

EXHIBIT “A”

MINUTES OF REGULAR MEETING – APRIL 27, 2015

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 April 27, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

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 Operations Shields, Executive Director of Water Policy Weghorst, Director of Public Affairs Beeman, Director of Human Resources Roney, Director of Water Resources Sanchez, Director of Treasury and Risk Management Jacobson, Director of Administration Mossbarger, Assistant Director of Recycling Operations Lee, Legal Counsel Arneson, Secretary Bonkowski, Mr. Christopher Smithson, Ms. Christine Compton, Principle Engineer Mori, Ms. Kellie Welch, Ms. Jo Ann Corey, Ms. Rosemary Riddle, Ms. Erika Blaska, Ms. Lindsey Stuvick, Mr. Dane Johnson, Ms. Sandra Garcia, Mr. Jim Reed, Mr. Bruce Newell, University of California, Irvine students, and other members of the public and staff.

Written and Oral Communications: None.

Items too late to be agendaized: None.

WORKSHOPS

CITY OF SAN JUAN CAPISTRANO TIERED RATE CASE OVERVIEW

Using a PowerPoint presentation, Ms. Christine Compton provided an overview of the recent City of San Juan Capistrano’s tiered rate case. Ms. Compton explained what the case means for rate setting noting that: 1) there must be a correlation between tiered water prices and the cost of service and that water agencies must calculate the costs of providing water at the level of use represented by each tier and not draw those lines based on water budgets; 2) water agencies should have financial cost data to support rates and any rate increases between tiers which should be part of the administrative record created by the agency in its rate setting; 3) costs of capital improvements, which provide additional increments of water, can be passed on to customers but the allocation of those costs must be justified based on cost of service; 4) when water service is immediately available to customers, there is no contravention of Proposition 218’s “immediately available” requirement when charges are included for constructing and providing a new source of water which may only be serviced to some customers; and 5) higher conservation tiers cannot be treated as “penalties” which avoid Proposition 218’s requirements. Ms. Compton said IRWD’s allocation-based conservation rate structure complies with these requirements and that staff will continue to review the decision and evaluate potential impacts to IRWD. She also said that the

decision provides insight on how to comply with Proposition 218, but more legislative guidance and clarity is recommended on both Propositions 26 and 218.

Director Matheis reported that a Special Water Resources Policy and Communications meeting was held today relative to this issue. Following discussion, it was the consensus of the Board to seek clarity with legislators on the case relative to Propositions 26 and 218; work with like agencies; and contact the Association of California Water Agencies to involve them in this matter. Additionally, following legal counsel's brief summary of findings on the 2006 Bighorn case, Director Swan asked that it be revisited relative to special circumstances which prompted specific language for water rates.

FISCAL YEAR 2015-16 OPERATING BUDGET AND PROPOSED RATES AND CHARGES

Executive Director of Finance and Administration Clary reported on the revised Operating budget. Ms. Clary said that the primary drivers for increases include salaries and benefits increases (\$47.7M); water (\$40.4M), repairs and maintenance (\$22.2M), electricity (\$17.7M), and other (\$20.0 M), for a total of \$147.7M.

Ms. Clary said that Carollo Engineering, Inc. is working to finalize the update of the District's Cost of Service Study. Staff has incorporated Carollo's findings and recommendations, which have also been reviewed with the Finance and Personnel Committee, into the 2015-16 rate-setting process. She said that the details of the report will be presented at the May 26, 2015 Board meeting. She further reviewed targeted water budget reductions, discussed how to meet reduced requirements, and outlined how to motivate a reduction in usage.

Mr. Christopher Smithson reviewed the methodology for allocating costs to tiered rates; reviewed the proposed rates for both the Irvine Ranch and the Los Alisos rate areas, provided a comparison of Irvine Ranch and Los Alisos rate areas compared to neighboring agencies, and reviewed the next steps.

Director Swan said that this item was reviewed by the Finance and Personnel Committee on several occasions, and that the Committee concurs with staffs recommendations. He recommended that the Proposition 218 notices be mailed as soon as possible instead of the suggested May 8, 2015 date. On MOTION by Swan, seconded and unanimously carried, THE BOARD SET THE REGULAR MEETING OF THE BOARD OF DIRECTORS AT THE SECOND REGULARLY SCHEDULED BOARD MEETING IN JUNE 2015 AS THE TIME AND PLACE FOR A PUBLIC HEARING ON PROPOSED INCREASES IN PROPERTY-RELATED RATES AND CHARGES AND ANY PROPOSED NEW PROPERTY-RELATED RATES AND CHARGES, AND APPROVED THE MAILING OF PROPOSITION 218 NOTICES AS FINALIZED BY STAFF AND LEGAL COUNSEL IN COMPLIANCE WITH APPLICABLE LEGAL REQUIREMENTS .

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 9 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the April 13, 2015 Regular Board meeting be approved as presented.

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

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

7. MARCH 2015 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for March 2015, and Disclosure Report of Reimbursements to Board members and staff; approve the March 2015 summary of payroll ACH payments in the total amount of \$1,506,822 and approve the March 2015 accounts payable Disbursement Summary of warrants 356620 through 357375, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$21,586,695.

8. PLANNING AREA 5B (EASTWOOD) CAPITAL IMPROVEMENTS AND SUPPLEMENTAL REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize a budget increase for project 11717 (4512) in the amount of \$19,800, from \$112,200 to \$132,000, project 30420 (4514) in the amount of \$991,700, from \$777,700 to \$1,769,400, project 31717 (4513) in the amount of \$65,000, from \$233,200 to \$298,200, and project 30421 (4515) in the amount of \$42,900, from \$57,200 to \$100,100; authorize a budget decrease for project 30429 (4752) in the amount of <\$943,800>, from \$943,800 to \$0; and authorize the General Manager to execute a Supplemental Reimbursement Agreement with Irvine Community Development Company for the design and construction of domestic water, sewer, and recycled water improvements in Planning Area 5B.

9. MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES VARIANCE AND CONTRACT CHANGE ORDER

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 in the amount of \$74,901.74 with Creative Alliance Group to provide supplemental partnering consultation services and approve Contract Change Order No. 27 in the amount of \$107,253.26 with Filanc/Balfour-Beatty to provide electrical, instrumentation and controls, structural, and mechanical modifications at various treatment facilities for the MWRP Biosolids and Energy Recovery Facilities, project 20847 (1617).

ACTION CALENDAR

PETERS CANYON WASH CHANNEL WATER CAPTURE AND REUSE PIPELINE PROJECT FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

A Final Initial Study/Mitigated Negative Declaration (Final IS/MND) for the proposed Peters Canyon Channel Water Capture and Reuse Pipeline Project has been prepared. The project will contribute to compliance with Regional Water Quality Control Board (RWQCB) requirements to limit point discharges of selenium within the San Diego Creek/Newport Bay Watershed by diverting nuisance flows that contain high concentrations of selenium to the Main Street sewer. On MOTION by Swan, seconded and unanimously carried, THE BOARD FOUND THAT ON THE BASIS OF THE WHOLE RECORD BEFORE IT (INCLUDING THE INITIAL STUDY/MITIGATED NEGATIVE DECLARATION AND THE COMMENTS RECEIVED), THAT THERE WAS NO SUBSTANTIAL EVIDENCE THAT THE PETERS CANYON WASH CHANNEL WATER CAPTURE AND REUSE PIPELINE PROJECT WILL HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT AND THAT THE MITIGATED NEGATIVE DECLARATION REFLECTS IRWD'S INDEPENDENT JUDGMENT AND ANALYSIS; ADOPTED THE PROPOSED MITIGATED NEGATIVE DECLARATION FOR THE PETERS CANYON WASH CHANNEL WATER CAPTURE AND REUSE PIPELINE PROJECT AND THE ASSOCIATED MITIGATION MONITORING AND REPORTING PROGRAM; APPROVED THE PROJECT; AUTHORIZED STAFF TO POST AND FILE A NOTICE OF DETERMINATION AND SUBMIT PAYMENT FOR THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE SERVICE FILING FEE.

DIRECTORS' COMMENTS

Director Swan reported on his and Director Withers' attendance at an OCBC meeting relative to desalination; an OCWA lunch meeting relative to weather forecasting; a Southern California Dialogue meeting relative to the Colorado River's future; a water conference on water shortage at UCI's Beckman Center; and that he, Director Reinhart, and General Manager Cook attending an OCWD briefing on the Orange County groundwater contamination cleanup project. He said he asked OCWD staff to schedule a meeting with IRWD to address the plume issue.

Director Reinhart reported on his attendance at the OCWD briefing on groundwater contamination; a South Orange County Agencies' meeting; and a Southern California Water Committee Quarterly luncheon.

Director Matheis reported on her attendance at the OC Forum event.

Director Withers reported on his attendance at the Orange County Crime Victims' Monument groundbreaking.

Director LaMar reported on his attendance at the California Environmental Dialogue Long View Committee meeting in San Francisco, an NROC Executive Committee meeting, and an OCWD groundwater contamination cleanup meeting.

Consultant Jim Reed reported on the meetings he attended on behalf of the District including an OCWA lunch meeting, a SOCWA Board meeting, and a South Orange County Economic Coalition summit.

ADJOURNMENT

President LaMar adjourned the meeting at 6:45 p.m.

APPROVED and SIGNED this 11th day of May, 2015.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson,
Wiles & Giannone