



IRVINE RANCH WATER DISTRICT

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June 29, 2016

The Honorable Cathy Green
President, Board of Directors
Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708

Subject: Reconsideration of Agreement to Seek Mutually Acceptable Solutions

Dear President Green:

Orange County Water District (OCWD) and Irvine Ranch Water District (IRWD) have a long history of working together, openly and cooperatively, to resolve complex issues. As I expressed in my May 25, 2016 letter, I am hopeful that we can reach an agreement that would give our agencies time to seek mutually acceptable solutions to the complex issues that IRWD identified in its April 20, 2016 letter regarding how OCWD excludes recycled water as a supplemental source when establishing a Producer's annual groundwater production percentage and Basin Equity Assessment charges. It is my understanding that the OCWD Board has, so far, opted to not approve an agreement that was prepared jointly by our staffs and legal counsels, but that on June 15, 2016 it voted affirmatively to reconsider the agreement sometime in July.

I am writing you today to express that, even though IRWD filed a petition and complaint on June 17, 2016 with the Superior Court, there is still an opportunity for OCWD and IRWD to execute a Tolling Agreement, an updated copy of which is attached to this letter. The execution of the Tolling Agreement would provide protections to our respective agencies and would establish a collaborative framework through which our respective agencies can evaluate and seek a mutually satisfactory resolution to the issues. The revisions that have been made to this agreement only reflect that IRWD has already filed the lawsuit and that upon execution of the agreement, IRWD would file a request for dismissal of the case without prejudice to re-filing the case if the parties do not reach a resolution.

In order to maintain our ability to initiate discussions between our agencies without litigation in progress, we are hopeful that the agreement will be considered by the OCWD Board at its meeting on July 6, 2016, in advance of the July 7, 2016 deadline imposed by applicable law for IRWD to serve the complaint and summons. If it is not possible for

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this to happen on July 6, then we will proceed with serving the complaint and summons. However, even if that service occurs, IRWD will remain open to a constructive settlement dialogue to resolve this matter.

If you have any questions, please do not hesitate to contact me at (949) 551-0567 or IRWD General Manager Paul Cook at (949) 453-5590.

Sincerely,



Mary Aileen Matheis
Board President

Attachment