software licenses and a unlimited license agreement (ULA) for technology licenses where the CC&B application software licenses were purchased at a significant discount. The technology licenses acquired under the ULA have provided the District with significant savings over the 42-month period when compared to buying the technology licenses individually.

Mr. Mossbarger said that in 2011, the Oracle CC&B application licenses were purchased based on the number of customer accounts that utilize the system and the number of customer accounts that utilize the CC&B software has increased since the original purchase and the District will need to procure additional licenses. He said that after a lengthy negotiation process with Oracle,

staff secured license discounts from Oracle which will expire at the end of May 2014. He said that the total cost of the additional CC&B applications licenses is \$153,550 plus first-year maintenance support of \$33,781, for a total of \$187,331 (charged to the CC&B capital project). The maintenance and support beyond the implementation will be included in IRWD's annual operating budget.

Mr. Mossbarger said that IRWD entered into the original ULA agreement in May 2011 with the term set to expire in November 2014. He said that staff reviewed the new technology projects planned for the next three years which include ID Consolidation; Operational Data Warehouse non-Oracle; Enterprise Asset Management non-Oracle; Oracle Utility Customer Self Service; and Business Intelligence Upgrades. He said that staff has worked with Oracle to identify the technology licenses required for these projects. In addition, staff negotiated annual maintenance and support price increase caps of no increase in the first two years, and 2% in the third and fourth year for all existing Oracle licenses and any new licenses placed in service under the ULA. Price holds for additional software product licenses were also negotiated. The cost of the ULA Extension is \$1,373,774 in license fees and \$302,230 in first year maintenance and support, for a total of \$1,676,004. This amount includes a credit for the original ULA for the remaining six months.

Following discussion, staff was asked to submit an item to the Finance and Personnel Committee to review all costs to date and to also submit periodic and annual reports for the Board's review. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AGREEMENTS WITH ORACLE FOR THE PURCHASE OF ADDITIONAL CUSTOMER CARE AND BILLING APPLICATION LICENSES AND THE UNLIMITED LICENSE AGREEMENT FOR TECHNOLOGY LICENSES NOT-TO-EXCEED \$2,401,500.**

PROPOSED IRWD STORMWATER AND DRY WEATHER RUNOFF MANAGEMENT AND CAPTURE POLICY PRINCIPLES

Government Relations Manager Compton reported discussion surrounding stormwater and dry weather runoff capture and use at the state level has been accelerated by SB 985, authored by Senator Fran Pavley (D-Calabasas). Ms. Compton said that SB 985 would require the development of stormwater resources plans that identify and prioritize stormwater and dry weather runoff capture projects. It would also require that the State Water Resources Control Board establish a policy for compliance with the plan requirement, and would make compliance a requirement for receiving grants for stormwater and dry weather runoff capture projects from bond funds.

She said that given that discussions concerning stormwater and dry weather runoff capture and use are underway, staff has proposed a policy principles paper on stormwater and dry weather runoff management and capture to guide the District's advocacy efforts.

Director Matheis said that this policy was reviewed and approved by the Water Resources Policy and communications Committee on May 21, 2014. A motion was made by Matheis and seconded by Reinhart to approve the item, but prior to the vote, a discussion was held by the Board to encourage expansion to the Federal law, not just the state, include language to

encourage capturing stormwater runoff, and to check and revise as needed the consistency with IRWD's position on recycled water impoundment overflow. Director LaMar asked that the policy also be submitted to the Water Resources Policy and Communications Committee for an update. There being no further comments, **THE BOARD UNANIMOUSLY APPROVED (WITH A 5-0 VOTE) THE STORMWATER AND DRY WEATHER RUNOFF MANAGEMENT AND CAPTURE POLICY PRINCIPLES.**

IRWD GROUNDWATER MANAGEMENT POLICY PRINCIPLES

Executive Director of Water Policy Weghorst reported that the loss of reliable deliveries from the State Water Project and the Central Valley Project are driving more dependence on groundwater within California and particularly in the Central Valley. Mr. Weghorst said that many groundwater basins in the state are managed by local and regional agencies, but many others have no management structure or plans in place. This has left some regions faced with tackling the complex social and economic issues associated with conflicts between overlying rights to extract groundwater and the finite groundwater resources that are available.

Mr. Weghorst said that the Administration and the Legislature have engaged stakeholders on how to empower local agencies to better manage groundwater basins in their regions. IRWD has been participating in the debate on how to improve local management of groundwater resources in California through the following efforts: 1) commenting on the State Water Resources Control Board (SWRCB) Groundwater Workplan Concept Paper in December 2013; 2) contributing to discussions held at State-sponsored workshops in Sacramento in March and April 2014; and 3) submitting comments to the Administration on improving groundwater management in California on April 23, 2014.

He said that based on IRWD's standing in the water industry, the opinion of the District is regularly solicited on issues of vital interest to the water resources community. To assist in the District's advocacy efforts on groundwater management issues, staff has prepared an IRWD Groundwater Management Policy Principles paper. He further said that staff has had discussion with the District's water banking partners and these principles adhere to them.

Director Matheis said that this item was reviewed and approved by the Water Resources Policy and Communications Committee on May 21, 2014. Discussion was held and staff was asked to make revisions to delete adjudication language and add groundwater storage language noting that the levels will be increasing during wet weather and drawing down during dry weather conditions, and that the policy should focus on managed basins. President LaMar asked that this item be added to the Water Resources Policy and Communications Committee meeting agenda to discuss options for the policy to be more recognizable to the public. On MOTION by Matheis, seconded and unanimously carried, **THAT THE BOARD APPROVE THE GROUNDWATER MANAGEMENT POLICY PRINCIPLES AS MODIFIED.**

LETTER OF SUPPORT AND COMMENTS ON THE BAY DELTA CONSERVATION PLAN AND ASSOCIATED DRAFT EIR/EIS

General Manager Cook reported that the Draft Bay Delta Conservation Plan (BDCP) and associated Draft Environmental Impact Report/Environmental Impact Statement (DEIR/EIS)

have been released for public review and comment. Mr. Cook said that the 180-day comment period runs until June 13, 2014. He said that given the importance of the Delta to the state and IRWD, staff recommends that the District submit a letter of support and comments on the BDCP and associated DEIR/EIS before the June 13, 2014 deadline.

Ms. Compton reported that the BDCP is a joint state and federal effort to develop and implement a 50-year plan that includes a set of water system and ecosystem improvements in the Sacramento-San Joaquin Delta. The BDCP includes a 50-year habitat conservation plan in the form of a Habitat Conservation Plan / Natural Community Conservation Plan (HCP/NCCP), and proposes the construction of a new water conveyance facility at an estimated cost of \$16 billion. It also proposes to restore and/or protect approximately 150,000 acres of habitat within the Delta at an estimate cost of \$4.4 billion. If adopted and implemented, the BDCP will serve as the foundation for achieving the legislatively established co-equal goals of high-quality water supply reliability and ecosystem restoration. The Draft BDCP and associated DEIR/EIS outlining the preferred project and environmental analysis were released on December 9, 2013 by the California Natural Resources Agency. The BDCP and associated DEIR/EIS evaluated 15 conveyance facilities and a “no action” alternative. The alternatives studied included tunnels, pipelines, canals and a through-Delta alternative. The alternatives studied also looked at conveyance facilities of various sizes and levels of diversion capacity. The facilities evaluated ranged from 3,000 cubic feet per second (cfs) to 15,000 cfs. The BDCP and associated DEIR/EIS recommend Preferred Alternative (No. 4). Preferred Alternative (No. 4) would consist of three intakes and two 30-mile, gravity flow tunnels with a 9,000 cfs capacity.

Director Matheis said that this item was reviewed and approved by the Water Resources Policy and Communications Committee on May 21, 2014. Director Matheis made a motion which was seconded by Director Reinhart. Prior to voting, Director Swan said he would like to table the item as he felt that the policy was premature and did not concur with some of the positions in the comment letter. President LaMar expressed his opinion on the District’s letter which he believed to be excellent, and he said he believed that now was the time for the District to weigh in on this matter. Director Swan made a motion to table the item. This motion was not seconded. Directors Matheis and Withers said that it was important for the District to make comments at this time. Director Swan commented that he felt the District’s response was premature at this time. Following discussion, the Board voted on the pending motion (WITH A 4-1 VOTE [Withers, LaMar, Matheis, and Reinhart voting aye with Swan voting no]) AND AUTHORIZED STAFF TO SEND THE PROPOSED LETTER OF SUPPORT AND COMMENT LETTER ON THE BAY DELTA CONSERVATION PLAN AND THE ASSOCIATED DRAFT ENVIRONMENTAL IMPACT REPORT / ENVIRONMENTAL IMPACT STATEMENT TO THE APPROPRIATE STATE AND FEDERAL AGENCIES BEFORE THE JUNE 13, 2014 DEADLINE. Director Withers then asked staff to add an item to a future Water Resources Policy and Communications Committee meeting to discuss options for distributing IRWD policies to the public.

GENERAL MANAGER’S REPORT

General Manager Cook provided an update of his comments in the Weekly Report relative to Water Resources Reform and Development Act which passed in the House and Senate. He said that he is preparing a comment letter to the State Water Resources Control Board relative

to permit requirements in that the District would also like to be able to continue to work under individual permits.

DIRECTORS' COMMENTS

Director Matheis reported on her attendance at the ACWA conference in Monterey, and that on Thursday, she will be attending an Independent Special District of Orange County quarterly meeting.

Director Withers reported on his attendance at the 60th anniversary of Orange County Sanitation District celebration with staff.

Director Reinhart reported on his attendance at a meeting with El Toro Water District along with Director LaMar and General Cook regarding mutual issues; an Orange County Water Summit; a tour of the District's Biosolids and Energy project; and a Municipal Water District of Orange County Board meeting where its budget was approved.

Director Swan reported on his attendance at an Orange County Water District Committee meeting; an Orange County Forum, a Coyote Canyon community event where IRWD was recognized; a WACO Planning meeting, and a Newport Bay Watershed Executive Committee meeting where they focused on the creek in Lake Forest. He said that this Thursday and Friday he will be attending an ACWA Board meeting in Sacramento. He then asked staff to obtain additional information on the MWD selection process.

Director LaMar reported on his attendance at the meeting with El Toro Water District; an NWRI Operating Committee meeting, a MWRP tour held with a Santa Margarita Water District Director McCuster; an Orange County Forum event; a Coyote Canyon community event, a MWDOC Public Affairs Committee meeting and Legislative Committee meeting. He said that today he and Director Reinhart attending a South County Agency meeting relative to the selection process for a new MWD Director from the south county area. He asked the General Manager Cook to provide periodic updates to the Board on the process. Director Swan asked for a copy of the December 2013 write-up relative to this process.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting at 8:00 p.m.

APPROVED and SIGNED this 9th day of June, 2014.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone