

**AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

May 29, 2012

PLEDGE OF ALLEGIANCE

CALL TO ORDER

5:00 P.M., Board Room, District Office
15600 Sand Canyon Avenue, Irvine, California

ROLL CALL

Directors Reinhart, LaMar, Swan, Withers and President Matheis

NOTICE

If you wish to address the Board on any item, including Consent Calendar items, please file your name with the Secretary. Forms are provided on the lobby table. Remarks are limited to five minutes per speaker on each subject. Consent Calendar items will be acted upon by one motion, without discussion, unless a request is made for specific items to be removed from the Calendar for separate action.

COMMUNICATIONS TO THE BOARD

1. A. Written:

B. Oral: Mrs. Joan Irvine Smith relative to the Dyer Road Wellfield.

2. **ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Recommendation: Determine that the need to discuss and/or take immediate action on item(s) introduced come to the attention of the District subsequent to the agenda being posted.

PRESENTATION

Next Resolution No. 2012-20

3. **SCIENCE FAIR WINNERS**

Each year, IRWD presents awards to local students for their water-related projects entered in the Irvine Unified School District Science Fair.

WORKSHOP

4. **FISCAL YEAR 2012-13 DRAFT CAPITAL BUDGET**

Staff will provide a presentation on the projected Fiscal Year 2012-13 Capital Budget. The projected expenditures for the FY 2012-13 Capital Budget are \$64 million. This item is presented for information and discussion purposes prior to the Board Workshop on June 11, 2012.

CONSENT CALENDAR

Next Resolution No. 2012-20

Items 5-14

5. MINUTES OF REGULAR AND ADJOURNED BOARD MEETINGS

Recommendation: That the minutes of the May 14, 2012 Regular Board Meeting and the May 21, 2012 Adjourned Board Meeting be approved as presented.

6. 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, and Peer Swan.

7. APRIL 2012 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for April 2012; approve the April 2012 Summary of Payroll ACH payments in the total amount of \$1,361,911.78, and approve the April 2012 Accounts Payable Disbursement Summary of Warrants Nos. 328836 through 329642, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$23,830,355.64.

8. DISTRICT STRATEGIC MEASURES DASHBOARDS

Recommendation: That the Board receive and file the Strategic Measures Dashboards and Information items.

9. UPCOMING PROJECTS STATUS REPORT

Recommendation: That the Board receive and file.

10. PORTOLA HILLS SEWAGE LIFT STATION ABANDONMENT AND GRAVITY SEWER CONSULTANT SELECTION

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$188,100 for Project 20224 (1600); and authorize the General Manager to execute a Professional Services Agreement with CivilSource, Inc. in the amount of \$86,403 for the design of Portola Hills Sewage Lift Station Abandonment and Gravity Sewer, Project 20224 (1600).

CONSENT CALENDAR - Continued

Next Resolution No. 2012-20

Items 5-14

11. MASTER REIMBURSEMENT AGREEMENT BETWEEN IRWD AND THE CITY OF IRVINE FOR THE ADJUSTMENT/RELOCATION OF MISCELLANEOUS FACILITIES RELATED TO CITY STREET PROJECTS

Recommendation: That the Board authorize the General Manager to execute a Master Reimbursement Agreement between Irvine Ranch Water District and the City of Irvine for the installation of miscellaneous facilities.

12. AMENDMENT NO. 1 TO THE CITY OF LAKE FOREST SPORTS PARK REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize the General Manager to execute Amendment No. 1 to the Reimbursement Agreement between Irvine Ranch Water District and the City of Lake Forest for the relocation of a recycled water pipeline as part of the City of Lake Forest's sports park grading and drainage, projects 11560 (1181) and 30352 (1732).

13. TRANSITION OF ACWA HEALTH BENEFITS AUTHORITY INTO THE ACWA/JOINT POWERS INSURANCE AUTHORITY

Recommendation: That the Board adopt a Resolution approving membership in the ACWA Joint Powers Insurance Authority, consenting to join the health benefits program of the ACWA Joint Powers Insurance Authority, ratifying the action of the ACWA Health Benefits Authority board of directors to terminate the Health Benefits Authority Joint Powers Agreement, and authorizing and directing the Irvine Ranch Water District to execute all necessary documents.

Reso No. 2012-

14. MAIN GILLETTE SEWER REHABILITATION EXPENDITURE AUTHORIZATION AND BID REJECTION

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$79,700 for the Main Gillette Sewer Rehabilitation, 21436 (1129); and reject the bids received for the Main Gillette Sewer Rehabilitation, project 21436 (1129).

ACTION CALENDAR

15. APPROVAL OF SUPPLEMENTS TO OFFICIAL STATEMENTS RELATED TO LETTERS OF CREDIT REPLACEMENT

Recommendation: That the Board adopt a Resolution approving remarketing statements and certain other actions in connection with replacement of letters of credit (Consolidated Series 1989, Consolidated Series 1991, Consolidated Series 1993)

Reso No. 2012-

16. RECONCILIATION OF CHARGES FOR EMERGENCY REPAIR AND PROTECTION OF 39-INCH IRVINE LAKE PIPELINE – BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize a budget increase to the Fiscal Year 2011-12 Capital Budget for project 11571 (1231) for \$149,256, from \$350,000 to \$499,256; and approve an Expenditure Authorization for project 11571 (1231) in the amount of \$149,256 to reconcile the final charges for the emergency repair and protection of the 39-inch Irvine Lake Pipeline.

17. BAKER WATER TREATMENT PLANT DESIGN VARIANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 7 in the amount of \$710,000 with RBF Consulting for the Baker Water Treatment Plant, project 11218 (1417).

18. PROPOSED SALARY GRADE SCHEDULE CHANGES FOR FY 2012-13

Recommendation: That the Board approve the proposed changes in the District's budgeted positions in the adopted Operating Budget; and recommend approval of the salary grade schedule changes effective with the approved Fiscal Year 2012-13 Operating Budget on July 1, 2012; and adopt a Resolution rescinding Resolution No. 2011-52 and establishing revised schedule of positions and salary rate ranges.

Reso No. 2012-

OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

OTHER BUSINESS - Continued

19. A. General Manager's Report

B. Directors' Comments

1)

2)

3)

4)

5)

C. Adjourn

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Irvine Ranch Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance to the Board of Directors Room of the District Office.

The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

OS
May 29, 2012

Prepared by: E. Akiyoshi M. Hoolihan

Submitted by: K. Burton

Approved by: Paul Cook

WORKSHOP

FISCAL YEAR 2012-13 DRAFT CAPITAL BUDGET

SUMMARY:

Staff will provide a presentation on the projected Fiscal Year 2012-13 Capital Budget. The projected expenditures for the FY 2012-13 Capital Budget are \$64 million. This item is presented for information and discussion purposes prior to the Board Workshop on June 11, 2012.

BACKGROUND:

The projected capital expenditures for the upcoming fiscal year are presented annually to the Board for review. The presentation, attached as Exhibit "A", includes an update on Fiscal Year 2011-12 budget to actual capital expenditures, projected FY 2012-13 capital expenditures, and the capital budget schedule.

In FY 2011-12, projected expenditures were estimated at \$116.2 million with actual expenditures projected at approximately \$106.6 million (92% of projected). The major construction projects included significant expenditures including the Michelson Water Recycling Plant (MWRP) Phase 2 Expansion, the Wells 21 and 22 Project, and the OPA/Regional Transmission Main. Construction of these projects is scheduled for completion in the first half of the upcoming fiscal year with construction expenditures to be significantly lower in FY 2012-13.

In FY 2012-13, capital expenditures are estimated to be \$64 million. Design and bid phase efforts on three of the larger projects are the major contributors to the projected annual expenditures including the MWRP Biosolids Dewatering Facility, the Baker Water Treatment Plant, and the Orange Park Acres (OPA) Groundwater project. The reduction in expenditures from FY 2011-12 to FY 2012-13 is primarily associated with a shift from completing construction (e.g. MWRP Phase II and Wells 21 and 22) to design phase or bid phase efforts on other major projects (e.g. MWRP Biosolids Dewatering Facility and Baker Water Treatment Plant). Staff anticipates that the capital expenditures in FY 2013-14 will increase due to the increase in construction activities on both the MWRP Biosolids Dewatering Facility and the Baker Plant.

FISCAL IMPACTS:

The table below shows the major projects for FY 2012-13.

Project	FY 2012-13, \$M
MWRP Improvements	\$ 11.5
OCSO CORF and Solids Handling	6.5
MWRP Biosolids Handling	5.1
Business Software	4.9
Baker Water Treatment Plant	4.2
Water Banking	2.1
OPA Groundwater Project	2.1
Syphon Reservoir (Interim Integrations/Feasibility)	1.3
Newport Blvd Water Main Replacement	1.1
Santiago Canyon Area Booster Pump Station Permanent Generators	0.8
Subtotal for Top Ten Projects:	\$ 39.6
Other Projects:	\$ 24.4
Total Projects (Preliminary)	\$ 64.0

ENVIRONMENTAL COMPLIANCE:

Not required.

COMMITTEE STATUS:

This item was reviewed at the Engineering and Operations Committee on May 15, 2012.

RECOMMENDATION:

THIS ITEM IS PRESENTED FOR INFORMATION PURPOSES PRIOR TO CONSIDERATION OF FINAL ADOPTION AT THE JUNE 11, 2012 BOARD MEETING.



LIST OF EXHIBITS:

Exhibit "A" – Capital Budget Presentation

Fiscal Year 2012/13 Capital Budget

Board of Directors Workshop
May 29, 2012


Irvine Ranch Water District



Presentation Outline

Irvine Ranch Water District

- Update on expenditures for FY 2011/12
- FY 2012/13 Capital Budget Summary
- Flagged Projects
- Capital Budget Schedule




FY 2011/12 Budgeted vs. Actual

Irvine Ranch Water District

Description	Budgeted	Projected Actual
Top 10 project groups	\$88.7	\$93.1
Other projects	\$27.5	\$13.5
FY 2011/12 Total	\$116.2	\$106.6


- Major factor for expenditure deviations is changes to design or construction schedule



FY 2011/12 Top 10 Budgeted vs Actual Expenditures

Irvine Ranch Water District

No.	Project Name	Budgeted (\$ Million)	Actual (\$ Million)
1	MWRP Phase 2 Expansion	\$31.1	\$33.4
2	OCSD CORF & Solids Handling	\$13.0	\$9.0
3	Wells 21 & 22	\$10.0	\$18.5
4	Water Banking	\$9.5	\$3.4
5	Baker WTP	\$8.1	\$1.5
6	OPA / East Orange Transmission Main	\$5.4	\$8.9
7	MWRP Biosolids	\$4.9	\$8.1
8	Alton Parkway Pipelines	\$2.7	\$3.7
9	Well 78	\$2.1	\$2.3
10	Tustin Legacy Well 1 (TL-1a)	\$1.9	\$4.3
Subtotal for Top 10 Projects		\$88.7	\$93.1
Other Projects		\$27.5	\$13.5
Total		\$116.2	\$106.6




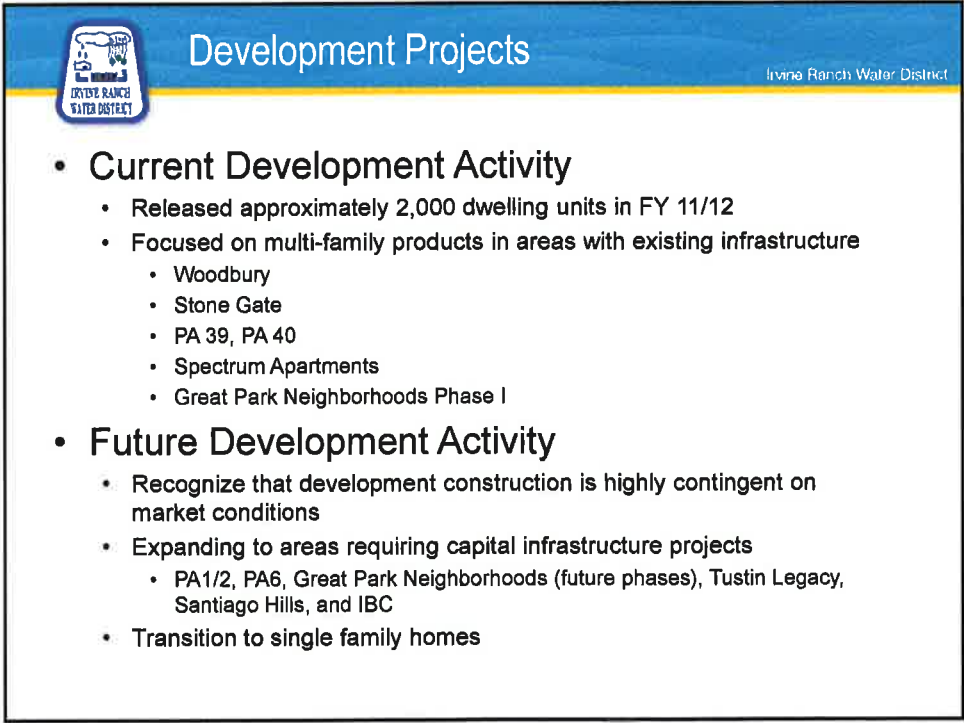
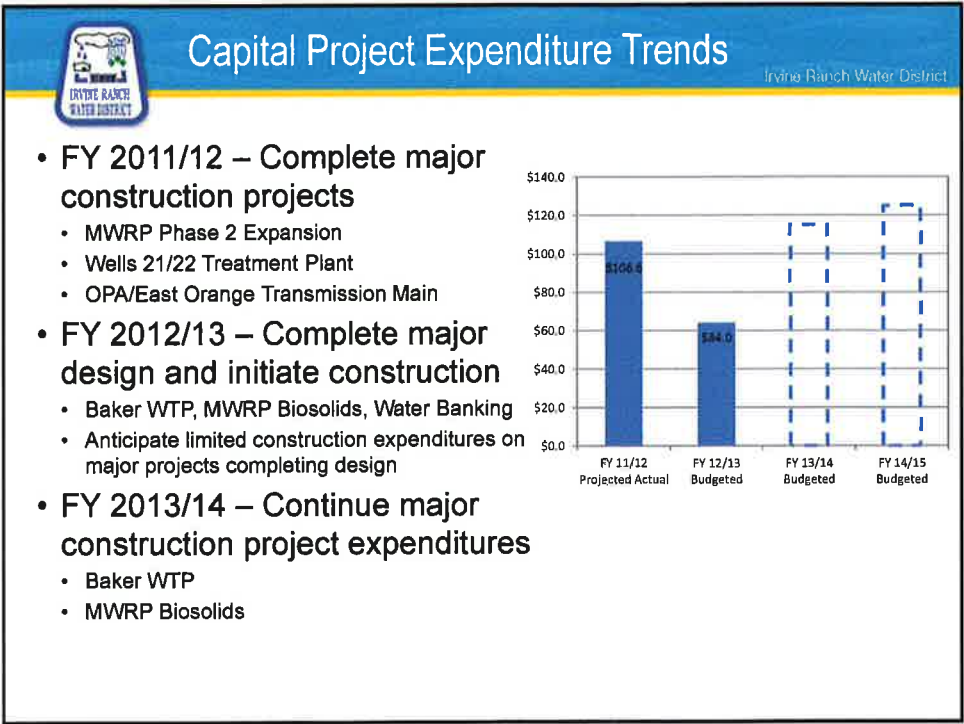
Major Project Expenditure Deviations

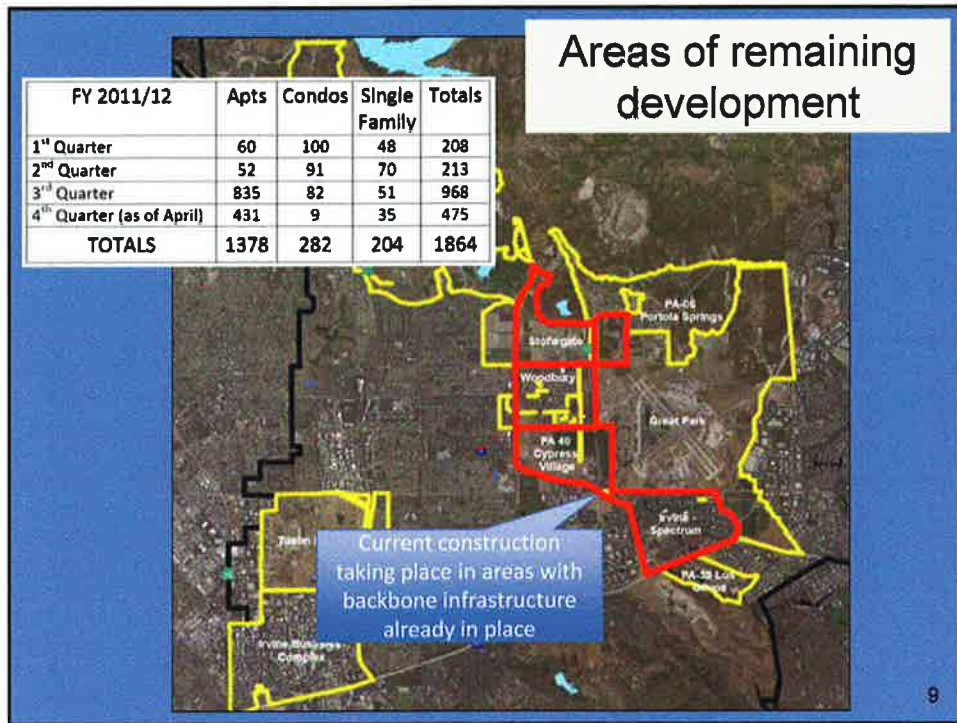
Irvine Ranch Water District

Project	Actual /budget ratio	Explanation
OCSD CORF	69%	• Lower OCSD capital expenditures and flows
Wells 21 & 22	185%	• Shifted construction expenditures from FY10/11 to FY11/12
Water Banking	36%	• Shifted construction schedule for: 1) Changed design concepts for Strand Ranch wellhead and pipeline (bids received were \$1.5M under estimate) and 2) recharge operations • Shifted schedule for storage capacity lease from Rosedale: will be combined with Stockdale full scale project next year
Baker WTP	19%	• Shifted design schedule due to product water distribution pipeline being changed from AMP to South County Pipeline
OPA / East Orange Transmission Main	165%	• Encountered unforeseen site conditions during construction
MWRP Biosolids	164%	• Conducted pilot pile program and constructed piping to coordinate with MWRP Phase II Expansion construction
Tustin Legacy Well 1	210%	• Enhanced well design/construction due to site conditions
Other Projects	50%	• Development, Replacement, Operational Projects

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- ### FY 2011/12 Capital Budget – Lessons Applied
- Irvine Ranch Water District
- Estimate annual expenditures based on projected construction S-Curve and not straight line projection.
 - Current District software does not allow S-Curve estimates
 - Base expenditures on anticipated payments to contractors and consultants, not necessarily on contract award dates.

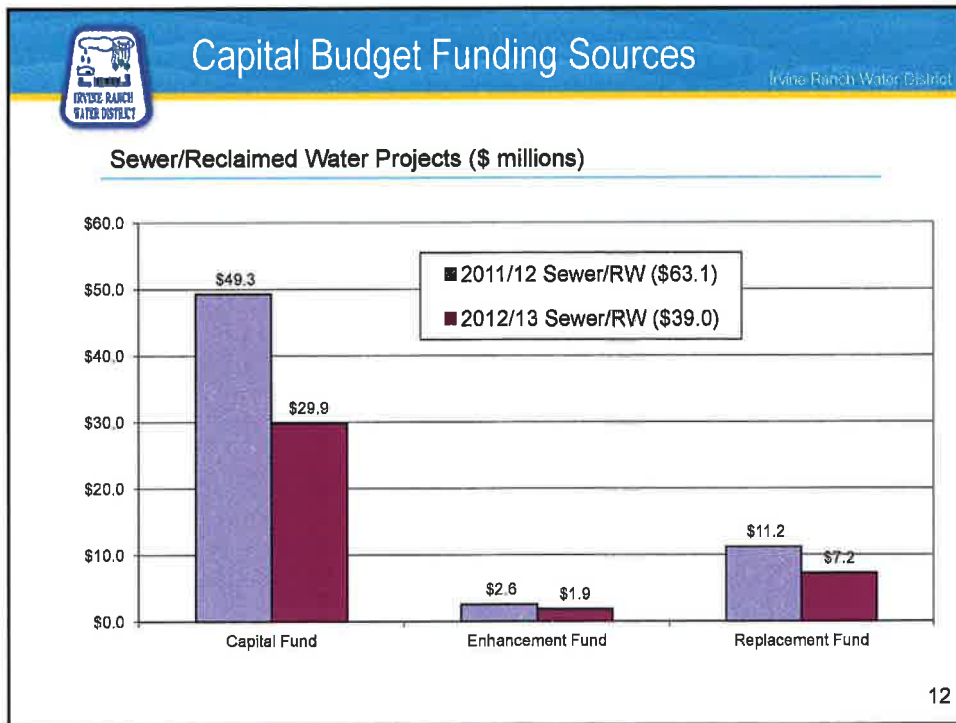
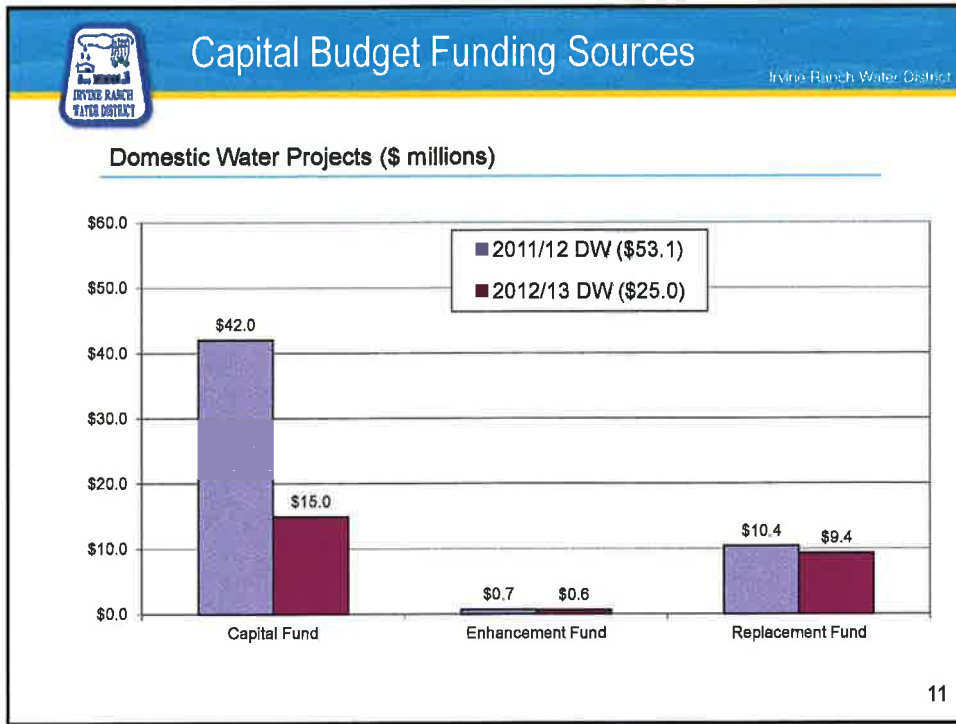




FY 2012/13 Top 10 Project Groups

Irvine Ranch Water District

No.	Project Name	Budget (\$ Million)
1	MWRP Improvements	\$11.5
2	OCSD CORF & Solids Handling	\$6.5
3	MWRP Biosolids	\$5.1
4	Business Software	\$4.9
5	Baker WTP	\$4.2
6	Water Banking	\$2.1
7	OPA Groundwater Project	\$2.1
8	Syphon Reservoir (Interim Integration/Feasibility)	\$1.3
9	Newport Blvd Water Main Replacement	\$1.1
10	Santiago Canyon Area BPS Permanent Generators	\$0.8
Subtotal for Top 10 Projects		\$39.6
Other Projects		\$24.4
Total		\$64.0





Flagged Projects

Irvine Ranch Water District

Project Number	Project Title
1081	Wells 21 & 22 Project
1853	NTS: South San Joaquin Marsh (SAMS1)
1498	Lake Forest Well #2 Replacement / Wellhead
1520, 1167, 1236	Great Park SAMP Update Projects
1617	MWRP Biosolids Project

13



Capital Budget Schedule

Irvine Ranch Water District

- June 11 – Board consideration for approval of capital budget

14

May 29, 2012

Prepared and

Submitted by: L. Bonkowski

Approved by: P. Cook

FB
/ Cook

CONSENT CALENDAR

MINUTES OF REGULAR BOARD MEETING

SUMMARY:

Provided are the minutes of the May 14, 2012 Regular Board Meeting and May 21, 2012 Adjourned Regular Meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE MAY 14, 2012 REGULAR BOARD MEETING AND THE MAY 21, 2012 ADJOURNED REGULAR MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – May 14, 2012 Regular Board Meeting

Exhibit "B" – May 21, 2012 Adjourned Regular Board Meeting

EXHIBIT "A"

MINUTES OF REGULAR MEETING –MAY 14, 2012

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 May 14, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Cherney, Executive Director of Operations Pedersen, Executive Director of Engineering and Planning Burton, Executive Director of Water Policy Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Director of Water Resources Weghorst, Assistant Director of Finance/Treasurer Jacobson, Assistant Director of Water Policy Sanchez, Mr. Jim Reed, Mr. Bruce Newell, Ms. Shannon Reed, Mr. Ian Swift, Mr. Mike Bray and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

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 1, 5, 7, C-8, C-9, 10, 12, and 17 will operate in accordance with the District's annual pumping plan. Wells, 2, 3, 4, 6, 11, 13, 14, 15, 16 and 18 will be off. This was confirmed by Mr. Cook, 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 (MWD OC) 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. Cook.

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 (MOU) 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. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct

environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. 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. 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. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 10 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the April 23, 2012 Regular Board Meeting be approved as presented.

4. 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.

5. CANDIDATE STATEMENTS FOR 2012 GENERAL ELECTION

Recommendation: That the Board direct the District Secretary to authorize 200 words on the Candidate's Statement of Qualifications and elect not to pay for these statements.

6. 2012 STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a SUPPORT position on AB 2230 (Gatto), AB 2443 (Williams), AB 1508 (Carter), SB 1045 (Emmerson), and SB 1387 (Emmerson) and an OPPOSE position on AB 1692 (Wieckowski), AB 1813 (Buchanan), AB 1884 (Buchanan), and AB 2422 (Berryhill).

CONSENT CALENDAR (CONTINUED)

7. NOMINATION OF JO MACKENZIE FOR CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) BOARD – REGION 6, SEAT A

Recommendation: That the Board adopt the following resolution by title nominating Jo MacKenzie to the California Special Districts Association Board, Region 6, Seat A, for the 2013-2015 term.

RESOLUTION NO. 2012 -19

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT NOMINATING
JO MACKENZIE TO THE CALIFORNIA SPECIAL
DISTRICTS ASSOCIATION BOARD FOR REGION 6,
SEAT A FOR THE 2013-2015 TERM

8. ADMINISTRATIVE CLAIM FOR DAMAGES FROM CHARLES WEI-CHEN

Recommendation: That the Board receive the Claim for Damages from Charles Wei Chen without action.

9. SAND CANYON MEDICAL OFFICE CONSTRUCTION PROJECT REDUCTION OF RETENTION

Recommendation: That the Board authorize the reduction of retention from 10% to 5% of the contract amount and release of funds in excess of 5% of the contract amount from retention currently held for the Sand Canyon Office Project, Project No. 11118 (1284).

10. ROOF REPAIR PROJECT FOR THREE SITES - EXPENDITURE AUTHORIZATION APPROVAL

Recommendation: That the Board approve Expenditure Authorizations in the amounts of \$64,400 for project 11589 (1328), \$77,800 for project 21589 (1538) and \$43,800 for project 31589 (1267) for roof repairs at three project sites including the No. 2 Michelson Water Recycling Plant (MWRP) Filter Pump Station; the Rattlesnake Pump Station dechlorination building; and the Los Alisos Water Recycling Plant (LAWRP) operations building.

ACTION CALENDAR

ELEVENTH AND TWELFTH AMENDMENTS TO AGREEMENT FOR PARTICIPATION AND CO-FUNDING IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS

General Manager Cook reported that the Water Conservation Business Plan (Plan) includes a “Tactical Incentives” element to encourage customers to install water conservation devices that are based on the water and wastewater systems avoided costs for each device. Mr. Cook said that as a result of a recent change by Metropolitan Water District of Southern California (MWD) extending the cut-off for FY 2011-12 from April 30 to June 30, 2012, staff anticipates a shortfall of IRWD matching funds and is proposing to add \$50,000 in funding for this fiscal year to minimize disruptions to IRWD customers. He said that the amendments to the existing Agreement with the Municipal Water District of Orange County (MWDOC) will be effective July 1, 2012 and maintain the current incentive levels and provide up to \$450,000 in Tactical Incentive funding for FY 2012-13.

Director LaMar reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on May 3, 2012. Following discussion, on MOTION by LaMar, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE ELEVENTH AND TWELFTH AMENDMENTS TO THE AGREEMENT FOR PARTICIPATION AND CO-FUNDING BY IRVINE RANCH WATER DISTRICT IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS SUBJECT TO NON-SUBSTANTIVE CHANGES ADDING \$50,000 IN FUNDING FOR FY 2011-12 AND APPROVING \$450,000 IN FUNDING FOR FY 2012-13 FOR COST-EFFECTIVE TACTICAL INCENTIVE WATER USE EFFICIENCY MEASURES.**

POLLUTION INSURANCE RENEWAL – IRVINE DESALTER PROJECT

General Manager Cook reported that the District’s three-year pollution and remediation legal liability policy (Pollution Insurance) covering the Irvine Desalter Project (IDP) will expire on May 23, 2012. Mr. Cook said that this item is to request authorization to renew this insurance by binding coverage with XL Insurance (XL) for a three-year period from May 23, 2012 through May 23, 2015 in an amount not to exceed \$257,554, representing a 22% reduction in premium from the current policy.

Assistant Director of Finance Jacobson reported that Marsh USA, the District’s broker of record for the pollution insurance program approached the five major carriers that provide pollution coverage for a competitive remarketing of the expiring coverage. Mr. Jacobson said that staff received responses from the current carrier, XL, and ACE INA Excess and Surplus Insurance Services (ACE). The proposed premiums for XL and ACE to provide for \$20 million of coverage for third party liability, \$250,000 deductible and three-year term are \$257,554 and \$227,490. Staff recommends renewing coverage with XL based on a comparison of the proposed policies.

Following discussion, Director Swan asked staff submit an item to the Finance and Personnel Committee for a review of the requirements for pollution insurance as defined in the Settlement Agreement. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED THE DISTRICT'S THREE-YEAR POLLUTION AND REMEDIATION LEGAL LIABILITY INSURANCE POLICY RENEWAL FOR THE IRVINE DESALTER PROJECT WITH XL INSURANCE IN AN AMOUNT NOT TO EXCEED \$257,554 AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE ANY DOCUMENTS NECESSARY TO BIND SUCH COVERAGE.

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook reported that staff is preparing a letter to the Santa Ana Watershed Project Authority's (SAWPA) One Water One Watershed (OWOW) Committee relative to Proposition 84 requirements to have water budget-based rates. He said that the letter indicates that IRWD supports sustainable rate structures to promote water use efficiency.

Mr. Cook reminded the Board of an upcoming Orange County Water Summit event.

Mr. Cook noted that Mr. Charley Wilson will be continuing his Special District seat on the OC LAFCO Board as he ran unopposed in the recent election.

Mr. Cook reported that staff provided an update on the Baker Treatment Plant to MWDOC's Planning and Operations Committee meeting on Monday which was well received.

DIRECTORS' COMMENTS

Director LaMar reported that he attended the recent ACWA conference where he participated in a panel discussion on endangered species, sharing his experience as a Board member of Nature Reserve of Orange County Board (NROC). He said that he also attended an NROC Executive Committee meeting and a strategic planning meeting, a WACO meeting, and a Southern California Water Committee meeting.

Director Reinhart reported on the successful Business Development Outreach Luncheon and made suggestions on how to branch out to additional individuals. Mr. Reinhart asked staff to present an item at a future Water Resources Policy and Communications Committee meeting to better understand how to provide correct IRWD rate structure information as it relates to other agencies. Mr. Reinhart also reported on his attendance at an ACWA conference.

Director Swan reported on his attendance at an ACWA Executive Board meeting relative to a reorganization of ACWA; a SAWPA OWOW Committee meeting; a WACO meeting, a WACO Planning meeting, and a tour of the Serrano Creek. He said that this Wednesday he will be making a presentation at the OCWA monthly meeting as well as attending a Newport Bay Executive Committee meeting, and that this Thursday and Friday he will be attending an ACWA Board meeting in Sacramento. In response to Mr. Swan's inquiry relative to the proposed Huntington Beach Sea Water Desalination treatment plant, Mr. Cook provided a status report on

the District's position relative to water quality issues. Mr. Swan suggested that the Board be briefed periodically on this topic.

Director Withers said that LAFCO is currently preparing a comment letter relative to the Orange Grand Jury's report on Special Districts. He further reported that he will be attending a community tour this Saturday with an anticipated 50 attendees.

Director Matheis reported that she attended an ACWA conference along with the District's Business Outreach luncheon. She further commented on the San Onofre power plant's leakage problem.

CLOSED SESSION

President Matheis said that a Closed Session would be held with legal counsel relative to anticipated litigation – significant exposure to litigation pursuant to Government Code Section 54956.9 (b) (one or more potential cases).

OPEN SESSION

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

ADJOURNMENT

There being no further business, President Matheis adjourned the meeting to Monday, May 21, 2012 at 11:00 a.m. in the Multi-Purpose Room to hold a Strategic Planning Workshop.

APPROVED and SIGNED this 29th day of May, 2012.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles and Giannone

EXHIBIT "B"

MINUTES OF ADJOURNED REGULAR MEETING – MAY 21, 2012

The adjourned regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 11:00 a.m. by President Matheis on May 21, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Matheis, Reinhart, and Swan

Directors Absent: Withers

Also Present: General Manager Cook, Executive Director of Finance Cherney, Executive Director of Operations Pedersen, Executive Director of Engineering and Planning Burton, Executive Director of Water Policy Heiertz, Assistant Director of Finance/Treasurer Jacobson, Director of Human Resources Wells, Secretary Bonkowski, Legal Counsel Arneson, Mr. Paul Weghorst, Ms. Kirsten McLaughlin, Ms. Shannon Reed and Mr. Jeff Mosher.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION: None.

REVIEW AGENDA AND DESIRED OUTCOMES

General Manager Cook reviewed the agenda and desired outcomes.

NATIONAL WATER RESEARCH INSTITUTE UPDATE

Using a PowerPoint presentation, Mr. Jeff Mosher, Executive Director of the National Water Research Institute (NWRI), reviewed NWRI's commitment statements, recent activities, including White Papers, funded research, partnership projects, workshops/conferences, fellowships, and panel discussions. Mr. Mosher then reviewed action items including its activities plan, fundraising, and new membership development. The Board provided suggestions on how to obtain new memberships. Mr. Mosher further reviewed NWRI's involvement with indirect potable reuse panels, publications, direct potable reuse initiatives, salinity projects, and other activities.

2012 LOCAL GOVERNMENT OUTREACH UPDATE

Using a PowerPoint presentation, Ms. McLaughlin provided an overview of the District's Local Government Outreach Program. She presented current and upcoming local government outreach approaches including leveraging existing and establishing new relationships, targeting newly elected and appointed officials as well as educating local elected officials about the District and local and regional water issues. The Board provided comments on how to reach out to the governmental audiences as well as discussion topics.

IRWD GOALS AND PRIORITIES

General Manager Cook reported that staff has updated the IRWD Target Activities Priorities List for the Board's review, comment, and approval. He reviewed the revisions to the Priorities List with comments provided from the Board. Staff was asked to submit the Target Activities list for further discussion at a Board meeting in August.

ADJOURNMENT

There being no further discussion, President Matheis adjourned the meeting at 1:30 p.m.

APPROVED and SIGNED this 29th day of May, 2012.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

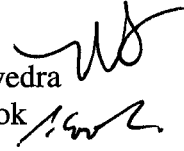
Legal Counsel - Bowie, Arneson, Wiles & Giannone

May 29, 2012

Prepared and

Submitted by: N. Savedra

Approved by: P. Cook



CONSENT CALENDAR

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

SUMMARY:

Pursuant to Resolution 2006-29 adopted on August 28, 2006, approval of attendance of the following events and meetings are required by the Board of Directors.

Events/Meetings

Steven LaMar

5/18/12 CCEEB Water Quality Task Force Meeting
5/31/12 ISDOC Quarterly Meeting
6/07/12 Association of California Cities Orange County Infrastructure Summit

Mary Aileen Matheis

4/12/12 Meeting w/Congressman Campbell regarding legislative priorities
4/19/12 Monthly meeting with Paul Cook regarding District activities
4/20/12 Meeting with the Irvine Company regarding District activities
5/31/12 IRWD Long-Term Financing Meeting
5/22/12 Meeting with Assoc. of Calif. Cities & City of Laguna Niguel regarding IRWD's rate structure

Douglas Reinhart

5/03/12 Business Development Association of Orange County Meeting
5/18/12 Orange County Water Summit

Peer Swan

5/15/12 WACO Planning Committee Meeting
5/23/12 Southern California Water Dialogue Meeting
5/31/12 ISDOC Quarterly Meeting
6/08/12 ACWA Executive Committee Meeting, Sacramento, CA
6/14/12 ACWA Executive Committee Meeting, Sacramento, CA

John Withers

6/07/12 Tustin's annual State of the City event

RECOMMENDATION:

THAT THE BOARD RATIFY/APPROVE THE MEETINGS AND EVENTS FOR STEVEN LaMAR, MARY AILEEN MATHEIS, DOUGLAS REINHART, AND PEER SWAN AS DESCRIBED.

LIST OF EXHIBITS:

None

May 29, 2012

Prepared by: Tanja Fournier/Rob Jacobson

Submitted by: Debby Cherney

Approved by: Paul Cook

CONSENT CALENDAR

APRIL 2012 FINANCIAL REPORTS

SUMMARY:

The following is submitted for the Board's information and approval:

- A. The Investment Summary Report for April 2012. This Investment Summary Report is in conformity with the 2012 Investment Policy and provides sufficient liquidity to meet estimated expenditures during the next six months, as outlined in Exhibit "A".
- B. The Monthly Interest Rate Swap Summary as of April 30, 2012, as outlined in Exhibit "B".
- C. The Summary of Payroll ACH payments in the total amount of \$1,361,911.78, as outlined in Exhibit "C".
- D. The April 30, 2012 Disbursement Summary of the tabulation of Warrant Nos. 328836 through 329642, wire transfers, Workers' Compensation distributions, payroll withholding distributions, and voided checks in the total amount of \$23,830,355.64.

FISCAL IMPACTS:

As of April 30, 2012, the book value of the investment portfolio was \$349,909,273 with a 0.46% rate of return and a market value of \$350,204,763. Based on the District's March 31, 2012 quarterly real estate investment rate of return of 11.20%, the District's weighted average return for the fixed income and real estate investments was 2.14%.

As of April 30, 2012, the total notional amount of the interest rate swap portfolio was \$130 million of fixed payer swaps. Cash accrual in April from all swaps was negative \$638,113 and negative \$6,201,729 fiscal year to date.

Payroll ACH payments totaled \$1,361,911.78 and wire transfers, all other ACH payments, and checks issued for debt service, accounts payable, payroll and water purchases for April totaled \$23,830,355.64.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3 Section 15378.

COMMITTEE STATUS:

This item was not submitted to a Committee; however, the investment and interest rate swap reports are submitted to the Finance and Personnel Committee on a monthly basis.

RECOMMENDATION:

THAT THE BOARD RECEIVE AND FILE THE TREASURER'S INVESTMENT SUMMARY REPORT AND THE MONTHLY INTEREST RATE SWAP SUMMARY FOR APRIL 2012; APPROVE THE APRIL 2012 SUMMARY OF PAYROLL ACH PAYMENTS IN THE TOTAL AMOUNT OF \$1,361,911.78, AND APPROVE THE APRIL 2012 ACCOUNTS PAYABLE DISBURSEMENT SUMMARY OF WARRANTS NOS. 328836 THROUGH 329642, WORKERS' COMPENSATION DISTRIBUTIONS, WIRE TRANSFERS, PAYROLL WITHHOLDING DISTRIBUTIONS AND VOIDED CHECKS IN THE TOTAL AMOUNT OF \$23,830,355.64.

LIST OF EXHIBITS:

- Exhibit "A" - Investment Summary Report
- Exhibit "B" - Monthly Interest Rate Swap Summary
- Exhibit "C" - Monthly Payroll ACH Summary
- Exhibit "D" - Monthly Summary of District Disbursements

04/30/12

ACQUISITION DATE	CFE SYMBOL	CFE TYPE	MATURITY DATE	ISSUE	INVESTMENT TYPE	INSTITUTION / BROKER	FAR AMOUNT	CYCLE	YIELD	ETC	ORIGINAL COST	CASH VALUE	MARKET VALUE	UNREALIZED GAIN/LOSS
04/24/12			05/30/12		LAIF	State of California Tsy.	\$50,000,000		0.380%		\$50,000,000.00	\$50,000,000.00	50,060,555.65	60,555.65
01/31/12			05/30/12		LAIF-JPA	State of California Tsy.	50,000,000		0.380%		\$50,000,000.00	\$50,000,000.00	50,060,555.65	60,555.65
01/13/12			05/06/12		LAIF-2009A	State of California Tsy.	468,467		0.380%		\$468,466.74	\$468,466.74	469,034.11	567.37
01/13/12			05/06/12		LAIF-2009B	State of California Tsy.	468,467		0.380%		\$468,466.74	\$468,466.74	469,034.11	567.37
03/19/12			05/19/12		LAIF BABS	State of California Tsy.	89,133,884		0.380%		\$89,133,883.85	\$89,133,883.85	89,241,835.06	107,951.21
04/30/12			05/01/12		B of A Tsy. Reserves	Bank of America	7,049,870.93		0.009%		7,049,870.93	7,049,870.93	7,049,870.93	
05/23/11			04/31/13	Aaa/AAA/AAA	FHLMC - Note	Fed Home Loan Mortgage Bank	5,000,000	1.720%	0.517%		5,112,550.00	5,056,356.68	5,069,600.00	13,243.32
06/27/11		06/27/12	09/27/13	Aaa/AAA/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.700%	0.700%	0.700%	5,000,000.00	5,000,000.00	5,002,950.00	2,950.00
11/29/11		11/29/12	11/29/13	Aaa/AA+/AA+	FHLMC - Note	Fed Home Loan Mortgage Bank	5,000,000	0.500%	0.596%	0.690%	4,990,500.00	4,992,501.37	5,004,150.00	11,648.63
04/24/12		12/23/13	12/23/13	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Bank	5,000,000	0.625%	0.304%	0.625%	5,026,600.00	5,026,293.75	5,022,950.00	(3,343.75)
01/31/12		04/27/12	01/27/14	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.350%	0.350%		5,000,000.00	5,000,000.00	5,000,100.00	100.00
01/30/12		01/30/13	01/30/14	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.330%	0.355%	0.380%	4,997,500.00	4,997,814.64	4,998,500.00	685.36
02/09/12		04/25/12	04/25/14	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.430%	0.430%	0.430%	5,000,000.00	5,000,000.00	5,000,150.00	150.00
04/18/12		05/28/14		Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.375%	0.354%		5,107,250.00	5,105,439.29	5,112,650.00	7,210.71
06/27/11		06/27/12	06/27/14	Aaa/AAA/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	1.050%	1.050%	1.050%	10,000,000.00	10,000,000.00	10,009,300.00	9,300.00
07/14/11		07/11/12	07/11/14	Aaa/AAA/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.125%	0.962%	0.962%	5,008,000.00	5,005,862.75	5,006,750.00	887.25
08/22/11		08/22/12	08/22/14	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.650%	0.660%	0.680%	4,998,500.00	4,998,846.26	5,003,350.00	4,503.74
08/29/11		08/28/12	08/28/14	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	0.650%	0.650%	0.650%	5,000,000.00	5,000,000.00	5,005,000.00	5,000.00
10/13/11		08/28/12	08/28/14	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	0.650%	0.791%	1.110%	4,980,000.00	4,983,828.57	5,005,000.00	21,171.43
10/19/11		10/17/12	10/17/14	Aaa/AA+/NR	FHLMC - Note	Fed Home Loan Mortgage Bank	5,000,000	0.750%	0.801%	0.902%	4,992,500.00	4,993,836.84	5,008,100.00	14,263.16
04/26/12		04/26/13	10/24/14	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Mortgage Bank	5,000,000	0.600%	0.425%		5,008,700.00	5,008,652.25	5,008,900.00	247.75
12/05/11		06/05/12	12/05/14	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.000%	1.010%	1.060%	4,998,500.00	4,998,702.55	5,002,050.00	3,347.45
12/19/11		12/19/12	12/19/14	Aaa/AA+/NR	FHLMC - Note	Fed Home Loan Mortgage Bank	5,000,000	0.625%	1.038%	0.625%	5,000,000.00	5,000,000.00	5,005,200.00	5,200.00
01/31/12		04/26/12	01/26/15	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.570%	0.570%	0.570%	5,000,000.00	5,000,000.00	5,000,200.00	200.00
01/30/12		01/30/14	01/30/15	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	0.750%	0.500%	0.500%	5,024,850.00	5,022,764.05	5,013,000.00	(9,764.05)
01/30/12		01/30/14	01/30/15	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	10,000,000	0.750%	0.453%	0.453%	10,059,000.00	10,054,047.45	10,026,000.00	(28,047.45)
02/09/12		05/09/12	02/09/15	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.460%	0.480%	0.700%	4,997,000.00	4,997,224.45	4,983,593.50	(13,630.95)
03/14/12		09/12/12	03/12/15	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.550%	0.601%	0.855%	4,992,500.00	4,992,829.37	5,005,750.00	12,920.63
04/18/12		04/16/13	04/16/15	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.600%	0.617%	0.651%	4,997,500.00	4,997,529.73	5,003,600.00	6,070.27
04/25/12		05/25/12	04/24/15	NA/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.700%	0.700%	0.700%	5,000,000.00	5,000,000.00	5,000,750.00	750.00
09/22/11		N/A	06/26/12	MIG1/SP-1+/F1	CA ST-RANS-A2	State of California	2,000,000	2.000%	0.400%		2,024,280.00	2,004,890.94	2,005,120.00	229.06
SUB-TOTAL							\$329,120,688				\$329,436,418.26	\$329,358,109.20	\$329,653,599.00	\$295,489.80
RESTRICTED CASH (Swap Collateral Deposits)														
							Collateral Deposit	Citi-Group	\$13,491,164	0.139%	\$13,491,163.85	\$13,491,163.85	13,491,163.85	
							Collateral Deposit	Merrill Lynch	\$7,060,000	0.139%	\$7,060,000.00	\$7,060,000.00	7,060,000.00	
SUB-TOTAL							\$20,551,164				\$20,551,163.85	\$20,551,163.85	\$20,551,163.85	
TOTAL INVESTMENTS							\$349,671,852				\$349,987,582.11	\$349,909,273.05	\$350,204,762.85	
*anytime 5day notice														
							Petty Cash				3,300.00			
							Bank Bal. (unrec.)	Bank of America			(347,332.46)			
											\$349,643,549.65			

- (1) LAIF market value is as of the most recent quarter-end as reported by LAIF. Security market values are determined using Bank of New York ("Trading Prices"), Bloomberg and/or broker dealer pricing.
- (2) Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers
- (3) Real estate rate of return is based on most recent quarter end return

Outstanding Variable Rate Debt	\$377,160,000
Net Outstanding Variable Rate Debt (Less \$130 million fixed-payer swaps)	\$247,160,000
Investment Balance:	\$349,643,550
Investment to Variable Rate Debt Ratio:	141%
Portfolio - Average Number of Days To Maturity	344

	Investment Portfolio	Real Estate Portfolio (3)	Weighted Avg. Return
April	0.46%	11.20%	2.14%
March	0.47%	11.20%	2.11%
Change	-0.01%		

This Investment Summary Report is in conformity with the 2012 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

04/30/12

PORTFOLIO \$349,671,852

DATE	TOTAL	%	LAIF	AGENCIES	CAL REV NOTES	MONEY MARKET SAVINGS & SWEEP	Collateral * Deposit
5/12	\$219,671,852	62.82%	\$190,070,817		2,000,000	7,049,871	\$20,551,164
6/12							
7/12							
8/12							
9/12							
10/12							
11/12							
12/12							
1/13							
2/13							
3/13							
04/13	\$5,000,000	1.43%		5,000,000			
SUB-TOTAL	\$224,671,852	64.25%	\$190,070,817	5,000,000	2,000,000	7,049,871	\$20,551,164
13 Months - 3 YEARS							
5/1/2013 - 6/30/2013							
7/1/2013 - 9/30/2013	5,000,000	1.43%		5,000,000			
10/1/2013 - 12/31/2013	\$10,000,000	2.86%		10,000,000			
1/1/2014 - 3/31/2014	\$10,000,000	2.86%		10,000,000			
4/1/2014 - 6/30/2014	\$20,000,000	5.72%		20,000,000			
7/1/2014 - 9/30/2014	\$20,000,000	5.72%		20,000,000			
10/1/2014 - 12/31/2014	\$20,000,000	5.72%		20,000,000			
1/1/2015 - 3/31/2015	\$30,000,000	8.58%		30,000,000			
4/1/2015 - 6/30/2015	\$10,000,000	2.86%		10,000,000			
TOTALS	\$349,671,852	100.00%	\$190,070,817	130,000,000	2,000,000	7,049,871	\$20,551,164
% OF PORTFOLIO			54.36%	37.18%	0.57%	2.02%	5.88%

* Return of posted collateral is dependant on interest rates.

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY
Apr-12

MATURITIES/SALES

PURCHASES

DATE	SECURITY TYPE	PAR	YIELD	DATE	SECURITY TYPE	PAR	YIELD
4/24/2012	FFCB	\$5,000,000	0.70%	4/18/2012	FHLB	\$5,000,000	0.35%
4/25/2012	FNMA	\$5,000,000	0.63%	4/18/2012	FFCB	\$5,000,000	0.62%
4/25/2012	FHLB	\$5,000,000	0.75%	4/24/2012	FHLMC	\$5,000,000	0.30%
				4/25/2012	FHLB	\$5,000,000	0.70%
				4/26/2012	FHLB	\$5,000,000	0.43%

LAIF ACTIVITY

04/05/12	LAIF	(\$2,500,000)
04/11/12	LAIF	\$2,000,000
04/12/12	LAIF	(\$2,000,000)
04/16/12	LAIF	(\$38,618)
04/16/12	LAIF - JPA	(\$45,422)
04/16/12	LAIF - 2009A	\$467
04/16/12	LAIF - 2009B	\$467
04/16/12	LAIF - BAB	\$104,417
04/17/12	LAIF	\$1,500,000
04/18/12	LAIF - BAB	(\$13,500,000)
04/18/12	LAIF	\$3,000,000
04/24/12	LAIF	(\$2,500,000)

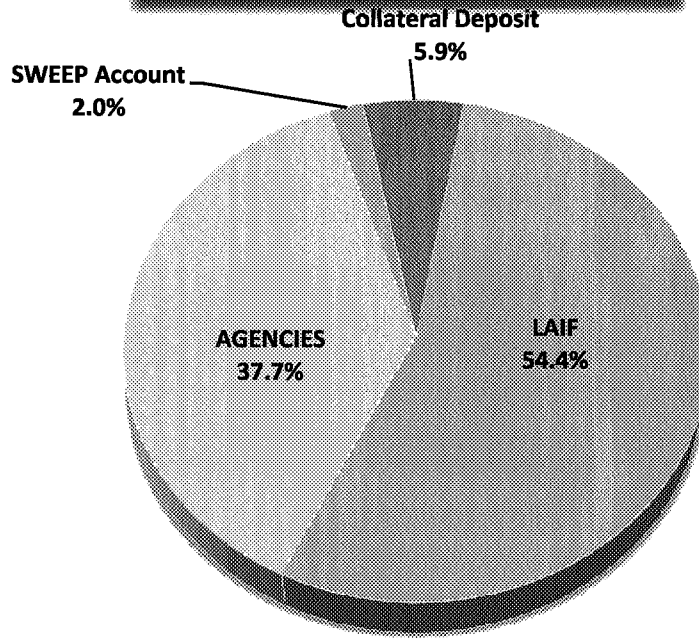
COLLATERALIZED DEPOSIT ACTIVITY

Balance Forward	\$24,228,944
Merrill	
CITIGROUP	<u>(\$3,677,780)</u>
Balance at 4/30	<u>\$20,551,164</u>

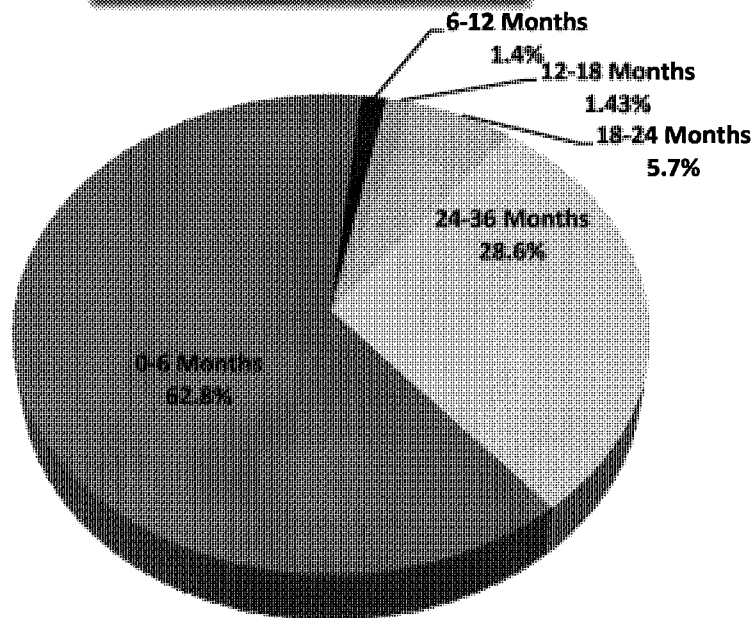
MARCH 2012 INVESTMENT PORTFOLIO

As of April 30, 2012

Portfolio by Investment Type



Portfolio by Maturities



Irvine Ranch Water District
 Summary of Real Estate
 3/31/2012

	<u>ACQUISITION DATE</u>	<u>PROPERTY TYPE</u>	<u>OWNERSHIP INTEREST</u>	<u>ORIGINAL COST</u>	<u>RATE OF RETURN QUARTER ENDED Mar-12</u>
Sycamore Canyon	Dec-92	Apartments	Fee Simple	43,550,810	14.01%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	8.40%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	5,739,845	8.76%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	8,630,577	0.61%
				<u>\$ 63,921,232</u>	<u>11.20%</u>

IRVINE RANCH WATER DISTRICT
 INVESTMENT SUMMARY REPORT

Joint Powers Agency - Investment Contracts

3/31/2012

Settlement Date	JPA Issue	Investment Contract	Original Cost	Current Par	Market Value 03/31/12
10/25/1994	JPA - Issue #1	AIG Matched Funding Corp. 7.705% Due 2-15-14	\$ 407,878,616	\$ 254,407,400	\$ 254,407,400
10/25/1994	JPA - Issue #2	Federal National Mortgage Assoc. 8.18% Due 2-15-14	\$ 518,644,189	\$ 380,043,068	\$ 432,203,980
			<u>\$ 926,522,805</u>	<u>\$ 634,450,468</u>	<u>\$ 686,611,380</u>

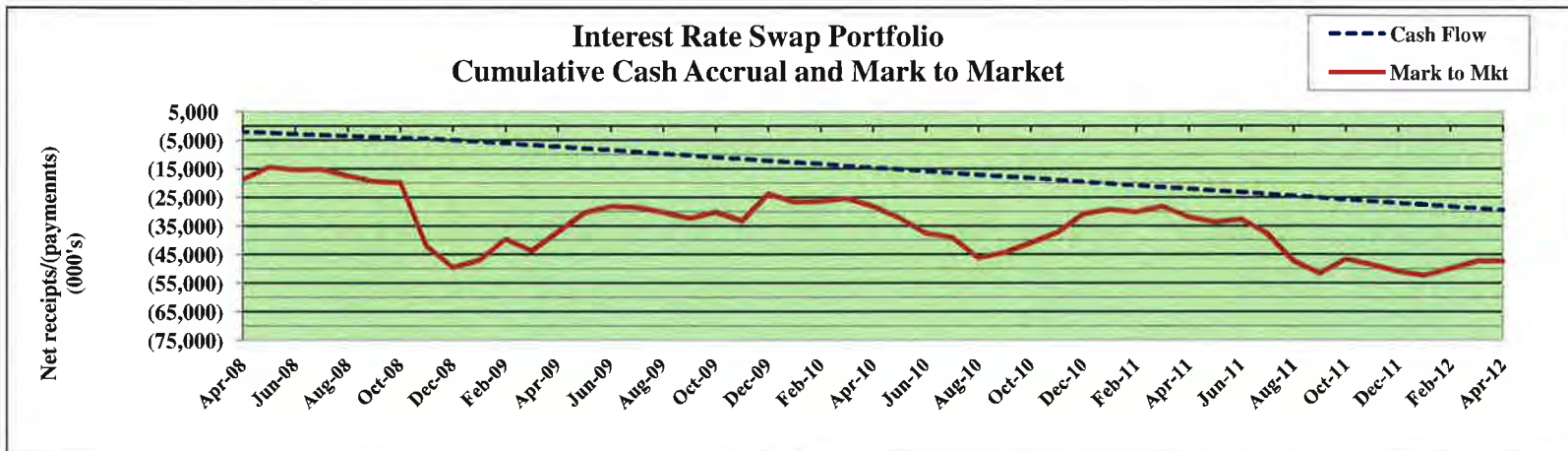
**IRVINE RANCH WATER DISTRICT
INTEREST RATE SWAP MONTHLY SUMMARY REPORT - DETAIL
April 30, 2012**

Exhibit "B"

								LIBOR Avg %	Prior Mo.	Current Mo.	12-Mo Avg				
								0.24%	0.24%	0.24%					
Current Fiscal Year Active Swaps								Cash Flow			(Since 6/06)	Mark to Market			
Effective Date	Maturity Date	Years to Maturity	Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Month	Current Month	Fiscal YTD	Cumulative Cash Flow	Current Mark to Market	Notional Difference		
Fixed Payer Swaps - By Effective Date															
6/4/2006	6/4/2019	7.1	ML	\$ 20,000,000	FXP	LIBOR	6.200%	\$ (102,684)	\$ (102,484)	\$ (995,997)	\$ (4,847,587)	\$ 13,889,020	\$ (6,110,980)		
6/4/2006	6/4/2019	7.1	CG	\$ 20,000,000	FXP	LIBOR	6.200%	\$ (102,684)	\$ (102,484)	\$ (995,997)	\$ (4,847,587)	\$ 13,872,552	\$ (6,127,448)		
6/17/2006	6/17/2019	7.1	CG	\$ 30,000,000	FXP	LIBOR	6.140%	\$ (152,513)	\$ (152,193)	\$ (1,479,211)	\$ (7,177,397)	\$ 20,906,010	\$ (9,093,990)		
3/10/2007	3/10/2029	16.9	ML	\$ 30,000,000	FXP	LIBOR	5.687%	\$ (140,762)	\$ (140,476)	\$ (1,365,262)	\$ (6,285,796)	\$ 17,706,821	\$ (12,293,179)		
3/10/2007	3/10/2029	16.9	CG	\$ 30,000,000	FXP	LIBOR	5.687%	\$ (140,762)	\$ (140,476)	\$ (1,365,262)	\$ (6,285,796)	\$ 16,240,792	\$ (13,759,208)		
Totals/Weighted Avgs		11.6		\$ 130,000,000			5.949%	\$ (639,405)	\$ (638,113)	\$ (6,201,729)	\$ (29,444,164)	\$ 82,615,195	\$ (47,384,805)		
Total Current Year Active Swaps				\$ 130,000,000				\$ (639,405)	\$ (638,113)	\$ (6,201,729)	\$ (29,444,164)	\$ 82,615,195	\$ (47,384,805)		

Current Fiscal Year Terminated Swaps								Cash Flow			Mark to Market		
Effective Date	Maturity Date		Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Month	Current Month	Fiscal YTD	Cumulative Cash Flow	Current Mark to Market	Notional Difference
Total Current Year Terminated Swaps								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Current Fiscal Year - Total Swaps								Cash Flow			Mark to Market		
								Prior Month	Current Month	Fiscal YTD	Cumulative Cash Flow	Current Mark to Market	Notional Difference
Total Current Year Active & Terminated Swaps				\$ 130,000,000				\$ (639,405)	\$ (638,113)	\$ (6,201,729)	\$ (29,444,164)	\$ 82,615,195	\$ (47,384,805)



Cash Flow Comparison Synthetic Fixed vs. Fixed Rate Debt	
	<u>Cash Flow to Date</u>
Synthetic Fixed =	\$49,766,724
Fixed Rate =	\$55,096,070
Assumptions:	
- Fixed rate debt issued at 5.10% in Jun-06, and 4.93% in Mar-07 (estimated TE rates - Bloomberg)	
- 'Synthetic' includes swap cash flow + all-in cost of to date	

Exhibit "C"

MONTHLY SUMMARY OF WIRE TRANSFERS AND ACH PAYMENTS

APRIL
2012

DATE	AMOUNT	VENDOR	PURPOSE
4/5/2012	679,049.69	BANK OF AMERICA	PAYROLL 04/05/12
4/20/2012	682,862.09	BANK OF AMERICA	PAYROLL 04/20/12
	<u><u>\$1,361,911.78</u></u>		

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 1
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
328836		05-APR-12	AARP HEALTH CARE		210.92			Negotiable
			OPTIONS					
328837		05-APR-12	ADS LLC		645.50			Negotiable
328838		05-APR-12	AMERICAN MESSAGING		358.04			Negotiable
			SERVICES LLC					
328839		05-APR-12	ANIXTER INC		465.48			Negotiable
328840		05-APR-12	AT&T		2,923.65			Negotiable
328841		05-APR-12	AT&T		51.67			Negotiable
328842		05-APR-12	AT&T		60.40			Negotiable
328843		05-APR-12	BAILEY, OFELIA		1,200.00			Negotiable
328844		05-APR-12	BALLARD, CARL		1,800.00			Negotiable
328845		05-APR-12	BARNES GROUP INC		426.44			Voided
328846		05-APR-12	BDC SPECIAL WASTE		200.00			Negotiable
328847		05-APR-12	BILL'S SWEEPING		460.00			Negotiable
			SERVICE INC					
328848		05-APR-12	BIOMAGIC INC		4,106.90			Negotiable
328849		05-APR-12	BLACK & VEATCH		439,457.66			Negotiable
			CORPORATION					
328850		05-APR-12	BLASICK, DIANE		1,080.00			Negotiable
328851		05-APR-12	BORKMAN, CHARLES E		1,500.00			Negotiable
328852		05-APR-12	BORROTO, JORGE		1,740.00			Negotiable
328853		05-APR-12	BRADLEY, CARRIE		1,800.00			Negotiable
328854		05-APR-12	BREITER, JOE		1,800.00			Negotiable
328855		05-APR-12	BRENNTAG PACIFIC		16,688.14			Negotiable
			INC					
328856		05-APR-12	BRUCE NEWELL		1,316.00			Negotiable
328857		05-APR-12	BURLINGTON SAFETY		1,496.06			Negotiable
			LABORATORY OF					
			CALIFORNIA INC					
328858		05-APR-12	C WELLS PIPELINE		3,609.63			Negotiable
			MATERIALS INC					
328859		05-APR-12	CALIFORNIA		7,847.56			Negotiable
			BARRICADE INC					
328860		05-APR-12	CANON BUSINESS		749.32			Negotiable
			SOLUTIONS INC					
328861		05-APR-12	CAPTIVE AUDIENCE		85.12			Negotiable
			MARKETING INC.					
328862		05-APR-12	CDW GOVERNMENT LLC		586.17			Negotiable
328863		05-APR-12	CELAYA, MARY		1,800.00			Negotiable
328864		05-APR-12	CH2M HILL, INC		6,601.00			Negotiable
328865		05-APR-12	CHEESMAN, ENRIQUE		1,680.00			Negotiable
328866		05-APR-12	CLEARINGHOUSE		528.45			Negotiable
328867		05-APR-12	COAST PLUMBING		263.00			Negotiable
			HEATING AND AIR,					
			INC					

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 2
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
328868		05-APR-12	COASTAL TRAFFIC		510.00			Negotiable
			SYSTEMS, INC					
328869		05-APR-12	COMILLAS, TEOFY E		1,800.00			Negotiable
328870		05-APR-12	COMMERCIAL		10,845.99			Negotiable
			CLEANING SYSTEMS					
			INC					
328871		05-APR-12	CONEYBEARE INC		4,874.11			Negotiable
328872		05-APR-12	CRAWFORD, JOHN P		1,320.00			Negotiable
328873		05-APR-12	CRIM, RON		1,200.00			Negotiable
328874		05-APR-12	CRUMP & CO, INC.		6,799.69			Negotiable
328875		05-APR-12	CS-AMSCO		14,605.09			Negotiable
328876		05-APR-12	DEAKYNE, SCOTT		750.00			Negotiable
328877		05-APR-12	DENGER, LOU		1,800.00			Negotiable
328878		05-APR-12	ENVIRONMENTAL		19,302.22			Negotiable
			ENGINEERING AND					
			CONTRACTING, INC.					
328879		05-APR-12	ERVIN, CRAIG J		1,800.00			Negotiable
328880		05-APR-12	ESA PWA		10,114.50			Negotiable
328881		05-APR-12	Ethan Fike		1,564.38			Negotiable
328882		05-APR-12	EVERGREEN OIL INC		231.50			Negotiable
328883		05-APR-12	EXPRESSAIR		74.00			Negotiable
328884		05-APR-12	EXTERRAN ENERGY		44.73			Negotiable
			SOLUTIONS LP					
328885		05-APR-12	FERGUSON		7,434.75			Negotiable
			WATERWORKS					
328886		05-APR-12	FIRE EXTINGUISHING		481.29			Negotiable
			SAFETY					
328887		05-APR-12	FIRST HEALTH LIFE		38.70			Negotiable

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
328888	05-APR-12		AND HEALTH INSURANCE COMPANY FISHER SCIENTIFIC COMPANY LLC		713.34			Negotiable
328889	05-APR-12		FITCH, INC.		5,000.00			Negotiable
328890	05-APR-12		FORTIS RESOURCE PARTNERS INC		4,614.35			Voided
328891	05-APR-12		FRANCHISE TAX BOARD		535.33			Negotiable
328892	05-APR-12		GATEWAY PACIFIC CONTRACTORS, INC.		11,680.00			Negotiable
328893	05-APR-12		GATEWAY PACIFIC CONTRACTORS, INC.		105,120.00			Negotiable
328894	05-APR-12		GEISER, DON		1,800.00			Negotiable
328895	05-APR-12		GEORGE, JAYNE		1,260.00			Negotiable
328896	05-APR-12		GJ AUTOMOTIVE EQUIPMENT CO INC		1,293.00			Negotiable
328897	05-APR-12		GLOBALSTAR INC		170.42			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 3
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
328898	05-APR-12		GRAINGER		1,254.87			Negotiable
328899	05-APR-12		HABIGER, STEVE		1,800.00			Negotiable
328900	05-APR-12		HASSETT, MARY KAY		1,800.00			Negotiable
328901	05-APR-12		HEANEY, DAVID		1,800.00			Negotiable
328902	05-APR-12		HEARTLAND BUSINESS CREDIT CORPORATION		570.58			Negotiable
328903	05-APR-12		HILLS, JOHN		900.00			Negotiable
328904	05-APR-12		HOLLIDAY, MARY E		1,200.00			Negotiable
328905	05-APR-12		HOME DEPOT USA INC		20.47			Negotiable
328906	05-APR-12		HORIZON TECHNOLOGY INC		962.86			Negotiable
328907	05-APR-12		HSG INC		1,462.00			Negotiable
328908	05-APR-12		HUNSAKER & ASSOCIATES IRVINE		448.00			Negotiable
328909	05-APR-12		HYDE, JIM		1,800.00			Negotiable
328910	05-APR-12		HYDRO-SCAPE PRODUCTS INC		258.87			Negotiable
328911	05-APR-12		II FUELS INC		33,682.26			Negotiable
328912	05-APR-12		INDUSTRIAL ELECTRIC MACHINERY LLC		1,906.77			Negotiable
328913	05-APR-12		INTERNAL REVENUE SERVICE		1,462.79			Negotiable
328914	05-APR-12		IRVINE PIPE & SUPPLY INC		2,042.48			Negotiable
328915	05-APR-12		IRWD-PETTY CASH CUSTODIAN		629.08			Negotiable
328916	05-APR-12		JOHANNESSEN, JOHNNIE		1,800.00			Negotiable
328917	05-APR-12		JOHN MICHAEL COVAS		99.90			Negotiable
328918	05-APR-12		KAMINSKE, ED		800.00			Negotiable
328919	05-APR-12		KELLY SERVICES INC		851.20			Negotiable
328920	05-APR-12		KENNEDY/JENKS CONSULTANTS INC		58,402.75			Negotiable
328921	05-APR-12		KEY EQUIPMENT FINANCE		3,972.93			Negotiable
328922	05-APR-12		KIM, SOON TAE		600.00			Negotiable
328923	05-APR-12		KNUTH, MICHAEL C		900.00			Negotiable
328924	05-APR-12		KONECRANES INC		1,115.08			Negotiable
328925	05-APR-12		KONVES, JIM		1,560.00			Negotiable
328926	05-APR-12		KPRS CONSTRUCTION SERVICES, INC		6,428.95			Negotiable
328927	05-APR-12		KS DIRECT LLC		1,461.09			Negotiable
328928	05-APR-12		LAGUNA BEACH COUNTY WATER DISTRICT		4,221.17			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 4
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
328929	05-APR-12		LEE & SAKAHARA ARCHITECTS, INC		1,000.00			Negotiable
328930	05-APR-12		LENOVO UNITED STATES INC		6,330.32			Negotiable
328931	05-APR-12		LOCHRIDGE, DAVID		6,780.00			Negotiable
328932	05-APR-12		LOCMIS, TERRELL		1,560.00			Negotiable
328933	05-APR-12		LYNCH, JAN		1,000.00			Negotiable
328934	05-APR-12		MACDONALD, BONNIE		1,740.00			Negotiable
328935	05-APR-12		MC MASTER CARR		1,298.39			Negotiable

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
328936		05-APR-12	SUPPLY CO					
328937		05-APR-12	MCCORMICK, LESTER		1,800.00			Negotiable
		05-APR-12	MERCHANTS		7,280.00			Negotiable
			LANDSCAPE SERVICES INC					
328938		05-APR-12	Michael Hoolihan		898.43			Negotiable
328939		05-APR-12	MISCOWATER		3,232.40			Negotiable
328940		05-APR-12	NARUWA, HIROKI		11.60			Negotiable
328941		05-APR-12	NATIONAL READY		910.29			Negotiable
			MIXED CONCRETE CO					
328942		05-APR-12	OCTA		764.00			Negotiable
328943		05-APR-12	OLIN CORPORATION		7,742.67			Negotiable
328944		05-APR-12	ONESOURCE		2,237.97			Negotiable
			DISTRIBUTORS LLC					
328945		05-APR-12	ORDONEZ, CYNTHIA MARIE		500.17			Negotiable
328946		05-APR-12	PABIS, SHARON		840.00			Negotiable
328947		05-APR-12	PALOMARES, JOHN		1,800.00			Negotiable
328948		05-APR-12	PAUL E BRADLEY INC		1,260.00			Negotiable
328949		05-APR-12	PERS LONG TERM CARE		1,394.27			Negotiable
328950		05-APR-12	PHAM, BINH T		1,740.00			Negotiable
328951		05-APR-12	PINNACLE LANDSCAPE COMPANY		6,560.00			Negotiable
328952		05-APR-12	POWER DESIGN		3,049.80			Negotiable
328953		05-APR-12	PRUDENTIAL OVERALL SUPPLY		746.66			Negotiable
328954		05-APR-12	FSB THE MARKETING SUPERSOURCE		2,521.35			Negotiable
328955		05-APR-12	PURE EFFECT INC		5,945.00			Negotiable
328956		05-APR-12	QUALITY ENVIRONMENTAL		613.44			Negotiable
328957		05-APR-12	QUICKEL PAVING INC		1,230.00			Negotiable
328958		05-APR-12	R&B AUTOMATION INC		13,284.03			Negotiable
328959		05-APR-12	RAINBOW DISPOSAL CO INC		459.26			Negotiable
328960		05-APR-12	RBF CONSULTING		4,444.00			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 5
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: A11 Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
328961		05-APR-12	REED, JAMES D		1,977.89			Negotiable
328962		05-APR-12	RELIANT TESTING ENGINEERS, INC.		399.00			Negotiable
328963		05-APR-12	RHODIA INC		9,144.25			Negotiable
328964		05-APR-12	RIDGE LANDSCAPE ARCHITECTS		1,100.32			Negotiable
328965		05-APR-12	SANCHEZ, AL		1,300.00			Negotiable
328966		05-APR-12	SANCHEZ, NOAH		1,800.00			Negotiable
328967		05-APR-12	SANTA ANA BLUE PRINT		1,010.95			Negotiable
328968		05-APR-12	SANTA ANA CITY OF		19,760.37			Negotiable
328969		05-APR-12	SCHEAFER, TOM		1,740.00			Negotiable
328970		05-APR-12	SHAMROCK SUPPLY CO INC		184.88			Negotiable
328971		05-APR-12	SIGMA-ALDRICH INC		340.23			Negotiable
328972		05-APR-12	SIGNATURE FLOORING INC		1,898.00			Negotiable
328973		05-APR-12	SKIDMORE GLENN D		1,040.00			Negotiable
328974		05-APR-12	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT		51,640.86			Negotiable
328975		05-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY		335,714.16			Negotiable
328976		05-APR-12	SOUTHERN CALIFORNIA SECURITY CENTER, INC.		1,267.69			Negotiable
328977		05-APR-12	STANTEC CONSULTING SERVICES INC.		557.50			Negotiable
328978		05-APR-12	STRADLING YOCCA CARLSON & RAUTH		37,500.00			Negotiable
328979		05-APR-12	SULTAN, SAID		1,800.00			Negotiable
328980		05-APR-12	SUPERMEDIA LLC		69.75			Negotiable
328981		05-APR-12	SUPPORT PRODUCTS SERVICES		620.36			Negotiable
328982		05-APR-12	THE GAS COMPANY		19.46			Negotiable
328983		05-APR-12	THE PLUMBERS WAREHOUSE		710.69			Negotiable
328984		05-APR-12	TRUGREEN LANDSCAPE LLC		341.83			Negotiable
328985		05-APR-12	TUCKER, TOM		1,800.00			Negotiable
328986		05-APR-12	UNITED PARCEL SERVICE INC		28.23			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 6
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)

Payment Type: All

Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
328987		05-APR-12	UNITED SITE SERVICES OF CALIFORNIA INC		344.28			Negotiable
328988		05-APR-12	URS CORPORATION		4,879.13			Negotiable
328989		05-APR-12	US PEROXIDE LLC		21,139.10			Negotiable
328990		05-APR-12	VCI TELCOM INC		8,792.00			Negotiable
328991		05-APR-12	VELAZQUEZ, LORETTA		1,800.00			Negotiable
328992		05-APR-12	VERIZON CALIFORNIA INC		212.40			Negotiable
328993		05-APR-12	VICI METRONICS		257.85			Negotiable
328994		05-APR-12	VULCAN MATERIALS COMPANY		1,255.21			Negotiable
328995		05-APR-12	W.M. LYLES CO		394,595.19			Negotiable
328996		05-APR-12	WALKER, JOHN		1,800.00			Negotiable
328997		05-APR-12	WALSH, SANDY		1,140.00			Negotiable
328998		05-APR-12	WALTERS WHOLESale ELECTRIC		113.10			Negotiable
328999		05-APR-12	WASTE MANAGEMENT OF ORANGE COUNTY		1,608.16			Negotiable
329000		05-APR-12	WATEREUSE ASSOCIATION		7,740.00			Negotiable
329001		05-APR-12	WAXIE'S ENTERPRISES, INC		1,507.29			Negotiable
329002		05-APR-12	WELLS SUPPLY COMPANY		2,007.39			Negotiable
329003		05-APR-12	WILHELMI, DOUGLAS GENE		1,800.00			Negotiable
329004		05-APR-12	WIRELESS WATCHDOGS LLC		1,224.00			Negotiable
329005		05-APR-12	Brian McKinstry		80.03			Negotiable
329006		05-APR-12	Cheryl Kelly		118.25			Negotiable
329007		05-APR-12	Christian Kessler		53.30			Negotiable
329008		05-APR-12	David Mazzarella		8.55			Negotiable
329009		05-APR-12	Janet Wells		223.80			Negotiable
329010		05-APR-12	Kirsten McLaughlin		97.74			Negotiable
329011		05-APR-12	Lars Oldewage		296.30			Negotiable
329012		05-APR-12	Thomas Bonkowski		26.95			Negotiable
329013		05-APR-12	Wayne Posey		31.48			Negotiable
329014		05-APR-12	William Stewart		125.00			Negotiable
329015		05-APR-12	DEVISE ENGINEERINGMISSION INC VIEJO		1,603.68			Negotiable
329016		05-APR-12	ANDRES, RHEA		27.31			Negotiable
329017		05-APR-12	BAUMGARTNER, ELIZABETH		40.78			Negotiable
329018		05-APR-12	BEESE, JOHN		13.67			Negotiable
IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 7 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar) Payment Type: All Display Supplier Address: No								

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329019		05-APR-12	BELOND-SMITH, DONNA		16.46			Negotiable
329020		05-APR-12	BONNO, LINDSEY		31.30			Negotiable
329021		05-APR-12	CAMPBELL, MAYRA		32.80			Negotiable
329022		05-APR-12	CHEN, CHIH		36.27			Negotiable
329023		05-APR-12	CHEN, PO-YEN		52.83			Negotiable
329024		05-APR-12	CHIBA, YASUSHI		21.05			Negotiable
329025		05-APR-12	CHOU, ALLEN		68.29			Negotiable
329026		05-APR-12	CHUNG NOH, YOUNG JIN		41.55			Negotiable
329027		05-APR-12	CONYBEARE INC		1,158.08			Negotiable
329028		05-APR-12	CUPERUS, JANE		26.14			Negotiable
329029		05-APR-12	DAOUD, RONALD		30.99			Negotiable
329030		05-APR-12	DHANJAL, SHARANJEET		25.65			Negotiable
329031		05-APR-12	ENCINIAS, MATTHEW		33.64			Negotiable
329032		05-APR-12	FEDEX NATIONAL LTL, INC		332.03			Negotiable
329033		05-APR-12	FLATIRON WEST INC		879,630.86			Negotiable
329034		05-APR-12	FT ZIEBARTH COMPANY		536,720.81			Negotiable
329035		05-APR-12	GMU GEOTECHNICAL INC		4,977.50			Negotiable
329036		05-APR-12	HENRY, DANIEL		32.64			Negotiable
329037		05-APR-12	HERNANDEZ, CECILIA		37.83			Negotiable
329038		05-APR-12	INDUSTRIAL METAL SUPPLY CO		157.24			Negotiable
329039		05-APR-12	IRVINE PIPE & SUPPLY INC		389.79			Negotiable
329040		05-APR-12	KANG, JASON		24.49			Negotiable
329041		05-APR-12	LAHDE, GREG		23.52			Negotiable

329042	05-APR-12	LEE, GEEWUN	20.00	Voided
329043	05-APR-12	LEMIEUX, MARILYN	65.00	Negotiable
329044	05-APR-12	LEVIER, JORDAN	22.71	Negotiable
329045	05-APR-12	MILES, SUZANNE	18.17	Negotiable
329046	05-APR-12	NELSON, TREVOR	37.75	Negotiable
329047	05-APR-12	NIMI, YO	25.82	Negotiable
329048	05-APR-12	PARK, SALOME	18.73	Voided
329049	05-APR-12	PYRAMID WIRE AND CABLE	4,102.06	Negotiable
329050	05-APR-12	ROSE, JEFFREY	17.80	Negotiable
329051	05-APR-12	SABATINE, FRED	25.65	Negotiable
329052	05-APR-12	SCHAFFER, GWEN	24.18	Negotiable
329053	05-APR-12	SHORTES, JAMIE	111.00	Negotiable
329054	05-APR-12	SIPOSS, ALLAN J	10.83	Negotiable
329055	05-APR-12	SU, HSIA	10.32	Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 8
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329056		05-APR-12	TAO, JEREMIAH		18.94			Negotiable
329057		05-APR-12	UNITED STATES POSTAL SERVICE		63.86			Negotiable
329058		05-APR-12	VARMA, ASHU		15.40			Negotiable
329059		05-APR-12	VONHEIM, ANNIE		27.22			Negotiable
329060		11-APR-12	Alfonso Paz		20.35			Negotiable
329061		11-APR-12	Casey Karpan		90.00			Negotiable
329062		11-APR-12	Christopher Fike		821.71			Negotiable
329063		11-APR-12	Jesus Perez		130.00			Negotiable
329064		11-APR-12	Mark Nelson		190.00			Negotiable
329065		11-APR-12	Rodolfo Perez		78.00			Negotiable
329066		11-APR-12	Stephen Donnelly		295.00			Negotiable
329067		11-APR-12	Steven Tolericco		66.00			Negotiable
329068		11-APR-12	Thomas Roberts		155.00			Negotiable
329069		11-APR-12	Timothy Koenig		121.55			Negotiable
329070		11-APR-12	A & Y ASPHALT CONTRACTORS INC		8,177.00			Negotiable
329071		11-APR-12	ACWA		32,418.99			Negotiable
329072		11-APR-12	ADS LLC		1,291.00			Negotiable
329073		11-APR-12	ALEXANDER CONTRACT SERVICES INC		98,219.29			Negotiable
329074		11-APR-12	ARCADIS U.S., INC.		138.50			Negotiable
329075		11-APR-12	ASSOCIATED POWER INC		4,037.94			Negotiable
329076		11-APR-12	AT&T		529.16			Negotiable
329077		11-APR-12	AVISTA TECHNOLOGIES, INC		3,000.00			Negotiable
329078		11-APR-12	BARNES GROUP INC		153.61			Negotiable
329079		11-APR-12	BIOMAGIC INC		4,829.36			Negotiable
329080		11-APR-12	BORCHARD SURVEYING & MAPPING, INC.		475.00			Negotiable
329081		11-APR-12	C WELLS PIPELINE MATERIALS INC		9,822.52			Negotiable
329082		11-APR-12	CAL WATER PURIFICATION		80.00			Negotiable
329083		11-APR-12	CALIFORNIA BARRICADE INC		1,310.00			Negotiable
329084		11-APR-12	CALIFORNIA DEPT OF PUBLIC HEALTH		12,751.20			Negotiable
329085		11-APR-12	CANON BUSINESS SOLUTIONS INC		1,012.50			Negotiable
329086		11-APR-12	COMMERCIAL DOOR OF ORANGE COUNTY, INC.		1,034.00			Negotiable
329087		11-APR-12	ONEYBEARE INC		1,020.00			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 9
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329088		11-APR-12	CONTROLLED KEY SYSTEMS INC		349.63			Negotiable
329089		11-APR-12	CREDENTIAL CHECK CORPORATION		163.30			Negotiable
329090		11-APR-12	DEVISE ENGINEERING INC		3,618.65			Negotiable
329091		11-APR-12	DLT SOLUTIONS INC		3,652.14			Negotiable
329092		11-APR-12	FERGUSON WATERWORKS		1,178.62			Negotiable
329093		11-APR-12	FIDELITY SECURITY LIFE INSURANCE COMPANY		5,819.88			Negotiable
329094		11-APR-12	FIRST CHOICE		1,142.14			Negotiable

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
329095		11-APR-12	SERVICES FISHER SCIENTIFIC COMPANY LLC		1,302.82			Negotiable
329096		11-APR-12	FIVE POINT PARTNERS LLC		85,818.25			Negotiable
329097		11-APR-12	FLOOD CONTROL AMERICA		20,000.00			Negotiable
329098		11-APR-12	FRANK LA PLACA EXTERMINATING INC		175.00			Negotiable
329099		11-APR-12	GMU GEOTECHNICAL INC		2,227.50			Negotiable
329100		11-APR-12	GRAINGER		2,212.24			Negotiable
329101		11-APR-12	GRAYBAR ELECTRIC COMPANY		743.26			Negotiable
329102		11-APR-12	H2O INNOVATION USA INC		2,172.56			Negotiable
329103		11-APR-12	HACH COMPANY		656.07			Negotiable
329104		11-APR-12	HARPER & ASSOCIATES ENGINEERING INC		1,626.40			Negotiable
329105		11-APR-12	HARRINGTON INDUSTRIAL PLASTICS LLC		511.51			Negotiable
329106		11-APR-12	HILL BROTHERS CHEMICAL COMPANY		6,855.70			Negotiable
329107		11-APR-12	HILLEBRECHT, WARREN K		289.90			Negotiable
329108		11-APR-12	HOME DEPOT USA INC		569.60			Negotiable
329109		11-APR-12	IBM CORPORATION		16,072.37			Negotiable
329110		11-APR-12	INDUSTRIAL ELECTRIC MACHINERY LLC		5,109.57			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 10
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329111		11-APR-12	IRON MOUNTAIN INFORMATION MANAGEMENT INC		1,632.90			Negotiable
329112		11-APR-12	IRVINE PIPE & SUPPLY INC		2,661.94			Negotiable
329113		11-APR-12	IRWD-PETTY CASH CUSTODIAN		710.58			Negotiable
329114		11-APR-12	JOHN G. ALEVIZOS D.O. INC.		120.00			Negotiable
329115		11-APR-12	KELLY SERVICES INC		680.96			Negotiable
329116		11-APR-12	KENNEDY/JENKS CONSULTANTS INC		10,280.00			Negotiable
329117		11-APR-12	KILL-N-BUGS TERMITE AND PEST CONTROL SERVICES		325.00			Negotiable
329118		11-APR-12	KOYAMA, SATSUKI		21.45			Negotiable
329119		11-APR-12	LAGUNA BEACH COUNTY WATER DISTRICT		8,185.00			Negotiable
329120		11-APR-12	LEWIS OPERATING CORP		500.00			Negotiable
329121		11-APR-12	LUBRICATION ENGINEERS, INC.		2,123.75			Negotiable
329122		11-APR-12	MARKET-THINK LLC		3,700.00			Negotiable
329123		11-APR-12	MBC APPLIED ENVIRONMENTAL SCIENCES		1,000.00			Negotiable
329124		11-APR-12	MC MASTER CARR SUPPLY CO		1,180.04			Negotiable
329125		11-APR-12	MISCOWATER		3,583.23			Negotiable
329126		11-APR-12	OLIN CORPORATION		38,668.78			Negotiable
329127		11-APR-12	ON ASSIGNMENT LAB SUPPORT		2,489.60			Negotiable
329128		11-APR-12	PACIFIC GAS AND ELECTRIC COMPANY		55,785.39			Negotiable
329129		11-APR-12	PAPER DEPOT DOCUMENT DESTRUCTION LLC		983.03			Negotiable
329130		11-APR-12	PHILCO CONSTRUCTION INC		27,665.09			Negotiable
329131		11-APR-12	PHILCO CONSTRUCTION INC		9,880.67			Negotiable
329132		11-APR-12	PHILCO CONSTRUCTION INC		11,857.60			Negotiable
329133		11-APR-12	PINNACLE TOWERS LLC		547.44			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 11
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329134		11-APR-12	PIVOT INTERIORS INC		152.74			Negotiable
329135		11-APR-12	PONTON INDUSTRIES INC		2,441.10			Negotiable
329136		11-APR-12	PRINCIPAL LIFE INSURANCE		23,737.08			Negotiable
329137		11-APR-12	PRUDENTIAL OVERALL SUPPLY		841.99			Negotiable
329138		11-APR-12	PTI SAND & GRAVEL INC		1,377.45			Negotiable
329139		11-APR-12	RAM AIR ENGINEERING INC		26,417.23			Negotiable
329140		11-APR-12	RBF CONSULTING		3,277.00			Negotiable
329141		11-APR-12	REACH EMPLOYEE ASSISTANCE INC		785.20			Negotiable
329142		11-APR-12	RINGCLEAR LLC		66.84			Negotiable
329143		11-APR-12	SANTA ANA BLUE PRINT		1,471.41			Negotiable
329144		11-APR-12	SHAMROCK SUPPLY CO INC		556.76			Negotiable
329145		11-APR-12	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT		416.41			Negotiable
329146		11-APR-12	SOUTH COAST WATER		151.66			Negotiable
329147		11-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY		6,377.54			Negotiable
329148		11-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY		50,000.00			Negotiable
329149		11-APR-12	SPARKLETTS		106.16			Negotiable
329150		11-APR-12	UNDERGROUND SERVICE ALERT OF SOUTHERN CALIFORNIA		631.50			Negotiable
329151		11-APR-12	UNITED PARCEL SERVICE INC		27.07			Negotiable
329152		11-APR-12	UNITED SITE SERVICES OF CALIFORNIA INC		139.24			Negotiable
329153		11-APR-12	US PEROXIDE LLC		18,710.35			Negotiable
329154		11-APR-12	WALTERS WHOLESALE ELECTRIC		1,867.66			Negotiable
329155		11-APR-12	WAXIE'S ENTERPRISES, INC		329.75			Negotiable
IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17								
BANK: Bank of America N.A.			Branch : Los Angeles		Account: Checking AP and PR		Page: 12	
Bank Account Currency: USD (US Dollar)					Payment Currency: USD (US Dollar)			
Payment Type: All					Display Supplier Address: No			

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329156		11-APR-12	WESTERN EXTERMINATOR COMPANY		7,762.50			Negotiable
329157		11-APR-12	WIRELESS WATCHDOGS LLC		1,240.00			Negotiable
329158		19-APR-12	Alexander Tang		60.50			Negotiable
329159		19-APR-12	Alvaro Alfaro		219.58			Negotiable
329160		19-APR-12	Bryan Clinton		195.00			Negotiable
329161		19-APR-12	Carl Spangenberg		596.05			Negotiable
329162		19-APR-12	David Pedersen		28.00			Negotiable
329163		19-APR-12	Douglas Reinhart		896.83			Negotiable
329164		19-APR-12	John Tetteimer		462.72			Negotiable
329165		19-APR-12	Martin Perez		120.00			Negotiable
329166		19-APR-12	Peer Swan		1,183.61			Negotiable
329167		19-APR-12	Raghavender Joshi		60.00			Negotiable
329168		19-APR-12	Steven LaMar		476.45			Negotiable
329169		19-APR-12	Steven Tolerico		105.00			Negotiable
329170		19-APR-12	David Mazzarella		181.01			Negotiable
329171		19-APR-12	SULLY-MILLER CONTRACTING CO.	LOS ANGELES	11,859.00			Negotiable
329172		19-APR-12	SULLY-MILLER CONTRACTING CO.	BREA	225,321.00			Negotiable
329173		19-APR-12	A&A WIPING CLOTH CO		508.58			Negotiable
329174		19-APR-12	AAF INTERNATIONAL		1,680.70			Negotiable
329175		19-APR-12	ACCURATE AIR ENGINEERING INC		359.89			Negotiable
329176		19-APR-12	ACCURATE MEASUREMENT SYSTEMS INC		3,081.27			Negotiable
329177		19-APR-12	ADT SECURITY SERVICES INC		341.08			Negotiable
329178		19-APR-12	AIRGAS-WEST, INC.		1,857.83			Negotiable
329179		19-APR-12	AMERICAN WATER		8,978.00			Negotiable

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Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
WORKS ASSOC								
329180	19-APR-12		ANTHEM BLUE CROSS		388.00			Negotiable
329181	19-APR-12		APPLIED INDUSTRIAL TECHNOLOGIES - CA LLC		331.29			Negotiable
329182	19-APR-12		ARC-ZONE.COM, INC		321.89			Negotiable
329183	19-APR-12		ARCADIS U.S., INC.		1,921.61			Negotiable
329184	19-APR-12		ASHFORD, WALT		104.00			Negotiable
329185	19-APR-12		AT&T		11,845.77			Negotiable
329186	19-APR-12		AT&T		48.06			Negotiable
329187	19-APR-12		AT&T		129.01			Negotiable
329188	19-APR-12		AT&T		15.44			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 13
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329189	19-APR-12		ATHENS SERVICES		896.56			Negotiable
329190	19-APR-12		BANK OF AMERICA MERRILL LYNCH		27,815.91			Negotiable
329191	19-APR-12		BAVCO BACKFLOW APPARATUS & VALVE COMPANY		3.99			Negotiable
329192	19-APR-12		BDC SPECIAL WASTE		200.00			Negotiable
329193	19-APR-12		BIOMAGIC INC		5,596.75			Negotiable
329194	19-APR-12		BORCHARD SURVEYING & MAPPING, INC.		220.00			Negotiable
329195	19-APR-12		BRENTAG PACIFIC INC		4,445.83			Negotiable
329196	19-APR-12		BRITHINEE ELECTRIC		1,106.54			Negotiable
329197	19-APR-12		BUTIER ENGINEERING INC		21,960.00			Negotiable
329198	19-APR-12		C WELLS PIPELINE MATERIALS INC		2,448.63			Negotiable
329199	19-APR-12		CALIFORNIA BARRICADE INC		7,481.18			Negotiable
329200	19-APR-12		CALIFORNIA COUNCIL FOR ENVIRONMENTAL AND ECONOMIC BALANCE		10,000.00			Negotiable
329201	19-APR-12		CANON FINANCIAL SERVICES INC		3,606.92			Negotiable
329202	19-APR-12		CARDIAC SCIENCE CORPORATION		4,352.00			Negotiable
329203	19-APR-12		CARL WARREN & CO		2,119.67			Negotiable
329204	19-APR-12		CITY OF ORANGE		111,788.92			Negotiable
329205	19-APR-12		CITY OF TUSTIN		492.31			Negotiable
329206	19-APR-12		CLEARINGHOUSE		528.45			Negotiable
329207	19-APR-12		COAST PLUMBING HEATING AND AIR, INC		60.00			Negotiable
329208	19-APR-12		COASTAL IGNITION & CONTROLS, INC		347.79			Negotiable
329209	19-APR-12		COASTAL TRAFFIC SYSTEMS, INC		510.00			Negotiable
329210	19-APR-12		COMPUTER AIDED SOLUTIONS, LLC		396.00			Negotiable
329211	19-APR-12		CONDITION MONITORING SERVICES INC		5,886.25			Negotiable
329212	19-APR-12		CONYBEARE INC		6,454.25			Negotiable
329213	19-APR-12		CONTROLLED KEY SYSTEMS INC		646.73			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 14
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329214	19-APR-12		CORELOGIC INC		12.00			Negotiable
329215	19-APR-12		CR & R INCORPORATED		11.98			Negotiable
329216	19-APR-12		CRUMP & CO, INC.		8,664.00			Negotiable
329217	19-APR-12		CS-AMSCO		2,456.70			Negotiable
329218	19-APR-12		DATA CLEAN CORPORATION		1,852.75			Negotiable
329219	19-APR-12		DCSE INC		9,345.00			Negotiable
329220	19-APR-12		DDB ENGINEERING, INC.		6,818.32			Negotiable
329221	19-APR-12		DIRECTV INC		89.99			Negotiable
329222	19-APR-12		DISCOVERY SCIENCE CENTER		6,850.08			Negotiable
329223	19-APR-12		DLT SOLUTIONS INC		12,271.56			Negotiable
329224	19-APR-12		DME INC		191.40			Negotiable

329225	19-APR-12	DUDEK	12,531.28	Negotiable
329226	19-APR-12	DWYER INSTRUMENTS INC	67.89	Negotiable
329227	19-APR-12	EAST ORANGE COUNTY WATER DISTRICT	1,488.05	Negotiable
329228	19-APR-12	EHS INTERNATIONAL, INC	1,400.00	Negotiable
329229	19-APR-12	ELABRA INC	2,780.00	Negotiable
329230	19-APR-12	EMA INC	9,917.95	Negotiable
329231	19-APR-12	EMPLOYEE BENEFIT SPECIALIST, INC	680.00	Negotiable
329232	19-APR-12	ENDRESS AND HAUSER INC	3,326.00	Negotiable
329233	19-APR-12	EXCHANGE CLUB OF IRVINE	775.00	Negotiable
329234	19-APR-12	FEDEX	572.13	Negotiable
329235	19-APR-12	FEDEX	1,552.16	Negotiable
329236	19-APR-12	FISHER SCIENTIFIC COMPANY LLC	1,282.71	Negotiable
329237	19-APR-12	FITCH, INC.	2,000.00	Negotiable
329238	19-APR-12	FORTIS RESOURCE PARTNERS INC	10,494.00	Negotiable
329239	19-APR-12	FRANCHISE TAX BOARD	535.33	Negotiable
329240	19-APR-12	GALLADE CHEMICAL INC	318.94	Negotiable
329241	19-APR-12	GANAHL LUMBER CO.	2,787.84	Negotiable
329242	19-APR-12	GARZA INDUSTRIES, INC	1,292.58	Negotiable
329243	19-APR-12	GATEWAY PACIFIC CONTRACTORS, INC.	271,260.00	Negotiable

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 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 15
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329244		19-APR-12	GATEWAY PACIFIC CONTRACTORS, INC.		21,180.00			Negotiable
329245		19-APR-12	GENTERRA CONSULTANTS INC		10,264.80			Negotiable
329246		19-APR-12	GOOGLE INC.		1,057.92			Negotiable
329247		19-APR-12	GRAINGER		4,372.83			Negotiable
329248		19-APR-12	GRAYBAR ELECTRIC COMPANY		7,512.29			Negotiable
329249		19-APR-12	HARMSWORTH ASSOCIATES		625.00			Negotiable
329250		19-APR-12	HARRINGTON INDUSTRIAL PLASTICS LLC		771.41			Negotiable
329251		19-APR-12	HILL BROTHERS CHEMICAL COMPANY		18,410.18			Negotiable
329252		19-APR-12	II FUELS INC		15,109.55			Negotiable
329253		19-APR-12	INDUSTRIAL ELECTRIC MACHINERY LLC		431.61			Negotiable
329254		19-APR-12	INDUSTRIAL METAL SUPPLY CO		348.19			Negotiable
329255		19-APR-12	INTERNAL REVENUE SERVICE		1,440.14			Negotiable
329256		19-APR-12	IRVINE PIPE & SUPPLY INC		960.48			Negotiable
329257		19-APR-12	IRWD-PETTY CASH CUSTODIAN		1,035.09			Negotiable
329258		19-APR-12	J.P. MORGAN SECURITIES, INC.		22,377.05			Negotiable
329259		19-APR-12	JCI JONES CHEMICALS INC		8,423.25			Negotiable
329260		19-APR-12	JOHN G. ALEVIZOS D.O. INC.		140.00			Negotiable
329261		19-APR-12	KELLY SERVICES INC		680.96			Negotiable
329262		19-APR-12	KILL-N-BUGS TERMITE AND PEST CONTROL SERVICES		325.00			Negotiable
329263		19-APR-12	LA HABRA FENCE COMPANY INC		880.00			Negotiable
329264		19-APR-12	LEATHERWOOD CONSTRUCTION INC		759,081.39			Negotiable
329265		19-APR-12	LEATHERWOOD CONSTRUCTION INC		33,433.95			Negotiable
329266		19-APR-12	LEWIS OPERATING CORP		23,928.99			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 16
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
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Payment Document : IRWD CHECK

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
329267		19-APR-12	MAYER HOFFMAN MCCANN P.C.		8,310.00			Negotiable
329268		19-APR-12	MBC APPLIED ENVIRONMENTAL SCIENCES		1,000.00			Negotiable
329269		19-APR-12	MC MASTER CARR SUPPLY CO		638.35			Negotiable
329270		19-APR-12	MCR TECHNOLOGIES INC		2,190.84			Negotiable
329271		19-APR-12	MGH PAINTING INC		5,950.00			Negotiable
329272		19-APR-12	MOBILE MODULAR MANAGEMENT CORPORATION		1,108.75			Negotiable
329273		19-APR-12	MOUSE GRAPHICS		295.67			Negotiable
329274		19-APR-12	MUNICIPAL WATER DISTRICT OF ORANGE COUNTY		40,195.00			Negotiable
329275		19-APR-12	NATIONAL READY MIXED CONCRETE CO		672.22			Negotiable
329276		19-APR-12	NEW DIMENSION CONSTRUCTION		2,116.80			Negotiable
329277		19-APR-12	NMG GEOTECHNICAL INC		10,429.90			Negotiable
329278		19-APR-12	ON ASSIGNMENT LAB SUPPORT		4,481.28			Negotiable
329279		19-APR-12	ONESOURCE DISTRIBUTORS LLC		99.23			Negotiable
329280		19-APR-12	ORANGE COUNTY TREASURER		499.00			Negotiable
329281		19-APR-12	ORANGE COUNTY VECTOR CONTROL DISTRICT		436.14			Negotiable
329282		19-APR-12	ORANGE COUNTY WATER DISTRICT		2,993.18			Negotiable
329283		19-APR-12	ORANGE, COUNTY OF		210.00			Negotiable
329284		19-APR-12	ORDONEZ, CYNTHIA MARIE		500.17			Negotiable
329285		19-APR-12	P L HAWN CO INC		651.03			Negotiable
329286		19-APR-12	PACIFIC COAST TOOL & SUPPLY		798.65			Negotiable
329287		19-APR-12	PARK, JOSHUA		18.73			Negotiable
329288		19-APR-12	PARKHOUSE TIRE INC		15,940.25			Negotiable
329289		19-APR-12	PASCAL & LUDWIG CONSTRUCTORS		1,110,338.90			Negotiable
329290		19-APR-12	PAULUS ENGINEERING INC		318,156.30			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 17
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Document : IRWD CHECK

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
329291		19-APR-12	PERS LONG TERM CARE		1,394.27			Negotiable
329292		19-APR-12	PINNACLE TOWERS LLC		8.35			Negotiable
329293		19-APR-12	PIVOT INTERIORS INC		8,542.70			Negotiable
329294		19-APR-12	PRAXAIR DISTRIBUTION INC		785.70			Negotiable
329295		19-APR-12	PRIORITY MAILING SYSTEMS LLC		182.39			Negotiable
329296		19-APR-12	PRUDENTIAL OVERALL SUPPLY		1,024.34			Negotiable
329297		19-APR-12	PSOMAS		23,392.12			Negotiable
329298		19-APR-12	PTI SAND & GRAVEL INC		1,212.06			Negotiable
329299		19-APR-12	RAM AIR ENGINEERING INC		12,347.85			Negotiable
329300		19-APR-12	RBF CONSULTING		13,266.00			Negotiable
329301		19-APR-12	RESPONSE ENVELOPE, INC		12,423.99			Negotiable
329302		19-APR-12	SANDERS PAVING INC		20,961.00			Negotiable
329303		19-APR-12	SANTA ANA BLUE PRINT		2,444.61			Negotiable
329304		19-APR-12	SANTIAGO AQUEDUCT COMMISSION		24,707.09			Negotiable
329305		19-APR-12	SECURTEC DISTRICT PATROL INC		3,700.00			Negotiable
329306		19-APR-12	SEPARATION PROCESSES INC		2,679.50			Negotiable
329307		19-APR-12	SHAMROCK SUPPLY CO INC		201.14			Negotiable
329308		19-APR-12	SIMI VALLEY LANDFILL AND RECYCLING CENTER		592.20			Negotiable
329309		19-APR-12	SNYDER LANGSTON		74,402.55			Negotiable

329310	19-APR-12	L.P.						
		SOUTH COAST WATER	40.00				Negotiable	
329311	19-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY	1,094.00				Negotiable	
329312	19-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY	176,535.97				Negotiable	
329313	19-APR-12	SOUTHERN COUNTIES LUBRICANTS LLC	2,830.32				Negotiable	
329314	19-APR-12	SPARKLETTS	69.25				Negotiable	
IRWD Ledger								
BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Report Date: 01-MAY-2012 11:17								
Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar) Page: 18								
Payment Type: All Display Supplier Address: No								

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329315		19-APR-12	STERIS CORPORATION		4,075.32			Negotiable
329316		19-APR-12	SUN-STAR ELECTRIC LP		11,037.77			Negotiable
329317		19-APR-12	TELEDYNE LEEMAN LABS		219.56			Negotiable
329318		19-APR-12	TESTAMERICA LABORATORIES, INC		192.15			Negotiable
329319		19-APR-12	TETRA TECH, INC		28,525.28			Negotiable
329320		19-APR-12	TETRA TECH, INC		14,877.50			Negotiable
329321		19-APR-12	THE GAS COMPANY		1,302.80			Negotiable
329322		19-APR-12	THE IRVINE COMPANY LLC		1,687.63			Negotiable
329323		19-APR-12	TRUGREEN LANDCARE LLC		5,320.00			Negotiable
329324		19-APR-12	ULTRA SCIENTIFIC		626.80			Negotiable
329325		19-APR-12	US PEROXIDE LLC		7,267.85			Negotiable
329326		19-APR-12	UTILITY SYSTEMS SCIENCE & SOFTWARE INC.		630.00			Negotiable
329327		19-APR-12	VA CONSULTING, INC		17,596.12			Voided
329328		19-APR-12	VERIZON CALIFORNIA INC		43.01			Negotiable
329329		19-APR-12	WALTERS WHOLESALE ELECTRIC		1,065.46			Negotiable
329330		19-APR-12	WAXIE'S ENTERPRISES, INC		1,339.66			Negotiable
329331		19-APR-12	WESTERN EXTERMINATOR COMPANY		1,520.00			Negotiable
329332		19-APR-12	WORKFLOWONE		4,632.71			Negotiable
329333		19-APR-12	YORK INSURANCE SERVICES GROUP INC - CA		7,228.50			Negotiable
329334		20-APR-12	BYRAM LABORATORIESBRANCHBURG INC		127.86			Negotiable
329335		20-APR-12	ALTON, ASHLEY		25.09			Negotiable
329336		20-APR-12	ANTHEM BLUE CROSS		4,037.20			Negotiable
329337		20-APR-12	AT&T		1,561.42			Negotiable
329338		20-APR-12	AT&T INTERNET SERVICES		275.00			Negotiable
329339		20-APR-12	ATLANTIC & PACIFIC REAL EST		60.45			Negotiable
329340		20-APR-12	ATLANTIC & PACIFIC REALTY		64.83			Negotiable
329341		20-APR-12	BALLOU, LEIGH		22.30			Negotiable
329342		20-APR-12	BELANGER, BETTE		44.34			Negotiable
IRWD Ledger								
BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Report Date: 01-MAY-2012 11:17								
Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar) Page: 19								
Payment Type: All Display Supplier Address: No								

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329343		20-APR-12	BUCCOLA LANDSCAPE SERVICES		238.60			Negotiable
329344		20-APR-12	CHEN, THOMAS		39.65			Negotiable
329345		20-APR-12	CITY OF IRVINE		107.28			Negotiable
329346		20-APR-12	COASTAL CARE LLC		61.84			Negotiable
329347		20-APR-12	CPWH		248.46			Negotiable
329348		20-APR-12	CVC REAL ESTATE GROUP		24.85			Negotiable
329349		20-APR-12	DAHDUL, MAYSOON		31.73			Negotiable
329350		20-APR-12	DELEON, LOUISE		28.86			Negotiable
329351		20-APR-12	DOWNES, SCOTT		93.45			Negotiable
329352		20-APR-12	EDGE DEVELOPMENT		831.18			Negotiable
329353		20-APR-12	ELAHI, ALI		40.39			Negotiable
329354		20-APR-12	ELTANANY, SEAN		38.82			Negotiable
329355		20-APR-12	ESSEX PORTFOLIO, LP		102.95			Negotiable

329356	20-APR-12	FAN, MARY	30.00	Negotiable
329357	20-APR-12	FARAHMAND, ALI	19.58	Negotiable
329358	20-APR-12	FIELD ASSET SERVICES INC	232.81	Negotiable
329359	20-APR-12	FORILLO, TONY	17.25	Negotiable
329360	20-APR-12	FRANK GIBSON REALTY	27.41	Negotiable
329361	20-APR-12	GARCIA, MARTIN	900.00	Negotiable
329362	20-APR-12	GOW, TIMOTHY	63.89	Negotiable
329363	20-APR-12	GRUAV, SAMEAR	47.09	Negotiable
329364	20-APR-12	HAGENDIJK, ERIK	30.20	Negotiable
329365	20-APR-12	HIGHLAND, GARY	833.32	Negotiable
329366	20-APR-12	HIRBODI, PATTI	25.65	Negotiable
329367	20-APR-12	HWANG, CAROLINE	52.11	Negotiable
329368	20-APR-12	IACONO, CHRISTA	30.39	Negotiable
329369	20-APR-12	KAZORK INC	32.93	Negotiable
329370	20-APR-12	KB HOMES	15.00	Negotiable
329371	20-APR-12	KIA MOTORS OF AMERICA	14,875.79	Negotiable
329372	20-APR-12	LI, EDWARD	130.41	Negotiable
329373	20-APR-12	LIU, LEI	53.86	Negotiable
329374	20-APR-12	MACK, JOY	15.00	Negotiable
329375	20-APR-12	MACKEY, DAVID	61.89	Negotiable
329376	20-APR-12	MALCOLM FIRNIE INC	4,787.35	Negotiable
329377	20-APR-12	MARR, BRYAN	41.15	Negotiable
329378	20-APR-12	MASOOMAL, MERSEDEH	17.74	Negotiable
329379	20-APR-12	MCMILLEN, LYNDA S	73.22	Negotiable
329380	20-APR-12	MITTAL, NEERAJ	32.84	Negotiable
329381	20-APR-12	MONTGOMERY, SCOTT	28.27	Negotiable
329382	20-APR-12	MORTON, JOHN	85.08	Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 20
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329383		20-APR-12	MOSSMAN, MATTHEW		26.56			Negotiable
329384		20-APR-12	MSM FINANCIAL		25.65			Negotiable
329385		20-APR-12	NEWPORT BEACH, CITY OF		1,093.64			Negotiable
329386		20-APR-12	NGUYEN, SUZANNE		58.36			Negotiable
329387		20-APR-12	NGUYEN, TED		80.00			Negotiable
329388		20-APR-12	PARA, MEGHAN		25.38			Negotiable
329389		20-APR-12	PARK, TIMOTHY		33.12			Negotiable
329390		20-APR-12	PERERA, MALLIQUE		51.65			Negotiable
329391		20-APR-12	PFIEFFER, JOSEPH		144.43			Negotiable
329392		20-APR-12	PREFERRED GROUP PROPERTIES		21.08			Negotiable
329393		20-APR-12	PUGH, DIANE		36.13			Negotiable
329394		20-APR-12	REAL ESTATE INC PRESIDENTI		26.56			Negotiable
329395		20-APR-12	ROBBINS, GERALDINE		316.44			Negotiable
329396		20-APR-12	ROOT, STEPHANIE		43.00			Negotiable
329397		20-APR-12	SALT CREEK VENTURES, LLC		33.55			Negotiable
329398		20-APR-12	SANCHEZ, MARGARITA		25.00			Negotiable
329399		20-APR-12	SNYDER, CHRISTINA		75.72			Negotiable
329400		20-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY		2,298.00			Negotiable
329401		20-APR-12	THE GAS COMPANY		3,197.64			Negotiable
329402		20-APR-12	THE IRVINE COMMUNITY LAND		129.80			Negotiable
329403		20-APR-12	THE NEW HOME COMPANY		630.20			Negotiable
329404		20-APR-12	THE REAL ESTATE PEOPLE INC		25.65			Negotiable
329405		20-APR-12	TIC-AGRICULTURAL DIV		1,675.64			Negotiable
329406		20-APR-12	TIC-SPECTRUM OFFICE		848.69			Negotiable
329407		20-APR-12	TROPICAL PLAZA NURSERY INC		15,176.12			Negotiable
329408		20-APR-12	TSANG, TOCHUN		33.12			Negotiable
329409		20-APR-12	UM, ELIZABETH		31.73			Negotiable
329410		20-APR-12	VAN DAELE DEVELOPMENT		148.13			Negotiable
329411		20-APR-12	VCI CONSTRUCTION		749.54			Negotiable
329412		20-APR-12	VICTOR MEDICAL COMPANY		214.88			Negotiable
329413		20-APR-12	WARD, PAMELA		30.99			Negotiable
329414		20-APR-12	WILLIAM LYON HOMES		11.40			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 21
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
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Payment Document : IRWD CHECK

329415	20-APR-12	WONG, LILLIAN		25.71	Negotiable
329416	20-APR-12	WONG, TUCK M		63.20	Negotiable
329417	20-APR-12	WYSTEIN		54.59	Negotiable
		OPPORTUNITIFUND			
		LLC			
329418	20-APR-12	ZEHNER, MELISSA		19.42	Negotiable
329419	20-APR-12	BLOOMBERG FINANCE BOSTON LP		16,380.00	Negotiable
329420	20-APR-12	CHEMTREC	PAY	675.00	Negotiable
329421	26-APR-12	GENTERRA	PAY	211.25	Negotiable
		CONSULTANTS INC			
329422	26-APR-12	WESTERN WATER CHINO WORKS SUPPLY COMPANY		3,242.14	Negotiable
329423	26-APR-12	Cynthia Beck		220.00	Negotiable
329424	26-APR-12	Douglas Reinhart		90.20	Negotiable
329425	26-APR-12	Erika Blaska		106.52	Negotiable
329426	26-APR-12	Gregory Heiertz		30.98	Negotiable
329427	26-APR-12	Kevin Burton		24.98	Negotiable
329428	26-APR-12	Leslie Bonkowski		185.29	Negotiable
329429	26-APR-12	Michael Licht		60.00	Negotiable
329430	26-APR-12	Michelle Klein		23.48	Negotiable
329431	26-APR-12	Peer Swan		2,660.60	Negotiable
329432	26-APR-12	Thomas Bonkowski		27.61	Negotiable
329433	26-APR-12	940 ROLLER HOCKEY CENTER		57.12	Negotiable
329434	26-APR-12	A & Y ASPHALT CONTRACTORS INC		6,077.00	Negotiable
329435	26-APR-12	ACTION ELECTRIC CORP		1,015.21	Negotiable
329436	26-APR-12	AFLAC		5,861.54	Negotiable
329437	26-APR-12	AKSOY, AYDIN		100.00	Negotiable
329438	26-APR-12	AMIRI, SHOKOUFEH		43.62	Negotiable
329439	26-APR-12	ANCHOR SCIENTIFIC INC		1,245.01	Negotiable
329440	26-APR-12	AQUA-METRIC SALES COMPANY		20,655.76	Negotiable
329441	26-APR-12	ARCADIS U.S., INC.		9,666.85	Negotiable
329442	26-APR-12	ARCADIS U.S., INC.		1,726.50	Negotiable
329443	26-APR-12	AST CORPORATION		137,970.00	Negotiable
329444	26-APR-12	AT&T		3,197.95	Voided
329445	26-APR-12	AT&T		9,473.79	Voided
329446	26-APR-12	AYRES HOTEL AND SUITES (DBA)		143.27	Negotiable
329447	26-APR-12	BAT, RANDALL		80.68	Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 22
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329448		26-APR-12	BATTERY SPECIALTIES		275.64			Negotiable
329449		26-APR-12	BILL'S SWEEPING SERVICE INC		460.00			Negotiable
329450		26-APR-12	BIOMAGIC INC		2,583.58			Negotiable
329451		26-APR-12	BORCHARD SURVEYING & MAPPING, INC.		5,732.50			Negotiable
329452		26-APR-12	BRITHINEE ELECTRIC		3,885.99			Negotiable
329453		26-APR-12	BUCKNALL POWER TOOL SERVICE, INC.		912.51			Negotiable
329454		26-APR-12	BURGESS, GAIL		20.12			Negotiable
329455		26-APR-12	BUSH & ASSOCIATES INC		18,544.00			Negotiable
329456		26-APR-12	C WELLS PIPELINE MATERIALS INC		4,665.06			Negotiable
329457		26-APR-12	CALIFORNIA BARRICADE INC		9,007.54			Negotiable
329458		26-APR-12	CANON BUSINESS SOLUTIONS INC		6,573.88			Negotiable
329459		26-APR-12	CANON FINANCIAL SERVICES INC		1,389.97			Negotiable
329460		26-APR-12	CARPENTER, BILL		100.00			Negotiable
329461		26-APR-12	CHIEN, PICHIA		26.73			Negotiable
329462		26-APR-12	CITIGROUP GLOBAL MARKETS INC.		4,288.94			Negotiable
329463		26-APR-12	CITY OF IRVINE		5,000.00			Negotiable
329464		26-APR-12	COASTAL TRAFFIC SYSTEMS, INC		510.00			Negotiable
329465		26-APR-12	COLONIAL LIFE & ACCIDENT INSURANCE CO.		1,854.94			Negotiable
329466		26-APR-12	COMMERCE ENERGY INC		95.14			Negotiable
329467		26-APR-12	CONDITION MONITORING SERVICES INC		4,000.00			Negotiable

329468	26-APR-12	CONEYBEARE INC		3,079.52	Negotiable
329469	26-APR-12	COX COMMUNICATIONS		126.53	Negotiable
329470	26-APR-12	CROSSBRIDGE SOLUTIONS INC		342.17	Negotiable
329471	26-APR-12	DE VAUL PAINT COMPANY		665.73	Negotiable
329472	26-APR-12	DEE JASPAR & ASSOCIATES, INC.		21,629.43	Negotiable
329473	26-APR-12	DEVISE ENGINEERING INC		1,536.15	Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 23
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329474		26-APR-12	DUDLEY RIDGE WATER DISTRICT		6,255.76			Negotiable
329475		26-APR-12	EAGLE GRAPHICS INC		2,175.05			Negotiable
329476		26-APR-12	EI&C ENGINEERING INC		13,555.00			Negotiable
329477		26-APR-12	ELECTRICAL SYSTEMS ENGINEERING		20,885.00			Negotiable
329478		26-APR-12	ENVIRONMENTAL ENGINEERING AND CONTRACTING, INC.		16,037.58			Negotiable
329479		26-APR-12	ENVIRONMENTAL RESOURCE ASSOCIATES		1,630.08			Negotiable
329480		26-APR-12	FARRELL & ASSOCIATES		119.86			Negotiable
329481		26-APR-12	FEDEX		404.05			Negotiable
329482		26-APR-12	FIRE EXTINGUISHING SAFETY		446.28			Negotiable
329483		26-APR-12	FISERV		10,442.52			Negotiable
329484		26-APR-12	FISHER SCIENTIFIC COMPANY LLC		1,762.77			Negotiable
329485		26-APR-12	FITCH, INC.		8,000.00			Negotiable
329486		26-APR-12	FLEET SOLUTIONS LLC		3,992.00			Negotiable
329487		26-APR-12	FORTIS RESOURCE PARTNERS INC		19,589.95			Negotiable
329488		26-APR-12	FRONTLINE MANAGEMENT INC		2,002.30			Negotiable
329489		26-APR-12	GANAHL LUMBER CO.		50.00			Negotiable
329490		26-APR-12	GRAINGER		2,783.51			Negotiable
329491		26-APR-12	GRAYBAR ELECTRIC COMPANY		1,725.49			Negotiable
329492		26-APR-12	GUILLEN, NANCY		27.47			Negotiable
329493		26-APR-12	HAAKER EQUIPMENT COMPANY		2,532.13			Negotiable
329494		26-APR-12	HARMSWORTH ASSOCIATES		4,635.00			Negotiable
329495		26-APR-12	HARPER & ASSOCIATES		6,350.00			Negotiable
329496		26-APR-12	ENGINEERING INC HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY		180.38			Negotiable
329497		26-APR-12	HDR ENGINEERING INC		193,913.71			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 24
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329498		26-APR-12	HEWITT ASSOCIATES LLC		45,189.00			Negotiable
329499		26-APR-12	HILL BROTHERS CHEMICAL COMPANY		2,623.60			Negotiable
329500		26-APR-12	HOME DEPOT USA INC		986.72			Negotiable
329501		26-APR-12	HOPKINS TECHNICAL PRODUCTS INC		6,224.59			Negotiable
329502		26-APR-12	HUFFMAN, LESLIE		29.22			Negotiable
329503		26-APR-12	HWANG, GEORGE		15.04			Negotiable
329504		26-APR-12	IDEXX DISTRIBUTION, INC		8,215.94			Negotiable
329505		26-APR-12	IRVINE PIPE & SUPPLY INC		1,163.76			Negotiable
329506		26-APR-12	IRWD-PETTY CASH CUSTODIAN		662.51			Negotiable
329507		26-APR-12	JOHN G. ALEVIZOS D.O. INC.		901.51			Negotiable
329508		26-APR-12	JONES & STOKES		2,928.11			Negotiable

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
ASSOCIATES, INC								
329509		26-APR-12	JOSEPH, DAVID		100.00			Negotiable
329510		26-APR-12	KANA PIPELINE		456.57			Negotiable
329511		26-APR-12	KELLY SERVICES INC		680.96			Negotiable
329512		26-APR-12	KELLY, TYLER		30.20			Negotiable
329513		26-APR-12	KENNEDY, ANNETTE		100.00			Negotiable
329514		26-APR-12	KIM, CHRISTINA		25.12			Negotiable
329515		26-APR-12	KONECRANES INC		1,900.00			Negotiable
329516		26-APR-12	KOWATA SPELLMAN, JODEE		100.00			Negotiable
329517		26-APR-12	KPRS CONSTRUCTION SERVICES, INC		315,441.88			Negotiable
329518		26-APR-12	KUO, SHIH-SHUAN		100.00			Negotiable
329519		26-APR-12	LA HABRA FENCE COMPANY INC		300.00			Negotiable
329520		26-APR-12	LABELLE-MARVIN INC		9,272.50			Negotiable
329521		26-APR-12	LASHER, TRISH		100.00			Negotiable
329522		26-APR-12	LAYNE CHRISTENSEN COMPANY		6,973.40			Negotiable
329523		26-APR-12	LCS TECHNOLOGIES, INC.		6,000.00			Negotiable
329524		26-APR-12	LIGHTING RESOURCES LLC		1,563.75			Negotiable
329525		26-APR-12	LOPEZ, LUIS S		40.87			Negotiable
329526		26-APR-12	LORI BRADFORD		35.78			Negotiable
329527		26-APR-12	MAILFINANCE INC		9,912.62			Negotiable
329528		26-APR-12	MALCOLM PIRNIE INC		51,742.60			Negotiable
329529		26-APR-12	MAROIS, MARC		11.81			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 25
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329530		26-APR-12	MARVIN GARDENS LLC		2,593.70			Negotiable
329531		26-APR-12	MC MASTER CARR SUPPLY CO		376.97			Negotiable
329532		26-APR-12	MCKAY, TIM		28.33			Negotiable
329533		26-APR-12	MERCHANTS LANDSCAPE SERVICES INC		4,386.91			Negotiable
329534		26-APR-12	MGH PAINTING INC		1,260.00			Negotiable
329535		26-APR-12	MID-WEST ASSOCIATES INC		2,279.25			Negotiable
329536		26-APR-12	MITY-LITE INC		5,096.94			Negotiable
329537		26-APR-12	MUTUAL PROPANE		132.67			Negotiable
329538		26-APR-12	MWH AMERICAS INC		382.50			Negotiable
329539		26-APR-12	NATIONAL READY MIXED CONCRETE CO		485.96			Negotiable
329540		26-APR-12	NATIONAL SPECIALITY ALLOYS LLC		1,174.48			Negotiable
329541		26-APR-12	NATVIG, DEREK		100.00			Negotiable
329542		26-APR-12	NEPTUNE TECHNOLOGY		15,334.98			Negotiable
329543		26-APR-12	NEWPORT REAL ESTATE SERVICES INC		21,915.52			Negotiable
329544		26-APR-12	NMG GEOTECHNICAL INC		5,347.90			Negotiable
329545		26-APR-12	OLIN CORPORATION		30,749.79			Negotiable
329546		26-APR-12	ORANGE COUNTY SANITATION DISTRICT		44,014.72			Negotiable
329547		26-APR-12	ORANGE COUNTY TREASURER		3,200.00			Negotiable
329548		26-APR-12	ORANGE, COUNTY OF		350.00			Negotiable
329549		26-APR-12	OXFORD, JAY		100.00			Negotiable
329550		26-APR-12	PACIFIC COAST BOLT CORP		4,360.10			Negotiable
329551		26-APR-12	PACIFIC GAS AND ELECTRIC COMPANY		21.91			Negotiable
329552		26-APR-12	PACUN, JEANETTE		25.38			Negotiable
329553		26-APR-12	PASCAL & LUDWIG CONSTRUCTORS		72,009.00			Negotiable
329554		26-APR-12	PASCAL & LUDWIG CONSTRUCTORS		8,001.00			Negotiable
329555		26-APR-12	PAULUS ENGINEERING INC		147,530.30			Negotiable
329556		26-APR-12	PAYNE & FEARS LLP		420.00			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 26
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								

329557	26-APR-12	PINNACLE LANDSCAPE COMPANY	181.29	Negotiable
329558	26-APR-12	PINNACLE TOWERS LLC	569.34	Negotiable
329559	26-APR-12	PIPP, JAMES	100.00	Negotiable
329560	26-APR-12	PIVOT INTERIORS INC	18,794.98	Negotiable
329561	26-APR-12	PRAXAIR DISTRIBUTION INC	947.73	Negotiable
329562	26-APR-12	PRE-PAID LEGAL SERVICES INC	1,599.16	Negotiable
329563	26-APR-12	PRO GROWERS INC	2,230.21	Negotiable
329564	26-APR-12	PRUDENTIAL OVERALL SUPPLY	23.25	Negotiable
329565	26-APR-12	PRUDENTIAL OVERALL SUPPLY	902.08	Negotiable
329566	26-APR-12	PURUGGANAN, FLORIAN	100.00	Negotiable
329567	26-APR-12	ROBINSON, TOMARA	51.01	Negotiable
329568	26-APR-12	RRM DESIGN GROUP	7,615.93	Negotiable
329569	26-APR-12	SAIC ENERGY, ENVIRONMENT & INFRASTRUCTURE LLC	17,153.00	Negotiable
329570	26-APR-12	SANTA ANA BLUE PRINT	2,823.19	Negotiable
329571	26-APR-12	SEQUEL CONTRACTORS, INC.	13,181.69	Negotiable
329572	26-APR-12	SHIAH, TAI W	85.00	Negotiable
329573	26-APR-12	SIRIUS COMPUTER SOLUTIONS INC	23,850.00	Negotiable
329574	26-APR-12	SOUTH COAST WATER DISTRICT	1,570.63	Negotiable
329575	26-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY	65,205.94	Negotiable
329576	26-APR-12	SOUTHERN CALIFORNIA EDISON COMPANY	3,445.41	Negotiable
329577	26-APR-12	SOUTHERN CALIFORNIA SECURITY CENTER, INC.	17.62	Negotiable
329578	26-APR-12	STANTEC CONSULTING SERVICES INC.	5,940.41	Negotiable
329579	26-APR-12	STATE BOARD OF EQUALIZATION	3,626.00	Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 27
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329580		26-APR-12	STERILIZER TECHNICAL		359.00			Negotiable
329581		26-APR-12	SUNNYHILLS RESTORATION		1,967.13			Negotiable
329582		26-APR-12	SUNSET PUBLISHING CORPORATION		3,144.17			Negotiable
329583		26-APR-12	SUPERIOR WATER TECHNOLOGIES		28,119.00			Negotiable
329584		26-APR-12	T AND S LARSEN MAINTENANCE		360.00			Negotiable
329585		26-APR-12	TEANO, RICARDO		100.00			Negotiable
329586		26-APR-12	TEMPEL, DELILAH		11.51			Negotiable
329587		26-APR-12	TESTAMERICA LABORATORIES, INC		132.30			Voided
329588		26-APR-12	TETRA TECH, INC		27,720.03			Voided
329589		26-APR-12	TETRA TECH, INC		18,667.50			Voided
329590		26-APR-12	TEXCELLENT INDUSTRIES INC		669.00			Voided
329591		26-APR-12	THE FENCE GUY		580.00			Voided
329592		26-APR-12	THE FURMAN GROUP		10,080.00			Voided
329593		26-APR-12	THE GAS COMPANY		50.00			Voided
329594		26-APR-12	THE PLUMBERS WAREHOUSE		546.45			Voided
329595		26-APR-12	TROPICAL PLAZA NURSERY INC		2,725.00			Voided
329596		26-APR-12	TRUGREEN LANDCARE LLC		41,000.00			Voided
329597		26-APR-12	UNITED PARCEL SERVICE INC		58.04			Voided
329598		26-APR-12	UNITED SITE SERVICES OF CALIFORNIA INC		344.28			Voided
329599		26-APR-12	UNITED WAY OF ORANGE COUNTY		830.00			Voided
329600		26-APR-12	URS CORPORATION		4,580.00			Voided
329601		26-APR-12	US PEROXIDE LLC		6,959.60			Voided
329602		26-APR-12	VA CONSULTING, INC		3,194.00			Voided
329603		26-APR-12	VANOVER,		100.00			Voided

329604	26-APR-12	CHRISTOPHER VERIZON CALIFORNIA INC		153.60		Voided
329605	26-APR-12	VERTEX INC		3,140.00		Voided
329606	26-APR-12	VULCAN MATERIALS COMPANY		1,242.78		Voided
329607	26-APR-12	W.M. LYLES CO		67,994.95		Voided

IRWD Ledger
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Report Date: 01-MAY-2012 11:17
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar) Page: 28
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329608		26-APR-12	WALTERS WHOLESale ELECTRIC		30.96			Voided
329609		26-APR-12	WASBIN, VICTOR		100.00			Voided
329610		26-APR-12	WASTE MANAGEMENT OF ORANGE COUNTY		2,191.11			Voided
329611		26-APR-12	WECK LABORATORIES INC		767.50			Voided
329612		26-APR-12	XYLEM WATER SOLUTIONS USA INC		4,302.15			Voided
329613		26-APR-12	YANG CHEN		56.07			Voided
329614		26-APR-12	AT&T		12,729.69			Negotiable
329615		26-APR-12	SANTA ANA BLUE PRINT		789.91			Negotiable
329616		26-APR-12	TESTAMERICA LABORATORIES, INC		132.30			Negotiable
329617		26-APR-12	TETRA TECH, INC		27,720.03			Negotiable
329618		26-APR-12	TETRA TECH, INC		18,667.50			Negotiable
329619		26-APR-12	TEXCELLENT INDUSTRIES INC		669.00			Negotiable
329620		26-APR-12	THE FENCE GUY		580.00			Negotiable
329621		26-APR-12	THE FURMAN GROUP		10,080.00			Negotiable
329622		26-APR-12	THE GAS COMPANY		50.00			Negotiable
329623		26-APR-12	THE PLUMBERS WAREHOUSE		546.45			Negotiable
329624		26-APR-12	TROPICAL PLAZA NURSERY INC		2,725.00			Negotiable
329625		26-APR-12	TRUGREEN LANDCARE LLC		41,000.00			Negotiable
329626		26-APR-12	UNITED PARCEL SERVICE INC		58.04			Negotiable
329627		26-APR-12	UNITED SITE SERVICES OF CALIFORNIA INC		344.28			Negotiable
329628		26-APR-12	UNITED WAY OF ORANGE COUNTY		830.00			Negotiable
329629		26-APR-12	URS CORPORATION		4,580.00			Negotiable
329630		26-APR-12	US PEROXIDE LLC		6,959.60			Negotiable
329631		26-APR-12	VA CONSULTING, INC		3,194.00			Negotiable
329632		26-APR-12	VANOVER, CHRISTOPHER		100.00			Negotiable
329633		26-APR-12	VERIZON CALIFORNIA INC		153.60			Negotiable
329634		26-APR-12	VERTEX INC		3,140.00			Negotiable
329635		26-APR-12	VULCAN MATERIALS COMPANY		1,242.78			Negotiable
329636		26-APR-12	W.M. LYLES CO		67,994.95			Negotiable

IRWD Ledger
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Report Date: 01-MAY-2012 11:17
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar) Page: 29
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD CHECK								
329637		26-APR-12	WALTERS WHOLESale ELECTRIC		30.96			Negotiable
329638		26-APR-12	WASBIN, VICTOR		100.00			Negotiable
329639		26-APR-12	WASTE MANAGEMENT OF ORANGE COUNTY		2,191.11			Negotiable
329640		26-APR-12	WECK LABORATORIES INC		1,216.00			Negotiable
329641		26-APR-12	XYLEM WATER SOLUTIONS USA INC		4,302.15			Negotiable
329642		26-APR-12	YANG CHEN		56.07			Negotiable

Payment Document Subtotal: 9,961,465.17

Payment Document : IRWD Wire

9380	05-APR-12	YORK INSURANCE PAY SERVICES GROUP INC - CA		1,075.58		Negotiable
9381	10-APR-12	YORK INSURANCE PAY		1,472.13		Negotiable

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
9382	19-APR-12		SERVICES GROUP INC - CA U.S. BANK NATIONALPAY		8,352.63			Negotiable
9383	19-APR-12		ASSOCIATION YORK INSURANCE PAY SERVICES GROUP INC - CA		662.76			Negotiable
9384	24-APR-12		YORK INSURANCE PAY SERVICES GROUP INC - CA		1,339.04			Negotiable
9385	30-APR-12		INTERNAL REVENUE FRESNO SERVICE		141,317.32			Negotiable
9386	30-APR-12		FRANCHISE TAX SACRAMENTO BOARD		38,599.57			Negotiable
9387	30-APR-12		EMPLOYMENT W DEVELOPMENT SACRAMENTO DEPARTMENT		10,228.95			Negotiable
9388	30-APR-12		WILLIAMS, TWYLA PARKER		658.62			Negotiable
9389	30-APR-12		CALIFORNIA SACRAMENTO DEPARTMENT OF CHILD SUPPORT SERVICES		2,143.02			Negotiable
9390	30-APR-12		EMPLOYEE BENEFIT PAY SPECIALIST, INC		11,634.37			Negotiable
9391	30-APR-12		GREAT WEST DENVER		85,393.72			Negotiable
9392	30-APR-12		CALPERS SACRAMENTO		253,298.90			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 30
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD Wire								
9393	30-APR-12		INTERNAL REVENUE FRESNO SERVICE		143,516.21			Negotiable
9394	30-APR-12		FRANCHISE TAX SACRAMENTO BOARD		39,448.67			Negotiable
9395	30-APR-12		EMPLOYMENT W DEVELOPMENT SACRAMENTO DEPARTMENT		10,342.48			Negotiable
9396	30-APR-12		WILLIAMS, TWYLA PARKER		658.62			Negotiable
9397	30-APR-12		CALIFORNIA SACRAMENTO DEPARTMENT OF CHILD SUPPORT SERVICES		2,084.96			Negotiable
9398	30-APR-12		EMPLOYEE BENEFIT PAY SPECIALIST, INC		12,226.04			Negotiable
9399	30-APR-12		GREAT WEST DENVER		86,727.34			Negotiable
9400	30-APR-12		CALPERS SACRAMENTO		251,662.65			Negotiable
9401	30-APR-12		U.S. BANK NATIONALPAY ASSOCIATION		5,676.23			Negotiable
9402	30-APR-12		BANK OF AMERICA PAY MERRILL LYNCH		7,786.86			Negotiable
9403	30-APR-12		SUMITOMO MITSUI NEW YORK BANKING CORPORAION		1,935.63			Negotiable
9404	30-APR-12		BANK OF NEW YORK NEWARK MELLON TRUST COMPANY NA		6,859.80			Negotiable
9405	30-APR-12		BANK OF NEW YORK NEWARK MELLON TRUST COMPANY NA		4,573.39			Negotiable
9406	30-APR-12		HELABA LANDESBANK NEW YORK HESSEN-THUERINGEN		3,100,335.42			Negotiable
9407	30-APR-12		HELABA LANDESBANK NEW YORK HESSEN-THUERINGEN		3,462.28			Negotiable
9408	30-APR-12		U.S. BANK NATIONALPAY ASSOCIATION		124,606.63			Negotiable
9409	30-APR-12		SUMITOMO MITSUI NEW YORK BANKING CORPORAION		130,786.65			Negotiable
9410	30-APR-12		BANK OF AMERICA PAY MERRILL LYNCH		2,815.00			Negotiable
9411	30-APR-12		J.R. FILANC ESCONDIDO CONSTRUCTION COMPANY INC.		2,633,958.44			Negotiable
9412	30-APR-12		SUMITOMO MITSUI NEW YORK BANKING CORPORAION		5,382.30			Negotiable
9413	30-APR-12		BANK OF AMERICA PAY MERRILL LYNCH		5,621.86			Negotiable

IRWD Ledger Payment Register For 01-APR-12 To 30-APR-12 Report Date: 01-MAY-2012 11:17
 BANK: Bank of America N.A. Branch : Los Angeles Account: Checking AP and PR Page: 31
 Bank Account Currency: USD (US Dollar) Payment Currency: USD (US Dollar)
 Payment Type: All Display Supplier Address: No

Payment Number	Sequence Num	Date	Supplier Name	Site	Payment Amount	Cleared Date	Cleared Amount	Status
Payment Document : IRWD Wire								
9414	30-APR-12		MUNICIPAL WATER FOUNTAIN DISTRICT OF ORANGEVALLEY		682,876.70			Negotiable

		COUNTY			
9415	30-APR-12	U.S. BANK NATIONALPAY ASSOCIATION	250.00		Negotiable
9416	30-APR-12	U.S. BANK NATIONALPAY ASSOCIATION	5,794,250.00		Negotiable
9417	30-APR-12	BANK OF AMERICA PAY	216,077.05		Negotiable
9418	30-APR-12	MERRILL LYNCH BANK OF NEW YORK NEWARK MELLON TRUST COMPANY NA	10,503.47		Negotiable
9419	30-APR-12	BANK OF NEW YORK NEWARK MELLON TRUST COMPANY NA	26,736.11		Negotiable
9420	30-APR-12	BANK OF NEW YORK NEWARK MELLON TRUST COMPANY NA	166.67		Negotiable
9421	30-APR-12	YORK INSURANCE PAY SERVICES GROUP INC - CA	1,386.40		Negotiable

Payment Document Subtotal: ----- 13,868,890.47 -----

Bank Account Subtotal : ===== 23,830,355.64 =====

Report Count : 849 Report Total: ===== 23,830,355.64 =====

*** End of Report ***

May 29, 2012

Prepared and Submitted by: Various

Approved by: Paul Cook 

CONSENT CALENDAR

DISTRICT STRATEGIC MEASURES DASHBOARD

SUMMARY:

Provided as Exhibits "A", "B", and "C" are the Strategic Measures Dashboard and informational items for Board review.

RECOMMENDATION:

THAT THE BOARD RECEIVE AND FILE THE STRATEGIC MEASURES DASHBOARD AND INFORMATION ITEMS.

EXHIBITS:

Exhibit "A" - Strategic Measures Dashboard

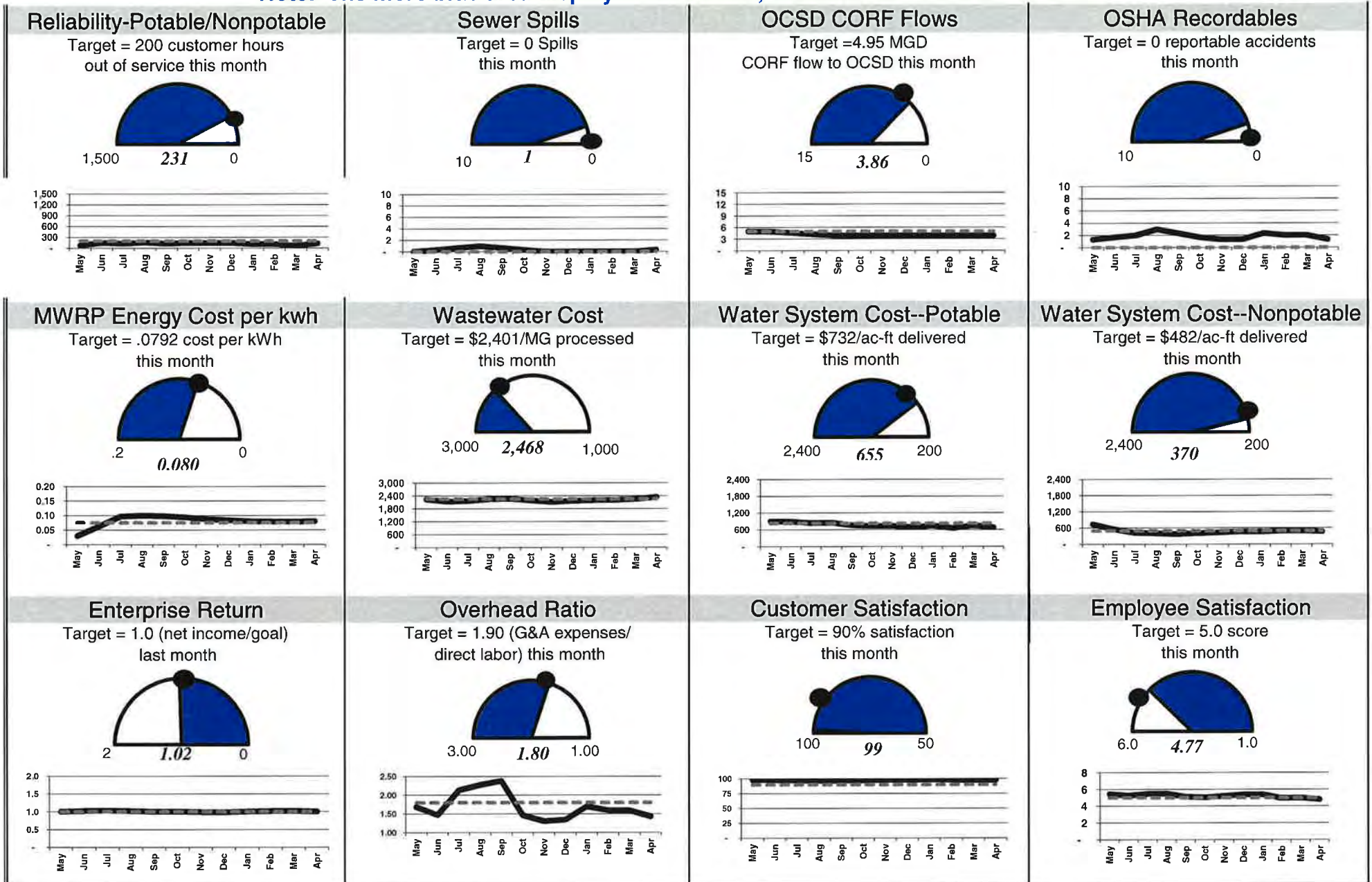
Exhibit "B" - Dyer Road Wellfield Status

Exhibit "C" - Reservoir Data

**IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES DASHBOARD**

April 2012

Note: The more blue area displayed on the dial, the more favorable the measure.



● Target shown on gauge
00.00 Figure for Current Month

..... Target shown on trend graph
———— 3-month rolling average

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Reliability-Potable/Nonpotable

MONTHLY STATUS REPORT

Metric Owner: Water Ops

Definition of Measure:

The relative magnitude of system outages due to failures or scheduled maintenance for Potable and Non Potable Water.

Method:

Summation of the time any part of the system was out of service times the number of customers affected by the given outage during the month.

Data Collection

Data was derived from the CSR database for customer based reports of "no water" and from the work order database for scheduled maintenance requiring the shut down of water service during repairs.

Current Issues

1. None

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	45.68		<i>Thru:</i> April 2012
June 2011	283.80		<i>Goal:</i> 200.00
July 2011	62.33		
August 2011	148.10		
September 2011	176.90		
October 2011	130.00		
November 2011	114.50		
December 2011	197.10		
January 2012	35.42		
February 2012	98.10		
March 2012	65.10		
April 2012	231.20		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Sewer Spills

MONTHLY STATUS REPORT

Metric Owner: Gregory Springman

Collection System Manager

Definition of Measure:

Number of sewer overflows of any quantity, regardless of cause, in IRWD's sanitary sewer collection system. This does not include spills from private sewers within IRWD's service area. IRWD has no control over private spills and is not responsible for them. However, it should be noted that IRWD will assist the County Health Care Agency in responding to and cleaning up private spills in the interest of the community.

Method:

Total number of IRWD sewer spills

Data Collection

Data is obtained from the California State Water Boards CIWQS data base for reporting SSO's.

Current Issues

1. June, 2011 - MWRP MPS-3 Forcemain Pigging Operation, blockage occurred at the termination point of the 18" MPS-3 forcemain due to debris accumulation. 250 gals SSO with 250 gals of wastewater contained and recovered.
2. July, 2011-MWRP MPS-3 Forcemain Pigging Operation (2nd Phase), blockage occurred due to same cause. 25 gals SSO with 25 gals of wastewater contained and recovered.
3. August, 2011 - Irvine, 8" VCP. 165 gals SSO with 100% of wastewater contained and recovered. Caused by root intrusion.
4. April, 2012-Newport Coast Marriott, blockage occurred in a sewer easement due to root intrusion. 50 gals SSO with 0 gals of wastewater not recovered. All wastewater spilled soaked into the grass covered easement.

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	0		<i>Thru:</i> April 2012
June 2011	1.00		<i>Goal:</i> 0
July 2011	1.00		
August 2011	1.00		
September 2011	0		
October 2011	0		
November 2011	0		
December 2011	0		
January 2012	0		
February 2012	0		
March 2012	0		
April 2012	1.00		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

OCSD CORF Flows

MONTHLY STATUS REPORT

Metric Owner: Wayne Posey

Director of Wastewater Operations

Definition of Measure:

Estimated CORF flow for current FY. CORF flow ownership as of the end of FY 2009/2010 was 8.62 MGD.

Method:

IRWD's CORF flow is derived by using the actual Main Street Flume Meter flow and subtracting the MWRP biosolid discharge flow and all non Revenue Area 14 (IRWD) flows tributary to the Main Street Flume meter/MWRP and adding in the San Joaquin Hills Planned Community flow and flow discharges from the Gas Recovery System (Formerly Laidlaw) for the FY four calendar months with the highest flow totals multiplied by three, averaging the result thereof with the same result of the same calculation for the preceding two fiscal years and adding in the current IBC transfer flow.

Note: All of the Newport Coast flows with the exception of the San Joaquin Hills Planned Community and Gas Recovery System flow are excluded from IRWD's CORF flow calculation. The OCSD's 1988 Downcoast Area Agreement only requires for IRWD to provide local wastewater collection service and requires OCSD to provide wastewater regional collection, transmission, treatment and disposal for that area.

Data Collection

The OCSD's Monthly Gallonage Flow Summary Report provides the actual flows used in calculating IRWD's CORF flow. This includes the Main Street Flume Meter actual monthly flow. All non Revenue Area 14 (IRWD) flows that are tributary to the Main Street Flume Meter is adjusted every year based on the results of OCSD's Flow Verification Study. The San Joaquin Hills Planned Community flow is adjusted every year based on the results of IRWD's Flow Verification Study. The Gas Recovery System flow is the actual monthly meter flow. The IBC transfer flow is adjusted every five years based on the results of OCSD's Flow Verification Study.

Current Issues

1. None

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	4.93		<i>Thru:</i> April 2012
June 2011	4.95		<i>Goal:</i> 4.95
July 2011	3.85		
August 2011	3.83		
September 2011	3.83		
October 2011	3.83		
November 2011	3.83		
December 2011	3.84		
January 2012	3.84		
February 2012	3.84		
March 2012	3.84		
April 2012	3.86		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

OSHA Recordables

MONTHLY STATUS REPORT

Metric Owner: Ken Erwin

District Safety & Security Manager

Definition of Measure:

OSHA Recordables are a monthly measure of injuries and illnesses that occurred and must be entered on the OSHA 300 (Log of Work Related Injuries and Illnesses), in conformance with OSHA requirements. This measure is standardized not only in the water/wastewater industry, but throughout industries nationwide.

Method:

OSHA Recordables = Number of OSHA Recordable cases occurring during the subject month.

Data Collection

All injuries/illnesses and near-misses are reported to the District Safety & Security Manager immediately when they occur. All are investigated and cases meeting the recordable definition are logged. This measure simply reports the number of accidents whose occurrence date is within the calendar month.

Current Issues

1. CCTV Tech II dpartment 57 strained left knee while climbing into cab of truck at Newport Coast, near Marriott Hotel

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	1.00		<i>Thru:</i> April 2012
June 2011	3.00		<i>Goal:</i> 0
July 2011	2.00		
August 2011	4.00		
September 2011	1.00		
October 2011	0		
November 2011	3.00		
December 2011	1.00		
January 2012	3.00		
February 2012	2.00		
March 2012	1.00		
April 2012	1.00		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

MWRP Energy Cost per kWh

MONTHLY STATUS REPORT

Metric Owner: Wayne Posey

Director of Wastewater Operations

Definition of Measure:

Actual MWRP Cost per kWh used at MWRP with new generating facility.

Method:

MWRP cost per kWh is calculated by the monthly total energy purchased from imported SCE electricity, purchased natural gas for the generators from Coral Energy, and SCG natural gas transportation charge divided by the total monthly kWh generated and imported from SCE. We then add in actual maintenance costs, including g/a.

Data Collection

Data collected from actual monthly SCE, Coral Energy and SCG Invoices. Total kWh is collected from the two generator kWh meters and SCE main electric meter.

Current Issues

1. None

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	.09		<i>Thru:</i> April 2012
June 2011	.10		<i>Goal:</i> .08
July 2011	.10		
August 2011	.10		
September 2011	.10		
October 2011	.09		
November 2011	.08		
December 2011	.08		
January 2012	.08		
February 2012	.08		
March 2012	.08		
April 2012	.08		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Wastewater Cost

MONTHLY STATUS REPORT

Metric Owner: Wayne Posey

Director of Wastewater Operations

Definition of Measure:

Total cost of collection and treatment (primary, secondary, and solids disposal) of wastewater, on a unit basis (\$/million gallons) for this month.

Method:

(MWRP cost of collections(G/L #530) + MWRP cost of treatment(G/L #551,552,565) + OCSD cost(G/L #535,555) + SMWD cost(G/L #531,556)) divided by the total sewage flows emanating from OCSD District #14 (Includes MWRP flow + OCSD flow + SMWD flow)

Data Collection

Data used for this measure are collected from the general ledger and from Orange County Sanitation District (OCSD) and Santa Margarita Water District (SMWD) staff. Costs and flows from OCSD District #7 are not included in the calculation.

Current Issues

1. None

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	2,143.23	2,375.00	<i>Thru:</i> April 2012
June 2011	1,973.19	2,378.00	<i>Goal:</i> 2,401.00
July 2011	2,393.00	2,380.00	
August 2011	2,390.00	2,386.00	
September 2011	2,040.00	2,386.00	
October 2011	2,126.00	2,190.00	
November 2011	2,186.00	2,196.00	
December 2011	2,196.00	2,232.00	
January 2012	2,202.00	2,273.00	
February 2012	2,218.65	2,313.00	
March 2012	2,331.06	2,363.00	
April 2012	2,467.50	2,401.00	

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Water System Cost--Potable

MONTHLY STATUS REPORT

Metric Owner: Denise To-Nguyen

Accountant

Definition of Measure:

Total cost of potable water delivered to IRWD's customers this month, on a unit basis (\$/acre-foot). These monthly costs can vary greatly due to variation in water sales and power cost billing cycles. Thus, monthly expenses do not match up with their corresponding water sales.

Method:

Sum of all potable water costs accrued this month divided by the quantity of potable water sold this month.

Data Collection

Potable water costs collected from current month general ledger. This cost includes labor, power, distribution, and other costs. The quantity of water sold is collected from the Water Usage Variance Report, which summarizes metered water sales. Wide fluctuations in this measure may occur due to the billing delays for such expenses as electrical power (ie, bills are not paid in the same month as the water is sold).

Current Issues

1. None

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	728.69	920.18	<i>Thru:</i> April 2012
June 2011	1,005.05	943.89	<i>Goal:</i> 732.00
July 2011	798.49	854.55	
August 2011	773.00	789.00	
September 2011	731.00	768.00	
October 2011	699.00	866.00	
November 2011	795.17	858.00	
December 2011	587.43	828.00	
January 2012	859.01	836.00	
February 2012	543.39	834.00	
March 2012	858.00	832.00	
April 2012	655.00	818.00	

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Water System Cost--Nonpotable

MONTHLY STATUS REPORT

Metric Owner: Denise To-Nguyen

Accountant

Definition of Measure:

Total cost of nonpotable water delivered to IRWD's customer this month, on a unit basis (\$/acre-foot). These monthly costs can vary greatly due to variation in water sales and power cost billing cycles. Thus, monthly expenses do not match up with their corresponding water sales.

Method:

Sum of all nonpotable water costs accrued this month divided by the quantity of nonpotable water sold this month.

Data Collection

Nonpotable water costs collected from current month general ledger. This cost includes labor, power, distribution, and other costs related to tertiary treatment and reclaimed water distribution. The quantity of water sold is collected from the Water Usage Variance Report, which summarizes metered water sales. Wide fluctuations in this measure may occur due to the billing delays for such expenses as electrical power (ie, bills are not paid in the same month as the water is sold).

Current Issues

1. None

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	424.12	452.90	<i>Thru:</i> April 2012
June 2011	471.96	413.85	<i>Goal:</i> 482.00
July 2011	394.00	432.00	
August 2011	338.00	408.00	
September 2011	413.08	422.00	
October 2011	490.00	451.00	
November 2011	404.40	468.00	
December 2011	517.82	485.00	
January 2012	463.75	473.00	
February 2012	500.14	486.00	
March 2012	536.00	493.00	
April 2012	370.00	482.00	

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Enterprise Return

MONTHLY STATUS REPORT

Metric Owner: Jayne George

Debt and Investment Analyst

Definition of Measure:

This is a monthly measure of performance by IRWD's various enterprise activities, including residential and commercial real estate, Strawberry Farms Golf Course, and wireless communications leases.

Method:

Enterprise Return = Actual Net Income/Budgeted Net Income x 100

Data Collection

The various enterprise activities generate revenues and expenses at different frequencies through the year. Except for the real estate projects, the enterprise projects are primarily revenue generating activities with relatively little associated expenses. The measure reflects a comparison between the actual and budgeted net income of the various projects on a monthly basis.

Current Issues

1. The April measure is above budget due to higher than budgeted income at the Strawberry Farms Golf Course property. Also, the wireless communication sites were way above average due to March lease payments not being received until April.

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	1.02		<i>Thru:</i> April 2012
June 2011	1.05		<i>Goal:</i> 1.00
July 2011	1.04		
August 2011	.98		
September 2011	1.00		
October 2011	1.03		
November 2011	.95		
December 2011	.99		
January 2012	1.07		
February 2012	1.00		
March 2012	1.00		
April 2012	1.02		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Overhead Ratio

MONTHLY STATUS REPORT

Metric Owner: Jessica Craig

Accountant

Definition of Measure:

Overhead Ratio is a measure of general and administrative (G&A) overhead expenses compared to direct labor expenses.

Method:

Ratio of total G&A expenses to total direct labor (including regular and overtime wages).

Data Collection

G&A expenses are summarized from the general ledger and include all costs incurred that are not directly accounted to mission-critical work (charged to *gl* #792). Direct labor expenses are the hourly staff charges accounted to mission-critical work (generally charged to expense codes #110 and #120). Benefits are considered G&A, not direct labor expenses.

Current Issues

1. Information not available at time of reporting.

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	1.06		<i>Thru:</i> April 2012
June 2011	1.36		<i>Goal:</i> 1.80
July 2011	3.99		
August 2011	1.48		
September 2011	1.68		
October 2011	1.24		
November 2011	1.00		
December 2011	1.81		
January 2012	2.28		
February 2012	.70		
March 2012	1.80		
April 2012	Not available		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Customer Satisfaction

MONTHLY STATUS REPORT

Metric Owner: Gina Jackson

Customer Service Manager

Definition of Measure:

Customer Satisfaction is measured by IRWD's Customer Satisfaction Index. The index is measured by sending surveys to a statistically-significant, random selection of customers that have called IRWD for some type of service. Services range from answering questions about water conservation or billing to repairing a sewer blockage in the street. The surveys allow the customer to rate IRWD's response to their request in eight categories. Each category is rated from 1 to 5, with 1 indicating the highest level of satisfaction. A total score of 100 indicates the highest level of satisfaction in all eight categories. The scores of all responses in the subject month are a weighted average for the monthly index figure.

Method:

Data Collection

Surveys are mailed at the end of each work week for the customer requests completed that week. The monthly index reflects the surveys received within the subject month.

Current Issues

1. Total Overall Satisfaction: 99%
 Satisfaction: 96%
 Timely: 99%
 Phone: 99%
 Field Contact: 100%

MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	98.00		<i>Thru:</i> April 2012
June 2011	98.00		<i>Goal:</i> 90.00
July 2011	95.00		
August 2011	96.00		
September 2011	99.00		
October 2011	95.00		
November 2011	100.00		
December 2011	98.00		
January 2012	98.00		
February 2012	98.00		
March 2012	95.00		
April 2012	99.00		

IRVINE RANCH WATER DISTRICT
STRATEGIC MEASURES

Employee Satisfaction

MONTHLY STATUS REPORT

Metric Owner: Gretchen Maswadeh

Human Resources Manager

Definition of Measure:

Level of employee satisfaction with employment at IRWD.

Method:

Average of all scores on surveys for performance evaluations presented this month

Data Collection

A survey is sent to each employee receiving a performance evaluation this month. The survey simply asks the employee to rate his/her overall employment satisfaction on a scale of 1 to 6 (1 being very dissatisfied and 6 being very satisfied). The ratings are compiled and averaged by Human Resources.

Current Issues

1. 13 surveys were returned of 34 surveys sent (38%). 9 of 13 respondents (69%) rated satisfaction as 5 or 6 on a scale of 1 to 6. In the 12 month period ending April 2012, 100 surveys have been returned of 297 surveys sent (34%). 79 of 100 respondents (79%) rated satisfaction as 5 or 6 on a scale of 1 to 6. 12 month average rating is 5.18%.

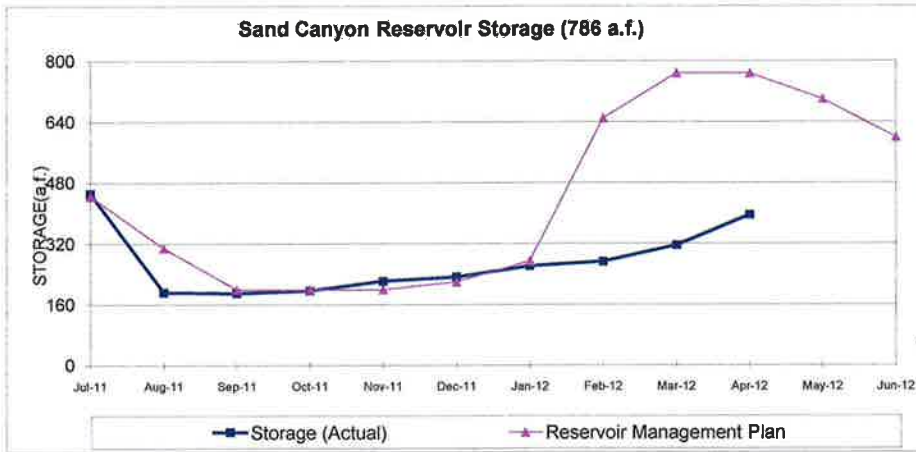
MONTHLY DATA

<u>Month</u>	<u>Value</u>	<u>Goal</u>	<i>From:</i> May 2011
May 2011	5.33		<i>Thru:</i> April 2012
June 2011	5.50		<i>Goal:</i> 5.00
July 2011	5.63		
August 2011	5.38		
September 2011	4.38		
October 2011	5.36		
November 2011	5.91		
December 2011	4.86		
January 2012	5.40		
February 2012	4.60		
March 2012	5.00		
April 2012	4.77		

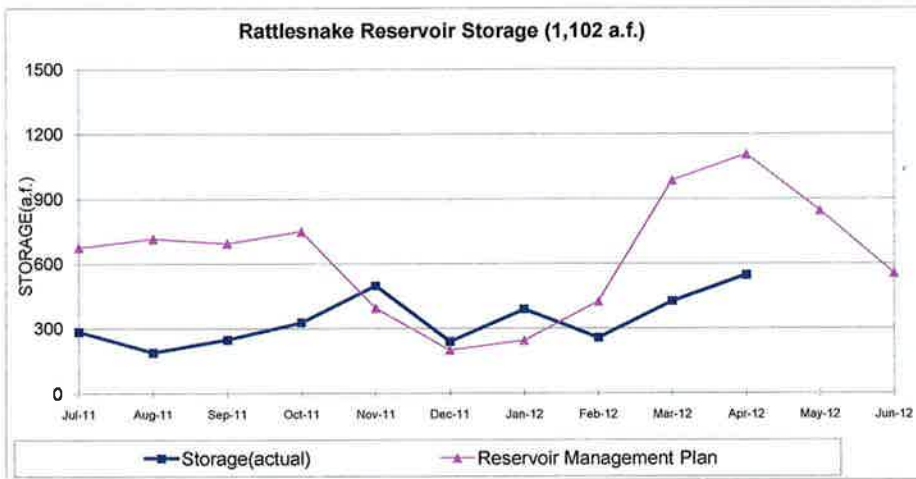
EXHIBIT "B"

DYER ROAD WELL FIELD STATUS							Apr-2012
Well Number	Production Mo./YTD	Ref. Point Elevation	Depth to Water 4/30/2012	Water Level-MSL	Depth of Bowls	Bowl Setting-MSL	Feet of Water Above Intake
1	21.0 AF 747.0 AF	34	N/A	N/A	270	-236	N/A
2	158.6 AF 1,227.0 AF	37	71	-35 Static	270	-234	199
3	0.0 AF 0.0 AF	55	83	-28 Static	215	-160	132
4	160.2 AF 968.3 AF	38	0	38	216	-178	216
5	57.2 AF 981.1 AF	48	78	-30 Static	290	-242	212
6	0.0 AF 792.8 AF	43	72	-29 Static	250	-207	178
7	32.7 AF 826.3 AF	40	89	-49 Static	290	-250	201
C-8 DATS	454.0 AF 4,191.7 AF	37	115	-78 Pumping	305	-268	190
C-9 DATS	351.0 AF 3,236.9 AF	23	117	-94 Pumping	305	-282	188
10	424.9 AF 2,105.5 AF	47	136	-89 Pumping	250	-203	114
11	12.8 AF 651.7 AF	40	152	-112 Static	300	-260	148
12	120.2 AF 947.8 AF	51	136	-85 Pumping	300	-249	164
13	11.1 AF 208.9 AF	40	160	-120 Pumping	300	-260	140
14	79.4 AF 879.6 AF	47	152	-105 Pumping	311	-264	159
15	374.4 AF 2,165.1 AF	44	135	-91 Pumping	300	-256	165
16	0.2 AF 419.3 AF	47	195	-148 Static	280	-233	85
17	347.5 AF 2,123.3 AF	52	152	-101 Pumping	250	-199	98
18	125.5 AF 673.7 AF	45	193	-148 Pumping	300	-255	107
Clear production: 1,925.7 AF for the month							
FYTD: 15,717.4 AF							
DATS production: 805.0 AF for the month							
FYTD: 7,428.6 AF							

RESERVOIR DATA FY 11-12

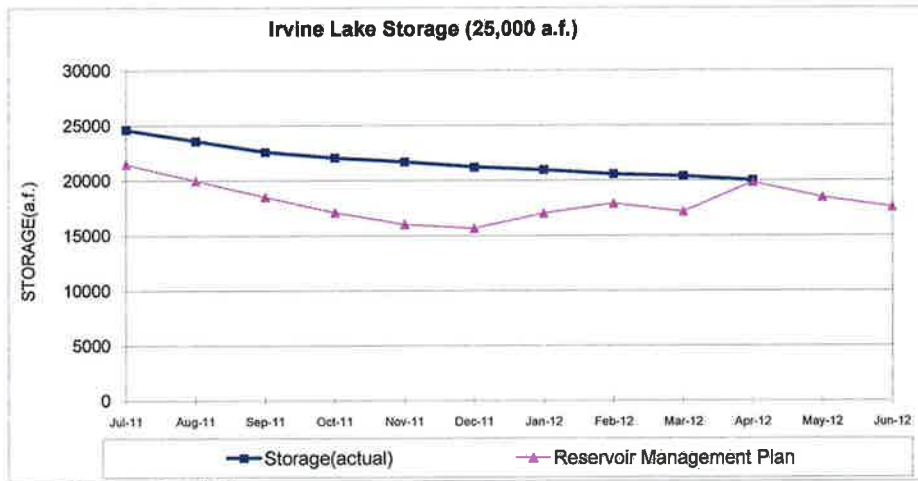


Sand Canyon Reservoir runoff was less than expected.

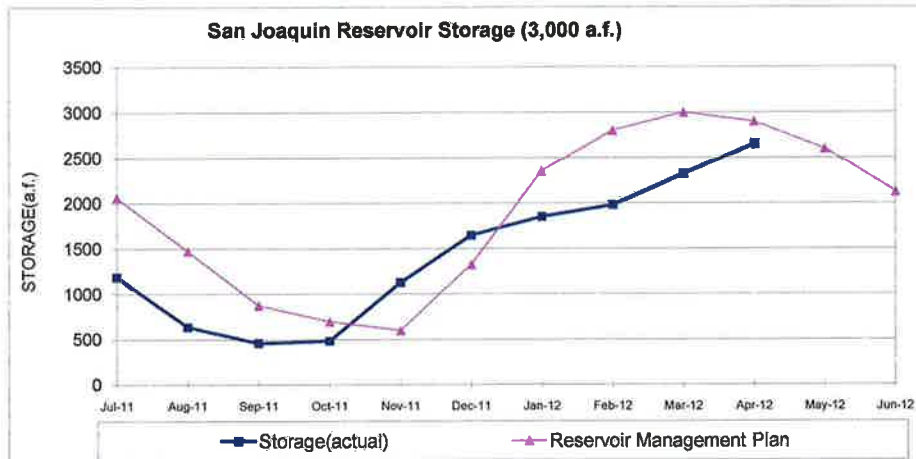


Rattlesnake storage is below average due to dry weather. The GAP was shutdown on 3/15/12.

RESERVOIR DATA FY 11-12



Irvine Lake storage is on track.



San Joaquin Reservoir storage is on track.

DS
May 29, 2012
Prepared by: M. Cortez/M. Hoolihan/
S. Malloy/R. Mori/
P. Uematsu
Submitted by: K. Burton
Approved by: Paul Cook

CONSENT CALENDAR

UPCOMING PROJECTS STATUS REPORT

SUMMARY:

A status report of Irvine Ranch Water District's Upcoming Projects is presented to the Board for information.

BACKGROUND:

The information, which is attached as Exhibit "A", is a status report submitted quarterly to the Committee and Board for their review.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed at the Engineering and Operations Committee on May 15, 2012.

RECOMMENDATION:

RECEIVE AND FILE.

LIST OF EXHIBITS:

Exhibit "A" – Upcoming Projects Status Report

IRWD UPCOMING PROJECTS STATUS REPORT

Project Name	Planning	Start	Construction	Construction
	Start	Design	Award	Final Acceptance
OPA PRVs and Fire Flow Improvements				Spring 2012
Trabuco Road Bridge DW and RW Upsizing				Spring 2012
Newport Blvd. (SAH) Waterline Relocation				Fall 2012
RMS at 5 DW Reservoirs		Winter 2013		
Santiago Canyon BPS Generators/Walls			Spring 2012	Fall 2012
NTS Site 62 & SAMS1			On Hold	
Syphon Reservoir Interim Facilities		Spring 2012	Fall 2012	Summer 2013
Jamboree Center Miscellaneous Improvements for Sewer Maintenance		Spring 2012	Summer 2012	
Modjeska Canyon DW Pipeline Relocation			Summer 2012	
Portola Hills LS Abandonment & Sewer Installation		Spring 2012	Fall 2012	
University Drive Pipelines Cathodic Protection				Summer 2012
Santiago Dam and Outlet Tower Seismic Stability Study	On-going			
Alton Parkway, Commercentre to Towne Centre (City)				Spring 2012
Alton Parkway, Irvine Boulevard to Commercentre (County)				Spring 2012
OPA 16" Pipeline Replacement				Summer 2012
Zone C Pipeline Relocation and DW Pipeline for Lake Forest Sports Park (RA w/ LF)			Summer 2012	Summer 2013
Lake Forest Rancho Parkway Extension (RA w/ LF)				Winter 2013
PA 40 Capital Pipelines DW & RW, Phase 2 (RA w/ ICDC)				Fall 2012
PA 39 Phase I Capital Pipelines S & RW, (RA w/ ICDC)				Summer 2012
PA 9B Jeffrey Road Zones 3, A, B and C Pipelines (RA w/ICDC)			Summer 2012	Summer 2013
PA 9B Backbone Facilities, ILP Relocation, and 12" Sewer (RA w/ICDC)			Spring 2012	Winter 2013
Tustin Ranch Road Phase 2 (RA w/Tustin)			Summer 2012	Fall 2013
Bee Canyon Pump Station			Spring 2012	Winter 2013
Bake Pkwy, S.D. Creek to Future Lake Forest, 12" DW 24" RW (RA w/ICDC)				Summer 2012
Lake Forest Drive, Bake Pkwy to Romano, 12" DW 24" RW (RA w/ICDC)				Summer 2012
MWRP Biosolids and Energy Recovery Facilities			Fall 2012	Fall 2015
MWRP Phase 2 Expansion				Winter 2013
Lake Forest (LAWD) PLC Replacement and Control System Upgrades			Summer 2012	Winter 2013
Water Operations Transdyn Replacement				Winter 2013
Sand Canyon Avenue Grade Separation				Fall 2014
Well 21 & 22 Wellhead Facilities				Summer 2012
Well 21 & 22 Pipelines				Summer 2012
Well 21 & 22 Treatment Plant (Design/Build)				Summer 2012
Baker Water Treatment Plant			Fall 2012	Summer 2015
PA 18 Zone 3 to 4 and B to C Booster Pump Stations		In Process		
Well 78 Replacement				Spring 2012
Well LF-2 Wellhead Facilities				Fall 2012
Well OPA-1 Drilling			Summer 2012	Fall 2013

A-1

EXHIBIT "A"

IRWD UPCOMING PROJECTS STATUS REPORT

Project Name	Planning	Start	Construction	Construction
	Start	Design	Award	Final Acceptance
Well OPA-1 Equipping				
LAWRP Zone A & B Pump Station Upgrades			Summer 2012	Winter 2013
Well 107 Replacement				Fall 2012
Well 115 Replacement		Spring 2012	Fall 2012	
LAWRP Solids Handling Facility		Summer 2013		
Well 110 Rehabilitation		Spring 2012	Fall 2012	
Poseidon Water Purchase Agreement	On-going			
Groundwater Development Program / OCWD Annexation	On-going			
Wells 21 & 22 GW Impact Analysis	In-Process			
Anaheim Well Field Implementation Plan	Spring 2013			
MCWD, NB, SA, IRWD Interconnection Study	In-Process			
Sewer System Emergency Response Plan	Spring 2012			
Syphon Reservoir Engineering Feasibility Study - Phase 2 Analysis	Summer 2012			
Syphon Reservoir Environmental Analysis	In-Process			
Zone A and Green Acres Project Supply Hydraulic Modelling Analysis	In-Process			
PA-1,2 ILP Recycled Water Conversion Analysis	Spring 2012			
MWRP/Recycled Water System Storage Analysis	Spring 2013			
DW System Hydraulic Modeling	Summer 2012			
RW System Hydraulic Modeling	Summer 2012			
Coastal Zone 2 Surge Analysis	Spring 2012			
WRMP Update for 2010 UWMP - Chap 2,3,4,5	In-Process			
	Category	Months		
	Winter	Jan. Feb. & Mar.		
	Spring	Apr. May & June		
	Summer	Jul. Aug. & Sep.		
	Fall	Oct. Nov. & Dec.		

A-2

08
May 29, 2012 JAD

Prepared by: J. Smyth/M. Cortez

Submitted by: K. Burton KLB

Approved by: Paul Cook

CONSENT CALENDAR

PORTOLA HILLS SEWAGE LIFT STATION ABANDONMENT AND GRAVITY SEWER CONSULTANT SELECTION

SUMMARY:

The Portola Hills Sewage Lift Station Abandonment and Gravity Sewer Project will abandon the existing Portola Hills Sewage Lift Station (PHSLS) and redirect wastewater to the Michelson Water Recycling Plant (MWRP) through a new gravity sewer segment within Glenn Ranch Road. Staff recommends that the Board:

- Approve an Expenditure Authorization in the amount of \$188,100; and
- Authorize the General Manager to execute a Professional Services Agreement with CivilSource, Inc. in the amount of \$86,403 for the design of the project.

BACKGROUND:

The PHSLS is located on the southwest corner of the street intersection of Glenn and Saddleback Ranch Roads (as shown in Exhibit "A"), and was constructed in 1989 as a temporary facility to serve the Portola Hills area. At that time, Glenn Ranch Road did not exist west of Saddleback Ranch Road.

The PHSLS and force main in Glenn Ranch Road currently routes wastewater from Portola Hills to Trabuco Canyon Water District's (TCWD) gravity sewer in El Toro Road. The wastewater then flows by gravity to TCWD's El Toro Road Lift Station. This is the first of several lift stations used to lift the wastewater to Santa Margarita Water District's Chiquita Wastewater Treatment Plant. This project will abandon the existing Portola Hills Sewage Lift Station and redirect wastewater to the Michelson Water Recycling Plant through a new gravity sewer segment within Glenn Ranch Road and connect to the existing Bake Parkway trunk sewer and the San Diego Creek Interceptor.

Due to the age and condition of the PHSLS, upgrades to refurbish the lift station would be required, including stripping and re-coating the entire wet well of the station and replacing valves and piping due to corrosion. By constructing a gravity sewer in Glenn Ranch Road upgrading the PHSLS will not be necessary. Additionally, it is to be noted that future developments will be the beneficiaries of the proposed gravity sewer.

Consultant Selection:

On March 21, 2012 staff transmitted a Request for Proposal to five design consultants including CivilSource, Inc. (CivilSource), Hunsaker & Associates, Penco Engineering, VA Consulting, and Tait. All five consultants attended a pre-proposal meeting and submitted proposals on April 10,

2012. Staff reviewed these proposals and recommends awarding a professional services agreement to CivilSource in the amount of \$86,403. CivilSource presented a detailed proposal demonstrating a very good understanding of the scope of work. CivilSource also has an experienced project team that includes its staff as well as subconsultants for electrical, geotechnical, surveying and potholing. Although IRWD has not directly retained CivilSource for previous capital projects, CivilSource designed the IRWD capital facilities of Planning Area 18 under a Reimbursement Agreement with the Irvine Community Development Company. In addition, CivilSource has successfully completed many projects for the cities of Irvine, Lake Forest, Rancho Santa Margarita, Laguna Woods as well as for the Laguna Beach County, Moulton Niguel and Santa Margarita Water Districts. The Consultant Selection Matrix is shown in Exhibit “B”, and CivilSource’s proposal is shown in Exhibit “C”.

FISCAL IMPACTS:

Project 20224 (1600), Portola Hills Sewage Lift Station Abandonment is included in the FY 2011-12 Capital Budget. Staff requests an Expenditure Authorization to fund the design as shown in the table below and in Exhibit “D”.

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
20224 (1600)	\$2,640,000	\$-0-	\$2,640,000	\$59,400	\$188,100	\$247,500

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15301 which provides exemption for minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on May 15, 2012.

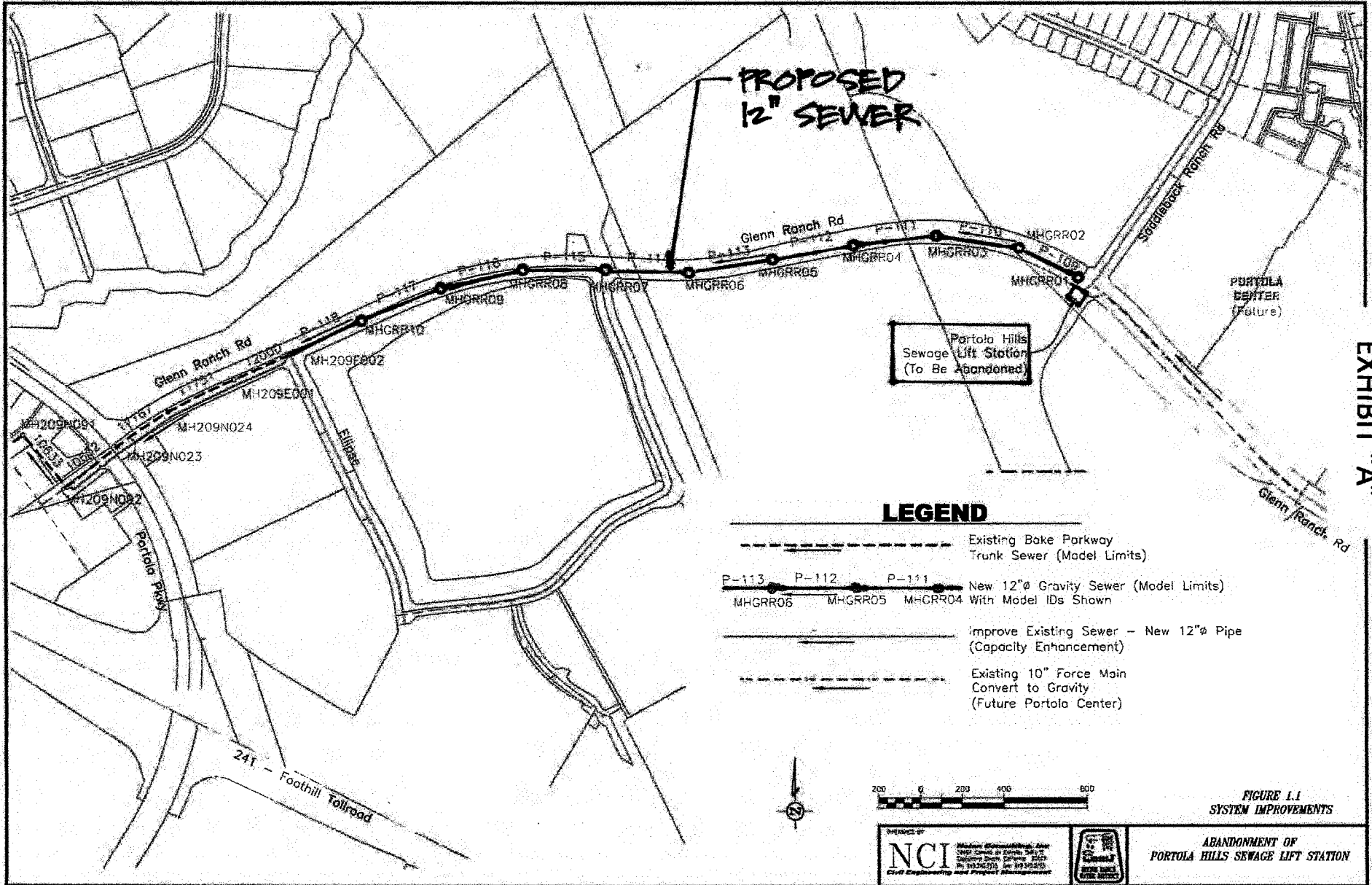
RECOMMENDATION:

THAT THE COMMITTEE RECOMMEND THE BOARD APPROVE AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$188,100 FOR PROJECT 20224 (1600); AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CIVILSOURCE, INC. IN THE AMOUNT OF \$86,403 FOR THE DESIGN OF PORTOLA HILLS SEWAGE LIFT STATION ABANDONMENT AND GRAVITY SEWER, PROJECT 20224 (1600).

Consent Calendar: Portola Hills Sewage Lift Station Abandonment and Gravity Sewer –
Consultant Selection
May 29, 2012
Page 3

LIST OF EXHIBITS:

Exhibit “A” – Location Map
Exhibit “B” – Consultant Selection Matrix
Exhibit “C” – CivilSource, Inc. Proposal
Exhibit “D” – Expenditure Authorization



PROPOSED 12" SEWER

Portola Hills Sewage Lift Station (To Be Abandoned)

LEGEND

- Existing Bake Parkway Trunk Sewer (Model Limits)
- P-113 P-112 P-111 — New 12" Gravity Sewer (Model Limits) With Model IDs Shown
- Improve Existing Sewer - New 12" Pipe (Capacity Enhancement)
- Existing 10" Force Main Convert to Gravity (Future Portola Center)



FIGURE 1.1 SYSTEM IMPROVEMENTS

DESIGNED BY
NCI
 Civil Engineering and Project Management



ABANDONMENT OF PORTOLA HILLS SEWAGE LIFT STATION

**Portola Hills SLS Abandonment and Gravity Sewer
Consultant Selection Matrix**

	Weights	Civil Source	Hunsaker	Penco	Tait	VA Consulting
TECHNICAL APPROACH	60%					
*Project Approach	60%	1	4	3	2	5
*Scope of Work	40%	1	5	3	2	4
Weighted Score (Technical Approach)		1.00	4.40	3.00	2.00	4.60
EXPERIENCE	40%					
*Firm/Team	25%	1	2	3	5	4
*Project Manager	35%	3	1	4	5	2
*Project Engineer	40%	1	2	3	4	5
Weighted Score (Experience)		1.70	1.65	3.35	4.60	3.70
Project Manager Project Engineer QC/QA Surveying/ Mapping Geotechnical Potholing		Safa Kamangar Joe Sinacori Carlos Pineda Hunsaker LGC Kana	Ed Mandich John Gass Dan Gerken Hunsaker LGC C Below	James Prendergast John Lee John Ong Penco NMG SafrDig	Todd Schmeider Brenna Gonzales Jake Vandervis Tait LGC C Below	Charlie McKinley Jeff Wilkerson Mohammad Heiat VA LGC Kana
COMBINED WEIGHTED SCORE		1.28	3.30	3.14	3.04	4.24
FEE						
Final Design		\$75,960	\$124,518	\$182,815	\$160,236	\$91,235
Construction Phase Services		\$10,443	\$11,480	\$24,408	\$17,470	\$24,412
Total		\$86,403	\$135,998	\$207,223	\$177,706	\$115,647
HOURS						
Final Design		432	745	1029	797	447
Construction Phase Services		106	129	184	127	162
Total		538	874	1213	924	609
Average Design Cost/Hour		\$200.01	\$182.55	\$201.38	\$222.97	\$258.72
Total Number of Sheets		28	28	29	22	22
Average Cost/Sheet		\$2,712.86	\$4,447.07	\$6,303.97	\$7,283.45	\$4,147.05
Professional Liability Insurance		YES	YES	YES	YES	YES
General Liability Insurance		YES	YES	YES	YES	YES
FORCED RANKINGS:						
1- Best, 5- Least Best						

EXHIBIT "B"

Exhibit "C"

CivilSource

April 10, 2012

Mr. Malcolm A. Cortez, Principal Engineer
Irvine Ranch Water District
3512 Michelson
Irvine, CA 92612

RE: Proposal for Engineering Services for the Portola Hills Sewer Lift Station Abandonment and Gravity Sewer

Dear Mr. Cortez,

In response to the Irvine Ranch Water District's (District) request, CivilSource, Inc. (CivilSource) is pleased to present this proposal to perform professional design engineering services for the preparation of plans, specifications, estimates, and construction support to construct the Portola Hills Sewer Lift Station Abandonment and Gravity Sewer improvements. We are committed to meeting the District's needs and offer the following:

- **Key Personnel.** The key personnel proposed for the District have over a century of combined experience in providing professional civil engineering services for sewer infrastructure improvement projects, many located within the local area. The CivilSource team members exhibit the interpersonal skills; level of integrity, thoroughness, proactive approach, and technical competence required to meet the District's needs.
- **Qualifications, Capabilities and Experience.** We offer the District a highly competent team with an unparalleled reputation and proven capability. Furthermore, we have a significant amount of experience providing civil engineering services on a number of sewer projects similar in scope and size to this project.
- **Technical Approach and Methodology.** CivilSource has a proven work plan to complete projects on time, within budget and with minimal impact to the surrounding businesses and residents. Our quality, cost and schedule control measures will result in timely and acceptable completion of the District's project.
- **Competitive Rates.** We understand the budget constraints special districts are often faced with. Our proposed fee is negotiable and our references will attest to our willingness to work within any budget.
- **Past Performance Record.** CivilSource has a proven track record of successfully providing professional services to several special districts in the local area including the Laguna Beach County Water District, Moulton Niguel Water District and Santa Margarita Water District. We have also provided our services to numerous cities including Brea, Buena Park, Costa Mesa, Culver City, Downey, Hermosa Beach, Huntington Beach, Irvine, La Habra Heights, Laguna Beach, Lake Forest, Lomita, National City, Norwalk, Rancho Santa Margarita, Santa Monica, Villa Park and Yorba Linda. We encourage the District to contact our references to confirm our successful track record.

We believe these strengths make CivilSource uniquely qualified to provide the District with professional services. We thank you for the opportunity to submit our proposal and we look forward to further discussions with you regarding your project. Should you have any questions or need additional information, please contact me at our office (949) 585-0477 or by email at aamirani@civil-source.com.

Respectfully submitted,
CivilSource, Inc.



Amy Amirani, P.E.
Principal

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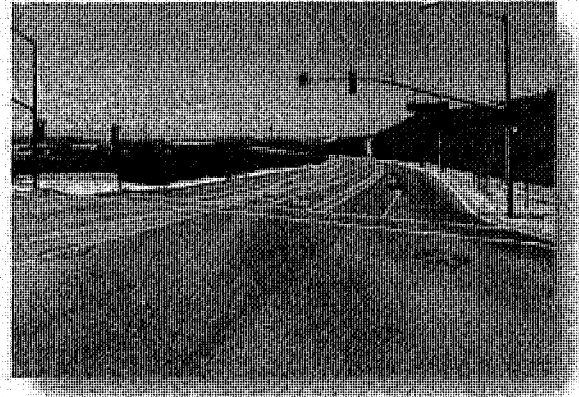


SCOPE OF WORK

CivilSource offers a proven approach based on experience as well as a team determined to exceed your expectations. We have spent considerable effort in understanding the project needs in order to facilitate a comprehensive Approach for the District.

PROJECT UNDERSTANDING

Our understanding of the project is based on careful review of the Request for Proposal (RFP), site reconnaissance, and review of jurisdictional agency requirements. This groundwork provides a comprehensive understanding of the key issues anticipated for this project and enables the CivilSource team to promptly and efficiently execute the design and construction of proposed improvements. This proposal describes our understanding and approach to successfully execute the proposed services based on our experience with similar wastewater infrastructure improvement projects.



We understand that the project generally consists of abandoning the Portola Hills Sewage Lift Station (PHSLS), which is located near the intersection of Glenn Ranch Road and Saddleback Ranch Road. As part of the abandonment of the PHSLS, this project includes converting approximately 1,400 feet of sewer force main to gravity flow, installing approximately 4,000 linear feet of 12-inch diameter gravity sewer, and increasing capacity of 1,300 linear feet of existing 8-inch sewer. The increased capacity will be achieved by the removal of the 8-inch line and replacement with a 12-inch diameter sewer in the same trench. Another option is to install 1,300 feet of new 12-inch diameter gravity sewer and abandon the existing line in place. **Refer to Exhibit 1 for a depiction of proposed facilities.**

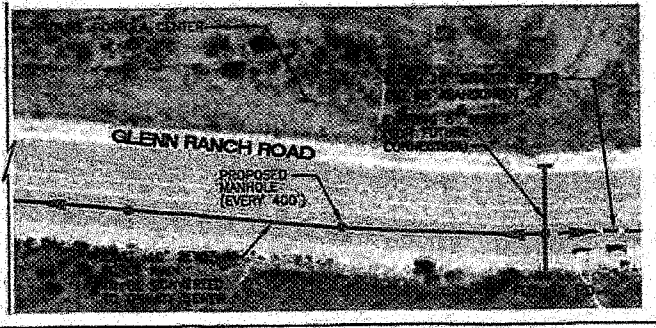
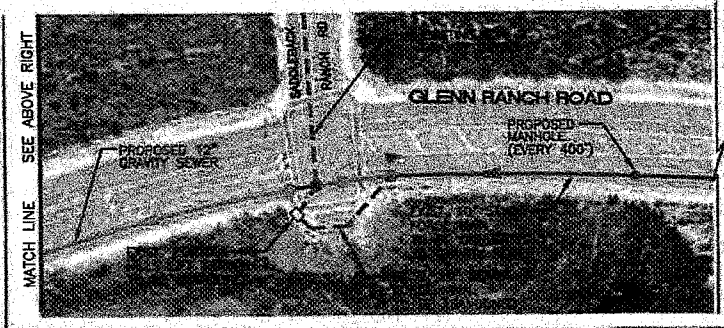
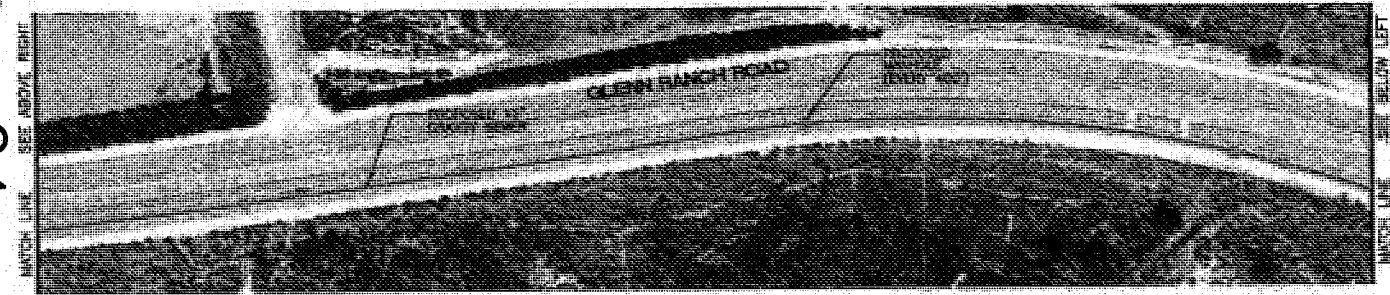
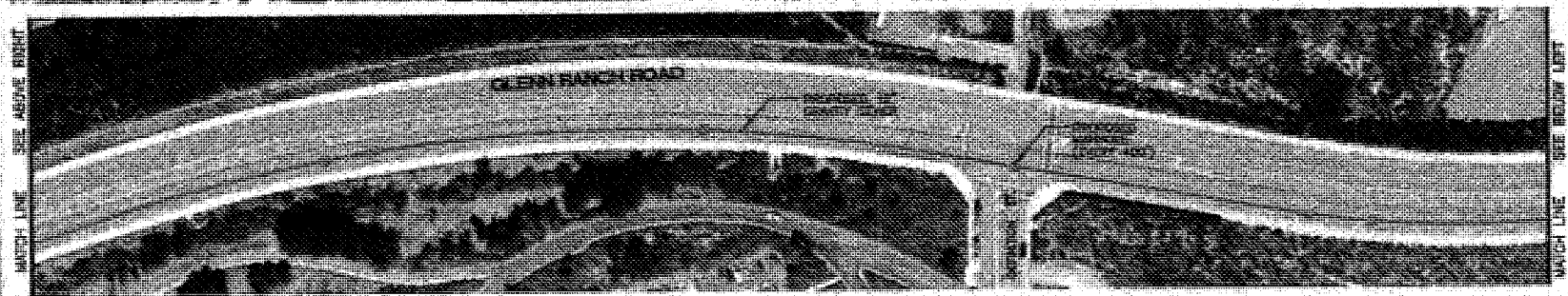
The PHSLS currently provides electrical power to an existing pressure reducing station adjacent to the lift station. Another element of this project is to design new electrical service and telemetry panel for the pressure reducing station including all coordination efforts with Southern California Edison.

Abandonment of the PHSLS eliminates the need for the Aliso Creek sewer siphon located near the intersection of Glenn Ranch Road and El Toro Road. As part of this project, this sewer siphon will need to be temporarily abandoned in such a manner that it may be potentially used in the future.

We have identified the following project objectives and goals that will be discussed in detail in the Technical Approach section:

1. Perform hydraulic calculations to ensure adequate capacity in the proposed sewer lines based on flows provided by the District.
2. Notify all utility owners in the project area and show all utilities on the design plans.
3. Prepare a field survey and potholing for design.
4. Perform geotechnical evaluation for compaction and paving requirements.
5. Develop preliminary and final construction plans, bid documents, and cost estimates.
6. Provide electrical plans for new power/telemetry to the existing pressure reducing station.
7. Prepare preliminary and final traffic control plans.
8. Provide engineering support services during construction including preparation of record drawings.
9. Provide agency coordination and permits required for the project.

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SCALE: NOT TO SCALE

LEGEND

- EXISTING GRAVITY SEWER
- PROPOSED 12" GRAVITY SEWER
- EXISTING 10" SEWER FORCE MAIN (TO BE CONVERTED TO GRAVITY SEWER)
- EXISTING 10" SEWER FORCE MAIN (TO BE ABANDONED)

NOTE THE EXISTING 8" GRAVITY SEWER BETWEEN ELLIPSE AND COMMERCIAL CENTER WEST OF PORTOLA WAY MAY BE UPSIZED AS AN ALTERNATIVE TO THE NEW 12" GRAVITY SEWER IN THIS AREA.

IRWD PORTOLA HILLS SEWER LIFT STATION ABANDONMENT AND GRAVITY SEWER PROJECT

EXHIBIT 1



TECHNICAL APPROACH

For the successful completion of your project, we have outlined our methods and approaches. They offer an overview of how the CivilSource team will provide a high quality project, on time, and under budget.

Project Management

Kick Off Meeting

Following the notice to proceed, the CivilSource team will schedule and attend a Kick Off Meeting District staff to initiate the project; establish lines of communication; review and refine, if needed, the project scope of work and schedule; establish design guidelines; discuss project parameters and constraints; and obtain background information.

Project Review Meetings

At project review meetings (assumed 4 for this project), we will review project status including progress, budget, and schedule. The review meetings will be scheduled at the 20% (conceptual design), 60%, 90%, and 100% submittals to obtain District comments. At each meeting, we will prepare meeting agenda and minutes including action items.

Stakeholder Coordination

We will coordinate with the City of Lake Forest and the Portola Center developer, as necessary, during the design of the sewer facilities to ensure that the proposed improvements fit with future improvements and sewer connections.



Data Collection

CivilSource will research District and other records to obtain all available as-built improvement plans and record drawings, sewer atlas maps, parcel maps, right-of-way data, address/business lists, reports, and any other information pertinent to the project. Collection of data will also include contact and coordination with other District departments and other agencies if necessary.

Utility Research & Coordination

To demonstrate our dedication and commitment in meeting IRWD project needs, CivilSource has already taken the initiative to compile a list of member agencies that own facilities within the project limits. The following public agencies and utilities were identified in the project area based on the Underground Service Alert's website:

- AT&T Distribution
- Cox Communications
- City of Lake Forest
- Southern California Edison
- Orange County Public Works
- Irvine Ranch Water District
- Southern California Gas Company
- Transportation Corridor Agencies
- Santa Margarita Water District

Following the notice to proceed, we will notify in writing each utility purveyor (as listed above) of the IRWD proposed plans and request copies of record drawings or atlas maps of existing and proposed facilities within the project boundary. Utilities shown on the record drawings will be surface verified, and added to the base map, along with the most recent easement lines shown for each facility. We will prepare a Utility Notification Log to track utility company responses including contact information and dates of all outgoing and incoming correspondence. IRWD staff will be informed on all discussions with utility companies via written meeting minutes or records of telephone conversations.



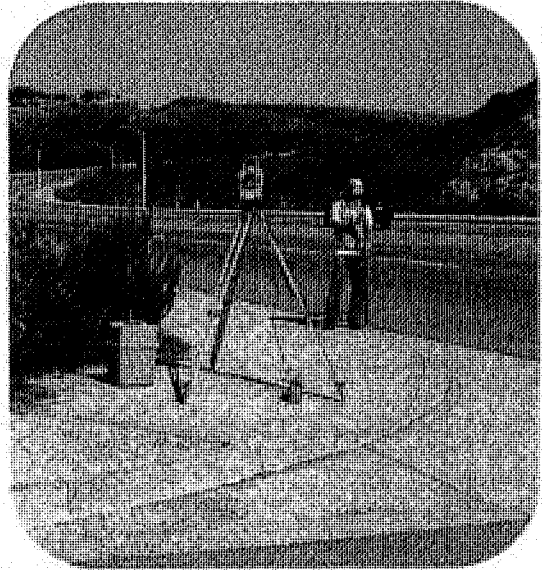
Surveying

Our subconsultant, Hunsaker Surveying, will provide a field survey for the design of this project. Data from the County of Orange will be acquired including record of surveys, track maps, etc. as necessary to perform the survey. The following datum will be used for the project unless otherwise prescribed by the District.

- Horizontal – California Coordinate System, Zone VI, NAD 83, 2007.00 Epoch OCS Adjustment, GROUND (Orange County Real Time Network utilizing station WHYT adjacent to the site)
- Vertical – OCS Vertical Control, NAVD 88, OCS 1995 Adjustment, leveled in 2004

A record base map will be created using street cross sections at no greater than fifty foot intervals along the proposed sewer alignments in Glenn Ranch Road. Cross sections will be obtained for the entire street width including the back of sidewalk, top of curb, flow line, lip of gutter, and asphalt shots at painted lane lines and medians. The base map will identify all existing improvements including but not limited to drainage structures, fire hydrants, water valves, sewer manholes, signs, street lights, fences, walls and above ground utilities and facilities in the project areas. All necessary detail will be provided around the PHSLS and the existing pressure reducing station for the abandonment plans.

The survey will also include vertical depth information at sewer manholes and catch basins. In addition, the Edison riding and hiking trail tunnel under the Glenn Ranch Road will be mapped.



Potholing

A pothole investigation will be performed to verify horizontal and vertical locations of utilities that are near the proposed pipelines or at identified conflicts. Our subconsultant, Kana Pipeline, will provide all equipment and personnel needed to vacuum excavate ten (10) potholes at approximately 12" diameter each. The potholes will be backfilled using 1-sack slurry. Quantity Pavement Repair (cold patch) will be made at each pothole location. Traffic control will be per the latest W.A.T.C.H. /M.U.T.C.D. manual. However, traffic control plans will be required by the City of Lake Forest at the Glenn Ranch Road and Portola Parkway intersection.

Locating existing utilities during the pothole investigation will assist with the design of proposed facilities and allow for early coordination with public agencies and utilities if relocation of existing facilities is necessary at identified conflict locations. By performing this investigation during the design process will result in ease of construction and avoid impacting the construction schedule or budget with unnecessary change orders or stand-by time.

The horizontal and vertical location of all utilities being investigated will be documented via field survey.

Geotechnical Evaluation

As a part of the CivilSource team, LGC Geotechnical will perform subsurface investigation services to evaluate geotechnical conditions of the project site and provide conclusions and recommendations for the design and construction of the proposed sewer line. LGC will provide personnel, material, and equipment to perform the geotechnical engineering services including the following tasks.



Engineering Services for the
Portola Hills Sewer Lift Station Abandonment and Gravity Sewer

Research and Review

LGC will review available background materials including published geologic maps and literature, existing geotechnical reports, field tests, boring logs, previous investigations, stereoscopic aerial photographs, and plans in the project area. Based on preliminary review, the project alignment is located across moderately sloping hills that are dissected by southwest-trending drainage courses. As a result of the variable terrain, materials underlying the alignment also vary. The western and central portions of the alignment are predominately underlain by alluvial deposits consisting of unconsolidated silt, sand and gravel. The eastern portion of the alignment is underlain by massive sandstone of the Oso member, which is part of the Capistrano Formation, and Puente Formational deposits, including siltstone and sandstone of the Soquel and La Vida members. No active faults are known to cross the alignment. The earth materials underlying the alignment are not considered susceptible to liquefaction. The portion of the alignment underlain by the Oso member is mapped as being susceptible to seismic-induced landslides. Depth to historical groundwater levels in the project area is mapped as being deeper than 20 feet below the ground surface.

Field Investigation

The proposed field investigation includes site reconnaissance and subsurface exploration. LGC proposes a total of Four (4) soil borings to be drilled along the proposed alignment. Borings will be drilled to maximum depths of 20 feet or refusal.

The borings will be drilled with a truck mounted hollow-stem auger drill rig equipped for soil sampling. Relatively undisturbed ring samples and Standard Penetration Test (SPT) samples will be collected at approximately 5-foot intervals where applicable. Bulk samples of the material will also be collected. An experienced staff will log earth materials in the field in accordance with the Unified Soil Classification System – Visual/Manual Procedure. The borings will be backfilled with the excavated spoils and tamped, Quantity Pavement Repair (cold patch) will be used to patch the holes at pavement locations. LGC will arrange for traffic control in accordance with WATCH manual during field exploration.



Geotechnical Laboratory Testing

The field boring logs will be reviewed to select representative bulk and ring samples for laboratory testing. Various laboratory tests will be performed on subsurface samples to determine their physical and engineering characteristics, which will include the following: in-place moisture and dry density, Atterberg limits, gradation, direct shear, pH, minimum resistivity, chloride, and sulfate content.

Geotechnical Analyses

Results obtained from the field investigation and laboratory tests will be used to develop idealized subsurface profiles and define soil parameters for engineering analyses. The following analyses are anticipated for the project:

- Assessing the subsurface soils engineering properties including potential for instability, landslides, lateral spreading, subsidence, collapse or expansive potential
- Addressing the feasibility of the new gravity sewer line construction.
- Development of modulus of soil reaction, bearing capacity, lateral resistance and earth pressure.
- Analysis for liquefaction potential and estimated total and differential settlement due to liquefaction
- Corrosion potential of on-site soils and recommendations for concrete structures (manholes).
- Development of recommendations for temporary trench slope stability, shoring, pipe bedding/trench backfill, and paving.



Engineering Services for the
Portola Hills Sewer Lift Station Abandonment and Gravity Sewer

Compile Geotechnical Report

After completion of the above tasks, a Geotechnical Report will be prepared to present results of the geotechnical investigation for the proposed improvements. This report will be signed and stamped by a California Registered Geotechnical Engineer (GE), containing conclusions and recommendations for the design and construction of the proposed manhole and sewer pipeline. Boring logs will be prepared along with boring location plans showing the soil borings for the project.

Hydraulic Analysis

As part of our scope of work for this project, we will perform hydraulic calculations to ensure adequate capacity in the proposed 12-inch diameter gravity sewer based on a maximum of $0.50 d/D$, where d is the depth of flow and D is the pipe diameter. Design peak sewer flow rates used for our calculations will be determined based on our review of the sub-area master plan (SAMP) for the project area, generation rates for new development, and/or flow data. It is assumed that the District will provide the SAMP, new development generation rates, and/or flow data for our use on this project.

In addition to hydraulic calculations, note that we offer expertise in hydraulic modeling and can provide this service as an additional scope item and fee, if requested.

Preliminary Design

Conceptual Plans (20% Design Submittal)

We will prepare conceptual plans (20% Design) to illustrate the horizontal alignment and obtain approval prior to preparation of the profile sheets. This preliminary plan view will contain all existing utilities and facilities on the drawings. We will perform our preliminary field review during this phase of work to verify existing conditions on the base map.

60% Design Submittal

Upon approval of the conceptual plans, we will prepare the plan and profile sheets for the 60% Design Submittal showing the proposed gravity sewer design and all utility crossings. The preliminary lift station abandonment plans will be prepared with this submittal including electrical drawings for new power/telemetry to the existing pressure reducing station. We will also prepare the front end sheets including project data, notes, maps, agencies list, survey info, and sheet index.

Since the project is in such a congested and high traffic area, we will prepare preliminary traffic control plans as part of this submittal based on the proposed design and construction phasing. Traffic control plans will be submitted to the City of Lake Forest for their review and approval.

In addition to the 60% plan preparation, we will also notify utility owners, as necessary, for review of preliminary construction drawings and to coordinate resolution of any identified conflicts.

Final Design

90% Design Submittal

For the 90% Design Submittal, we will prepare the complete design plan package including front end sheets, plan and profile drawings for proposed gravity sewers, lift station abandonment plans, electrical drawings, traffic control plans, and detail sheets. The review comments from the 60% submittal will be addressed in this plan set.





In addition to the 90% plan preparation, a complete set of bid documents including special provisions will be provided with this submittal. Any necessary permits will be included as an appendix to the bid documents. The quantities and construction cost estimate will also be submitted based on the 90% plans.

100% Design Submittal

For the 100% Design Submittal, we will submit final plans, bid documents, quantities, and construction cost estimates. The review comments from the 90% submittal will be addressed in this plan set.

After review and approval of the 100% submittal, we will submit the final contract documents. As part of the final submittal, we will provide all affected utilities with the final plans and specifications.

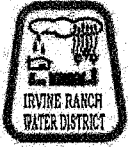
Plan Preparation

Improvement Plans

The improvement plans will be prepared to conform to the general requirements of the District with consideration for the needs of the contractor's construction operations. CivilSource will deliver completed and approved construction drawings on or ahead of the project schedule. All plans will be prepared and submitted in a manner that ensures a complete design approved by the District with assumed four plan checks during the submittals (20%, 60%, 90% and 100%). The construction drawings will conform to the appropriate applicable standards such as IRWD Standard Sewer Drawings, Standard Plans for Public Works Construction, and the County of Orange RDMD Standard Plans.

Improvement plans will include plan and profile sheets for the new gravity sewer system, lift station demolition plans, electrical drawings for new power/telemetry to existing pressure reducing station, traffic control plans, and all details necessary for the construction of the proposed facilities. Plans will be prepared in the latest version of AutoCAD and using IRWD's drafting standards. Each plan sheet shall be on IRWD standard 24-inch by 36-inch sheet size. Plan and profile sheets shall be scaled at 1"=40" horizontal and 1'=4" vertical and to cover approximately 1,000 feet of pipeline per sheet. We anticipate the following sheets for this project.

Proposed Sheet List	
Sheet No.	Description
1	Title Sheet
2	Location & Vicinity Maps, Public Agencies & Utilities, and Sheet Index
3	Standard Symbols, Abbreviations, General Notes, Sewer Notes, and Survey Information
4-10 (7 Sheets)	Sewer Plan & Profile in Glenn Ranch Road
11-12 (2 Sheets)	Lift Station Abandonment Plan & Sections
13-14 (2 Sheets)	Sewer and Construction Details
15	Electrical: Single Line Diagram, Service Equipment Detail and Site Plan
16	Electrical: Power and Instrumentation Plans
17	Electrical: PLC/Telemetry Wiring Diagram
18	Electrical: Telemetry Panel Layout and Material List
19	Electrical: Antenna Mast and Miscellaneous Details
20-26 (7 Sheets)	Traffic Control Plans for Glenn Ranch Road
27	Traffic Control Intersection Details
28	Traffic Control Intersection Details



Traffic Control Plans

CivilSource specializes in the preparation of traffic control plans used for construction and has prepared numerous plans for our clients on small and large projects. Additionally, CivilSource has been providing traffic control plan review services to the City of Lake Forest in recent years and is thoroughly familiar with their requirements. The traffic control plans for this project will be prepared for the accommodation of traffic and pedestrians during project construction. The traffic control plans will be prepared at 1" = 40' scale and will show traffic control measures required for the implementation of each construction phase including all traffic control devices, temporary lane delineation, and construction signing. Traffic control plan preparation will follow the guidelines established in the Caltrans Manual of Traffic Controls for Construction and Maintenance Work Zones and the Work Area Traffic Control Handbook (WATCH Manual), latest editions.

Electrical Drawings

Our electrical subconsultant, Linkture Consulting Engineers, will prepare electrical and telemetry construction drawings and specifications for the new electrical service and telemetry to the existing pressure reducing station adjacent to the PHSLS. Preparation of the construction drawings and specifications will include: coordination with Southern California Edison for the new electrical service including location of meter pedestal and power point of connection; site visit to determine location of electrical service, telemetry panel and antenna mast; coordination with IRWD staff; preparation of power and instrumentation plans; preparation of PLC/Telemetry drawings; and preparation of telemetry cabinet layout and material list. Linkture will work closely with IRWD staff with the development of the plans and specification and comply with IRWD's standard PRV drawings and specifications. Linkture will provide itemized probable construction cost of the electrical and telemetry system, attend meetings as necessary, respond to RFI/RFC's, review shop drawings, prepare punch list and prepare record drawings.

Easements

The CivilSource team will identify existing property lines and coordinate acquisition of the permanent (or temporary construction) easement, if required. Based on our review of the RFP and project, we do not anticipate requiring any easements at this time.

Agency Coordination and Permits

Civil Source has knowledge and experience in regulatory agency coordination and obtaining permits for this type of project. Civil Source will prepare applications and secure permits as necessary for the construction of proposed facilities. Copies of the completed permits will be inserted in the appendix of the bid documents. The regulator agency coordination and permits anticipated for this job are as follows: City of Lake Forest encroachment permit and possible environmental permitting for the lift station abandonment.

Construction Assistance

Our firm specializes in construction support and management for numerous public agencies in Orange, San Diego, and Los Angeles counties. We build close relationships with our clients to ensure a successful construction project. As part of our construction assistance, we will provide the following support role tasks:

- Provide clarification of contract documents, as necessary
- Attend ten (10) project meetings at one hour each and prepare meeting minutes
- Respond to contractor requests for information (estimate 10)
- Provide twenty (20) staff hours for minor plan revisions to the construction drawings
- Conduct five (5) site visits at 2 hours each
- Review and track contractor submittals, shop drawings, and material certifications (estimate 30)
- Provide engineering assistance related to change order work
- Prepare record drawings based on field changes during construction



GENERAL APPROACH

General design approach for public works projects involving public right-of-way is mainly based on minimizing public disruption and traffic congestion.

Contract documents will be developed including construction plans, special provisions, and cost estimates. These documents will be reviewed for constructability by our construction management team to avoid potential issues or problems during the construction.

Construction details such as connections to existing or new manholes, trench details, and pavement restoration will be per IRWD Standard Sewer Drawings, Standard Plans for Public Works Construction, and the County of Orange RDMD Standard Plans.

Project Development

Our primary approach is to serve as a direct extension of District staff. Our approach is based on strong commitment to quality assurance and follows a proven path of work elements and tasks to ensure a successful project. Working together with District staff, CivilSource's Project Manager will lead our project team.

At the onset of this project, the Project Manager will meet with the CivilSource team members to review the requirements, prepare a Work Breakdown Structure (WBS), and make team assignments for maximum efficiency of resources. The detailed WBS will communicate the scope of work, constraints, and technical requirements to all project participants. The WBS will identify the procedures that are to be followed in developing the design documents and deliverables. The WBS also describes the responsibilities of each participant in the project.

A Master Project Schedule will be prepared following the WBS showing the relationship between tasks and the expected start date and duration for each item. This schedule will serve as the guide to conducting and monitoring the progress of the work, and to ensure projects are completed on time and within budget. To ensure accurate monitoring and tracking of documents and progress, a document tracking and control system will be developed.

To facilitate the review and approval process, we will work closely with the key individuals at the District who are responsible for the review of specific elements of the project and will submit draft copies of significant work items before the milestone submittal dates. This will give us a clear understanding of what the reviewers expect, and they will have a preview of what will be submitted before the actual submittal is made. Our past experience working on projects with public agencies has taught us the importance of maintaining accurate and detailed meeting minutes, decision logs, and action item lists during the project development process.

Common issues that will be considered during the design phase are as follows:

- Minimize lane closures
- Provide emergency vehicle and public access
- Easement considerations
- Avoid conflicting utilities
- Permit requirements
- Separation criteria established by California Department of Public Health (CDPH)
- Operation and maintenance (O&M) requirements
- Contractor staging area
- Constructability of proposed improvements

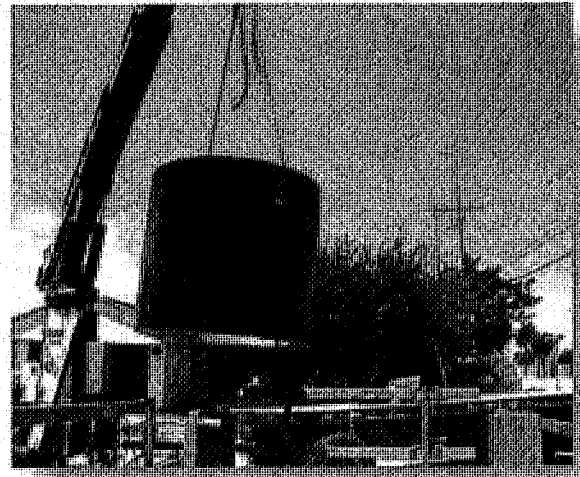
• • •
The CivilSource team offers a proven approach based on experience, and a commitment to complete our assignments in a timely and cost-effective manner.
• • •



Quality Management

CivilSource recognizes that a successful project must start with a clear project understanding and knowledge of the District's standards and requirements. Quality control is embedded within our employees and is most effective when practiced continuously throughout the design and construction process. This is a characteristic that is valued and rewarded within our team and will provide the District with a properly designed and constructed project.

During the design, CivilSource also has a time tested and proven Project Quality Manual (PQM) that is used for every design project. The PQM describes the project quality process that will be followed during the development of the design documents, and other project deliverables. The PQM used for design generally consists of the following:



- **Project Concept Review:** Reviews the basic concepts for feasibility and conformance with project criteria.
- **Discipline Review:** Verifies the work for each of the technical disciplines including subconsultants. Each subconsultant discipline has a checklist to review each submittal to ensure technical accuracy and no conflicts with the civil design and other disciplines.
- **Graphics/CAD Standards Review:** Verifies that construction drawings and exhibits meet graphic and CAD standards for each project.
- **Project Manager Review:** Confirms that project deliverables conform to the scope of work and that documents supplied by others (client, subconsultants, etc.) are properly incorporated.
- **Constructability Review:** Our construction management team reviews the design, construction plans, and specifications from a constructability perspective to avoid potential issues or problems during the construction of the project.
- **Client Comment Review:** Assures that client comments have been addressed. We will either use our standard comment letter response or use one provided by the District.
- **QA/QC Review:** Independent review to verify the accuracy, completeness, and coordination of drawings, specifications, and cost estimates for all design disciplines.

Communication

CivilSource will meet with District project representatives regularly and remain in constant communication to ensure successful and timely delivery of the project. Meeting agendas will be distributed at least two working days before each meeting. Meeting minutes will be distributed within three working days of the meeting identifying action items, assignments and due dates. Utilizing this approach will ensure consistency in decisions, and will provide a concise list of tasks to be accomplished by each participant and a specific time schedule for completion of the task.

Senior staff will meet with assigned project personnel regularly and remain in constant communication to ensure successful and timely delivery of the project. Utilizing this technique will guarantee adequate technical support, thorough review and analysis of project issues, consistency in decisions and recommendations, and will provide a concise list of tasks to be accomplished by each team member and a specific time schedule to complete the task.



Issue Resolution

Creative problem solving evolves from maintaining communication, building consensus, and identifying issues before they become problems. We encourage interactive participation of involved parties to allow for conflict resolution, adaptability, flexibility, responsiveness, and looking at problems as opportunities. Design solutions come from solving problems in a direct manner. Proper analysis and understanding of physical elements, program factors, economic issues, jurisdictional guidelines, and political aspects will set a practical approach towards solving problems and satisfying project goals. CivilSource is committed to effectively managing and producing quality design solutions that express our knowledge, experience, value-orientation, talents, and client confidence with integrity, understanding and creativity.

Cost Control

We continually evaluate a project's program/cost coordination through all project phases to enable informed and timely decision-making by our clients and the entire project team. Cost control techniques include program budget analysis, value engineering, life-cycle cost analysis and quantity-based estimating. We rely on an open-book, inclusive process that demonstrates the costs and benefits of varying design options. This budget confirmation process starts in the earliest stages of the project, when design and engineering alternatives have the greatest potential impact on costs. Our design teams analyze client goals, technical requirements, alternative building concepts, construction costs and long-term operational costs to define the optimum scope within the budget, ensuring long-term flexibility and value.

Schedule Control

The key to effective schedule control is to measure actual progress and compare it to planned progress on a timely and regular basis and to take necessary corrective action immediately. We propose to supplement each major task as identified in the project schedule with a supplemental schedule to keep careful track of where each individual component stands. This will improve your project manager's reporting, help identify problems that may result from delays, and readily afford the opportunity for modifying the schedule, when deemed necessary. As a result, your projects are completed on schedule.



Ultimately, we manage the design process through close control of schedule and budget, through implementing measures which reduce project risks, through a process of thorough documentation and reporting, and through teamwork and an established and accepted set of tasks.

Innovative Design

The CivilSource team focuses on providing safe, cost-effective, reliable, and sustainable improvements using innovative design and contracting techniques that meet the needs of the taxpayers, meet or exceed the minimum standards based on design improvements, and minimizes impacts to adjacent properties and vehicular and pedestrian traffic. Our experience engineering staff provides lower-cost or lower-impact alternatives in order to develop the least disruptive and least expensive designs.

In addition, the CivilSource team utilizes the latest in civil engineering design software to facilitate timely, efficient, and innovative engineering solutions for our clients. Our team relies on a host of computer resources which includes up-to-date, state-of-the-art technology that is used today throughout the engineering industry. We make maximum use of CADD systems that allow for the storage of typical details, establish similarity of plan layouts, and enable rapid duplications for the efficient preparation of plan sheets.



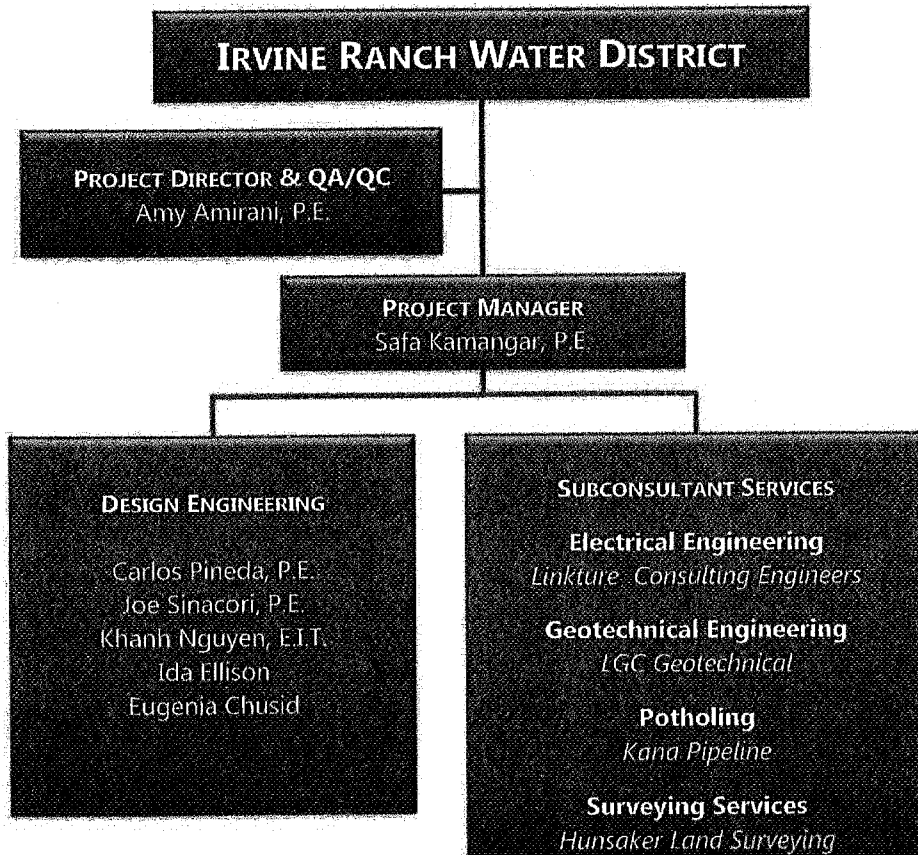
PROJECT TEAM

CivilSource team has been actively participating in projects within the local area for many years and is currently completing several projects for special districts in the local area including the Laguna Beach County Water District, Moulton Niguel Water District, and Santa Margarita Water District. We have also recently provided our services to numerous cities including Irvine, Lake Forest, Rancho Santa Margarita, and Laguna Woods. This combination of past local experience and present project undertakings produces a project team that is thoroughly acquainted with the local environment and the needs of the District.

CivilSource offers the expertise to undertake all aspects of civil engineering design and plan development for sewer improvement projects, from preliminary design and alignment studies to construction administration. Our dedicated engineering professionals continue to echo the company culture of integrity, professionalism, development of strong client relationships, and delivering quality products on-time and within budget. The company's in-house expertise stretches from public works planning, surveying, environmental compliance and design, culminating with construction consultation, allowing us to guide our client's projects from a vision to reality. **We have included sample work in the Appendix to demonstrate the team's capabilities in providing engineering services for similar projects as the PHSLS Abandonment and Gravity Sewer project.**

ORGANIZATION CHART

CivilSource provides an in-house multi-disciplinary staff of professionals who are recognized specialists in their areas of expertise. The staff members have superb technical training and academic backgrounds. CivilSource has adequate personnel available to execute the project as requested by the District, and key staff members will be committed for the duration of the project assignment. The organization chart below shows the key members of the Project team and their respective positions. **Resumes are included in the "Appendix".**





SUBCONSULTANTS

LINKTURE CONSULTING ENGINEERS was formed in 1992 and offers a full range of electrical and control system engineering services to Engineers, Private Industries, Contractors, Federal and State Government, and Municipalities. Their firm has acquired its qualifications through many years of specialized experience. Their services include evaluations, studies, engineering, design, and construction related services for water and wastewater facilities such as pump stations, lift stations, water reservoirs and wastewater treatment. Additional services related to water and wastewater facilities include odor control, corrosion control, and flow monitoring.

LGC GEOTECHNICAL, INC. is a Southern California based geotechnical consulting firm with its office located in San Clemente, California. LGC Geotechnical focuses on providing professional geotechnical services throughout Orange County. They provide quality, full service geotechnical services to clients, which include public agencies, local Cities, residential and commercial developers, architects, insurance companies, utility companies, and homebuilders. The staff at LGC Geotechnical consists of highly educated and licensed professionals including registered geotechnical engineers (GE) and certified engineering geologists (CEG).

KANA PIPELINE, INC. is a subsurface utility engineering (SUE) company specializing in wet utility contracting for more than 25 years. Kana Pipeline truly understands the value of gathering good underground utility data and potholing prior to construction. Their goal as an SUE contractor is to eliminate delays and extra costs associated with existing underground utilities. Doing so not only increases safety, but reduces economic loss in the project planning and construction phase. They strive to maintain their reputation as a subsurface utility engineering contractor and industry leader that completes the job safely, on time and within budget.

HUNSAKER LAND SURVEYING, INC. is a full service land surveying firm staffed with surveyors that are members of the International Union of Operating Engineers, Local 12 and carry a vast amount of experience throughout Southern California. Hunsaker's crews are not only provided with state-of-the-art equipment but they also have the knowledge and experience to make this equipment work to its full potential and how to continue to be productive should any technological glitches occur. They firmly believe in and follow these guiding principles, Quality, Value, Accuracy and Timeliness and carry them through in all that they do.

TIME COMMITMENT

PERSON	ROLE	TIME COMMITMENT (%)
CivilSource, Inc.		
Amy Amirani, P.E.	Project Director, QA/QC	10
Safa Kamangar, P.E.	Project Manager	20
Carlos Pineda, P.E.	Project Engineer	20
Joe Sinacori, P.E.	Project Engineer	30
Khanh Nguyen, E.I.T.	Design Engineer	100
Ida Ellison	CAD Designer	50
Eugenia Chusid	CAD Designer	30
Linkture Consulting Engineers		
Opty Fernandez, E.E.	Chief Electrical Engineer	10
LGC Geotechnical		
Dennis Boratynec, PE, GE	Project Manager	10
Subsurface Utility Engineering		
Jim Mihld	Project Manager	10
Hunsaker Land Surveying		
Bruce Hunsaker, PLS	Project Manager	10



PROJECT EXPERIENCE

Planning Area 18 Capital Facilities

Client: Irvine Ranch Water District

Project Manager: Joe Sinacori, P.E.

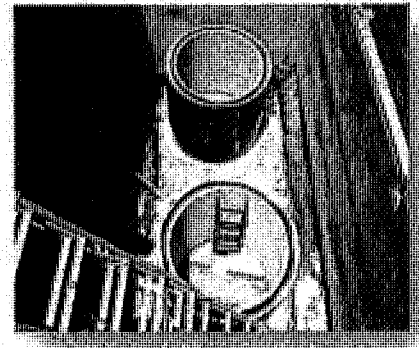
Provided project management services for the capital facilities associated with the ICDC Planning Area 18 development project, in coordination with the Irvine Ranch Water District (IRWD). The project site is located within the City of Irvine's Planning Area 18 and bounded by SR-133 to the west, I-405 to the north and Planning Area 39, and San Diego Creek to the east. The planning area will be developed in two phases and delivered as separate bid packages due to the developer's priorities. **Offsite facilities design included 12-inch and 16-inch sewer pipelines which required coordination with Caltrans District 12 to obtain the encroachment permit for the proposed 12-inch sewer extending under SR-133 freeway utilizing jack and bore trenchless technology.** Onsite facilities design includes 12-inch domestic water pipelines; 6-, 8-, 24-, and 36-inch reclaimed water pipelines; and Aufdenkamp turnout improvements.

Philadelphia Street Sewer Diversion

Client: Inland Empire Utilities Agency

Project Manager: Safa Kamangar, P.E.

Provided design and construction support services for the Philadelphia Street Sewer Diversion, which included 2000-feet of new 12" and 15" diameter VCP sewer pipe, new sanitary sewer manholes and connection to City of Ontario and Inland Empire Utility Agency's existing sewer systems.



Main Street Sewer Line Rehabilitation

Client: City of Corona

Project Manager: Safa Kamangar, P.E.

Responsible for design, engineering calculations, technical specifications and engineering cost estimate for trenchless rehabilitating (CIPP) the existing sewer pipes in the City, in alleys east and west of Main Street. Project included 8 to 15 inch pipelines which were constructed in residential areas with limited access.

El Cajon Johnson Avenue Trunk Sewer Project

Client: City of El Cajon

Project Engineer: Joe Sinacori, P.E.

Project engineer responsible for the preliminary design of approximately 10,000 feet of sewer in the City of El Cajon. Preliminary design report and technical memorandums included geotechnical analysis, hydraulic calculations, environmental review, hazardous materials study, risk assessment, extensive utility research, and preliminary horizontal and vertical alignments. The proposed pipe alignment is in very heavy travelled corridors that are also congested with underground utilities. Recommendations for horizontal and vertical alignments were provided and used as the basis for final design.

Bristol Street Sewer Replacement

Client: Costa Mesa Sanitary District

Project Manager: Joe Sinacori, P.E.

Project Manager responsible for the preparation of plans and specifications for the replacement of 2,500 feet of 8-inch gravity sewer with 15-inch gravity sewer main in Bristol Street. Coordinated with local agencies for permits including Caltrans, County of Orange, City of Newport Beach, and City of Costa Mesa. As part of this project, construction support services were also provided.



Lift Station #24/Force Main Replacement

Client: City of Huntington Beach

Project Manager: Amy Amirani, P.E.

Responsible for providing QA/QC for the replacement of a sewer lift station and sewage force main in the City of Huntington Beach. The existing sewer lift station was demonstrating signs of deterioration due to age and proximity to the marine environment, as evidenced by corrosion within the station. The sewage force main which conveys the pumped effluent from this station had also shown signs of deterioration. The project abandoned the existing sewer lift station and force main and replaced them with new facilities. Construction costs were an approximately \$1.7 million.

Shaw's Cove Lift Station Rehabilitation

Client: City of Laguna Beach

Project Manager: Amy Amirani, P.E.

Responsible for overseeing construction management and ensuring overall successful project completion. Improvements included the construction of a new wet and dry well and the installation of new pumps as well as new piping and valving. Improvements also included the installation of a stand-by diesel generator. The total cost of construction is \$1.5 million.



Tiffany and Belgrave Lift Stations

Client: Garden Grove Sanitary District

Project Manager: Safa Kamangar, P.E.

Responsible for design and engineering calculations and developing 50%, 90% and final plans and specifications for replacing the existing Tiffany and Belgrave sewer pump stations, influent gravity lines and forcemain. Project consisted of a new wet well and a pair of new submersible non-clog pumps with rail out capabilities, new generator, new control panel and electrical and site improvements.

Lincoln Avenue Sanitary Sewer Improvements

Client: City of Anaheim

Project Manager: Carlos Pineda, P.E.

Provided project management services for the preparation of plans, specifications and cost estimates for the upgrading of existing sewer facilities within Lincoln Avenue to meet the City of Anaheim Sewer Master Plan recommendations and the City capacity design criteria. The project involved the installation of approximately 3,000 lineal feet of 8" to 18" VCP sewer line connecting to an existing 39" OCS trunk line.

Citywide Sanitary Sewer System Rehabilitation Program Phase II and III, Group 3

Client: City of Anaheim

Project Manager: Carlos Pineda, P.E.

Project Manager responsible for preparing project studies and recommendations, plans and specifications, and providing construction support. The project included 1) spot repair and possible lining, 2) lining of sewer segments, and 3) removal and replacement of sewer pipeline. The project consisted of 44 sewer pipeline segments located throughout the City of Anaheim.



Engineering Services for the
Portola Hills Sewer Lift Station Abandonment and Gravity Sewer

PORTOLA HILLS SEWER LIFT STATION ABANDONMENT AND GRAVITY SEWER IRVINE RANCH WATER DISTRICT PROJECT DESIGN SCHEDULE

ID	Task Name	Duration	Start	Finish	May 2012	June 2012	July 2012	August 2012	September 2	October 2012	November 2012
1	Notice of Award	0 days	Wed 5/30/12	Wed 5/30/12		5/30					
2	Notice To Proceed & Kick Off Meeting	0 days	Tue 6/12/12	Tue 6/12/12		6/12					
3	PLANS SPECIFICATIONS AND ESTIMATES (PS&E)	101 days	Mon 6/11/12	Mon 10/29/12							
4	20% Conceptual Plan Preparation	10 days	Mon 6/11/12	Fri 6/22/12							
5	20% Conceptual Plan Submittal	0 days	Mon 6/25/12	Mon 6/25/12		6/25					
6	District Review of 20% Plans	5 days	Mon 6/25/12	Fri 6/29/12							
7	60% PS&E Preparation	15 days	Mon 7/2/12	Fri 7/20/12							
8	60% PS&E Submittal & Project Meeting	0 days	Mon 7/23/12	Mon 7/23/12			7/23				
9	District Review of 60% Submittal	10 days	Mon 7/23/12	Fri 8/3/12							
10	80% PS&E Preparation & Incorporate Comments	30 days	Mon 8/6/12	Fri 9/14/12							
11	80% PS&E Submittal & Project Meeting	0 days	Mon 9/17/12	Mon 9/17/12							
12	District Review of 80% Submittal	10 days	Mon 9/17/12	Fri 9/28/12							
13	100% PS&E Preparation	15 days	Mon 10/1/12	Fri 10/19/12							
14	100% PS&E Submittal & Project Meeting	0 days	Mon 10/22/12	Mon 10/22/12							
15	Project Documents Approval	5 days	Mon 10/22/12	Fri 10/26/12							
16	Final PS&E Submittal	0 days	Mon 10/29/12	Mon 10/29/12							10/29

IRWD Portola Hills Sewage Lift Station Abandonment and Gravity Sewer
Date: Tue 4/10/12

Task		Milestone		External Tasks	
Split		Summary		External Milestone	
Progress		Project Summary		Deadline	

IRVINE RANCH WATER DISTRICT EXHIBIT "D"

Expenditure Authorization

Project Name: PORTOLA HILLS LS ABANDONMENT
 EPMS Project No: 20224 EA No: 2
 Oracle Project No: 1600
 Project Manager: CORTEZ, MALCOLM
 Project Engineer: POPESCU, LUMINITA
 Request Date: April 30, 2012

ID Split: Miscellaneous

Improvement District (ID) Allocations

ID No.	Allocation %	Source of Funds
286	50.0	BONDS YET TO BE SOLD**
288	50.0	BONDS YET TO BE SOLD**
Total	100.0%	

Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$59,400
This Request:	\$188,100
Total EA Requests:	\$247,500
Previously Approved Budget:	\$2,640,000
Budget Adjustment Requested this EA:	\$0
Updated Budget:	\$2,640,000
Budget Remaining After This EA	\$2,392,500

Comments: The LS is on Glenn Ranch Road. See Nolan Consulting report dated August 2008. Consists of 1) 3,910 LF of new gravity main, 2) 1,240 LF of new parallel GM, 3) Station abandonment, 4) Conversion of 10-FM, and 5) Temp abandon of Aliso Creek Siphon.

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - PLANNING IRWD	0	0	0	0	10,000	10,000	4/12	6/13
ENGINEERING - PLANNING OUTSIDE	0	0	0	0	10,000	10,000	4/12	6/13
ENGINEERING DESIGN - IRWD	26,000	24,000	50,000	0	50,000	50,000	4/12	6/13
ENGINEERING DESIGN - OUTSIDE	140,000	20,000	160,000	0	200,000	200,000	4/12	6/13
DESIGN STAFF FIELD SUPPORT	0	10,000	10,000	0	10,000	10,000	4/12	6/13
ENGINEERING - CA&I IRWD	0	0	0	0	50,000	50,000	7/13	3/14
ENGINEERING - CA&I OUTSIDE	0	0	0	0	50,000	50,000	7/13	3/14
CONSTRUCTION FIELD SUPPORT	0	0	0	0	15,000	15,000	7/13	3/14
CONSTRUCTION	0	0	0	0	2,000,000	2,000,000	7/13	3/14
LEGAL	5,000	0	5,000	0	5,000	5,000	4/12	6/13
Contingency - 10.00% Subtotal	\$17,100	\$5,400	\$22,500	\$0	\$240,000	\$240,000		
Subtotal (Direct Costs)	\$188,100	\$59,400	\$247,500	\$0	\$2,640,000	\$2,640,000		
Estimated G/A - 180.00% of direct labor*	\$46,800	\$61,200	\$108,000	\$0	\$243,000	\$243,000		
Total	\$234,900	\$120,600	\$355,500	\$0	\$2,883,000	\$2,883,000		
Direct Labor	\$26,000	\$34,000	\$60,000	\$0	\$135,000	\$135,000		

*EA includes estimated G&A. Actual G&A will be applied based on the current ratio of direct labor to general and administrative costs.

EA Originator: Malcolm Cortez 4/30/12

Department Director: Rene L. Burton 4/30/12

Finance: _____

Board/General Manager: _____

** IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$2,941,000. The above-captioned project is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This declaration of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.150-2.

May 29, 2012

Prepared by: K. Lew/M. Cortez

Submitted by: K. Burton

Approved by: Paul Cook

CONSENT CALENDAR

MASTER REIMBURSEMENT AGREEMENT BETWEEN IRWD AND THE CITY OF IRVINE FOR THE ADJUSTMENT/RELOCATION OF MISCELLANEOUS FACILITIES RELATED TO CITY STREET PROJECTS

SUMMARY:

IRWD has historically entered into reimbursement agreements (RAs) with the cities in the District's service area to facilitate minor capital improvements, such as raising valve cans and sewer manholes to grade following a street repaving project. Based on the success of the two-year RA with the City of Irvine (City) for the past several years, staff recommends that the Board authorize the General Manager to execute a Master Reimbursement Agreement (RA) without an expiration date with the City to facilitate these minor capital improvements.

BACKGROUND:

IRWD and the City have been successful with two-year RAs since 1995 for managing the City's various street rehabilitation projects. Typically included in the City's Capital Improvement Projects (CIP) are alternate bid items for raising existing sewer manhole covers and domestic and recycled water valve cans to the new pavement grade. Any project up to \$100,000 in reimbursable costs can be authorized by the General Manager as an addendum to this RA. Entering into an "umbrella"-type RA reduces the administrative work involved in preparing a separate agreement for each individual project thereby requiring review and approval by both parties. For any project with estimated costs over \$100,000 an individual RA is required.

In December 2011, the Board authorized the execution of a two-year RA (2012-13) with the City. Prior to the execution of this RA, the City of Irvine requested that we enter into a Master RA without an expiration date. Since the two-year RAs have encountered minimal revisions over the years, and are very successful, staff agreed that it was appropriate to enter into a permanent Master RA. Staff prepared the Master RA based on the same terms of a two-year RA (2012-13). The Master RA allows either party to propose modifications; which will require Board and City Council approval. The proposed Master RA has been reviewed by IRWD's legal counsel and is attached as Exhibit "A".

FISCAL IMPACTS:

The Raise System Valves and Raise Manholes to Grade Projects 11444 (1470), 20943 (1194), and 31444 (1201) are included in the FY 2011-12 Capital Budget. The project budgets and existing Expenditure Authorizations are sufficient.

ENVIRONMENTAL COMPLIANCE:

These projects are exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15061 (b) (3). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

In addition, projects referenced in these agreements are exempt from CEQA as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15302 C, which provides exemption for “replacement or reconstruction involving negligible or no expansion of capacity”.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on May 15, 2012.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A MASTER REIMBURSEMENT AGREEMENT BETWEEN IRWD AND THE CITY OF IRVINE FOR THE INSTALLATION OF MISCELLANEOUS FACILITIES.

LIST OF EXHIBITS:

Exhibit “A” – Master Reimbursement Agreement between IRWD and the City of Irvine for the Installation of Miscellaneous Facilities

EXHIBIT "A"

MASTER REIMBURSEMENT AGREEMENT
BETWEEN
IRVINE RANCH WATER DISTRICT
AND THE CITY OF IRVINE
FOR THE INSTALLATION OF
MISCELLANEOUS FACILITIES

This Agreement is made and entered as of this _____ day of _____, 20____, by and between IRVINE RANCH WATER DISTRICT, a California Water District formed and existing pursuant to California Water District Law, hereinafter referred to as "IRWD," and the CITY OF IRVINE, a municipal corporation, hereinafter referred to as "CITY."

WITNESSETH

WHEREAS, City periodically undertakes street improvement projects, a number of which involve concurrent construction, modification or relocation of water, sewer and/or reclaimed water facilities of IRWD in the vicinity of the respective projects; and

WHEREAS, the parties have determined that for certain projects, to be mutually designated by CITY and IRWD staff (each, a "Project" and collectively, the "Projects"), it would be more efficient for CITY, rather than IRWD, to carry out the design, construction, modification or relocation of the affected water, sewer and/or reclaimed water facilities of IRWD ("IRWD FACILITIES") due to the particular alignment and construction scheduling of IRWD FACILITIES; and

WHEREAS, the parties desire to enter into a master reimbursement agreement covering all Projects that involve an estimated IRWD FACILITIES construction cost of less than \$100,000 per Project; and

WHEREAS, IRWD is amenable to the construction of IRWD FACILITIES by CITY at CITY's cost, which cost is to be reimbursed to CITY by IRWD as provided herein; and

WHEREAS, all IRWD FACILITIES shall be the property of IRWD in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises and covenants hereinafter set forth, DO AGREE AS FOLLOWS:

A. SELECTION OF PROJECTS

SECTION 1. CITY and IRWD shall, by consultation between their respective staffs on an as-needed basis, review all proposed CITY street improvement projects to identify each project which involves the design, construction, modification and/or relocation of IRWD FACILITIES having an estimated construction cost of under \$100,000 and which the staffs concur would be more efficiently accomplished by the CITY than IRWD. The parties agree to identify all such projects in good faith, but the identification of any project shall be subject to mutual approval. IRWD shall prepare the cost estimates for this purpose. For each project so identified and the related IRWD FACILITIES, an Addendum in the form of Exhibit "A," attached hereto and incorporated herein by this reference, shall be executed by authorized representatives of CITY and IRWD, and, upon execution, shall be deemed incorporated in this Agreement. Each project for which an Addendum is executed shall be deemed a "Project" as used herein.

SECTION 2. A Project and the related IRWD FACILITIES may be identified at any time so long as the related Addendum is executed prior to the termination of this Agreement.

SECTION 3. A Project and the related IRWD FACILITIES shall continue to be governed by the terms of this Agreement notwithstanding that actual total costs of items set forth in Section 11 exceed \$100,000 for the Project.

SECTION 4. Any CITY street improvement project which involves the construction, modification and/or relocation of the IRWD FACILITIES with an estimated construction cost over \$100,000 and for which the parties desire to have the IRWD FACILITIES constructed on a reimbursement basis shall be governed by a separate agreement.

SECTION 5. This Agreement shall not alter any other obligations which may exist between the parties relating to the allocation of costs for particular IRWD FACILITIES, such as easement rights. Costs which are the obligation of CITY or any party other than IRWD shall not be considered within the estimates of costs for purposes of identifying Projects under Section 1.

B. CONSTRUCTION AND REIMBURSEMENT

SECTION 6. The provisions of Part B shall apply separately to each individual Project included within this Agreement.

SECTION 7. CITY agrees to initiate and pursue to completion with its construction of the Project, the construction of the IRWD FACILITIES as shown on plans and specifications incorporated by reference in the Addendum for the subject Project, and IRWD agrees to cooperate with CITY with respect to the construction and schedules for completion of IRWD FACILITIES.

SECTION 8. CITY agrees that IRWD FACILITIES shall be completed pursuant to IRWD-approved plans and specifications (the "Plans and Specifications") which shall be supplied by IRWD.

SECTION 9. The parties agree that the construction of IRWD FACILITIES shall be included in CITY's proposed Project plans, and that IRWD FACILITIES shall be bid as an alternate bid item that can be deleted and will not be considered in the base bid and contract award. Upon opening of bids by CITY, CITY will submit a copy of the original bid proposals received for the IRWD FACILITIES to IRWD for review and approval. CITY agrees that the alternate bid prices received shall be subject to the approval of IRWD prior to proceeding with the construction of the IRWD alternate bid item work for the proposed Project, and further agrees that in the event IRWD does not approve the prices proposed for such alternate bid item(s), the Addendum may be terminated in writing by either party. IRWD shall have a period of ten (10) working days for review of the alternate bid prices presented in the low bidder's proposal for the IRWD FACILITIES, and for approval or rejection of the alternate bid prices. The total estimated construction cost for IRWD FACILITIES is as set forth in the Addendum provided, however, that the amount to be reimbursed by IRWD shall be based on the actual construction costs (as set forth in Section 11). Upon transmitting the Notice to Proceed to the Contractor, CITY shall provide IRWD with one (1) original copy of the fully executed contract documents and one (1) copy of each of the bid forms.

SECTION 10. CITY shall promptly furnish IRWD with copies of any proposed change orders to Project contract(s) within five (5) working days of being notified of changed conditions to the Project. Change orders shall be subject to IRWD approval if and to the extent any of the IRWD FACILITIES are affected thereby. IRWD shall have a maximum of ten (10) working days to review and respond to the change order that affects IRWD's Facilities.

CITY agrees that if any revision during design or construction is requested by CITY to the Plans and Specifications, and said revision would increase the cost thereof, such increased costs shall be borne by CITY, and shall not be reimbursed by IRWD, except for such revision(s) and cost(s) that are determined necessary to construct IRWD FACILITIES in accordance with the Plans and Specifications and could not reasonably have been foreseen at the time bids were

received. The cost of any revisions requested by IRWD shall be reimbursed by IRWD as provided herein.

SECTION 11. Within thirty (30) calendar days following receipt from CITY of each monthly invoice for the portion of a design or construction progress payment attributable to IRWD FACILITIES, together with supporting documentation, IRWD shall deposit with CITY the amount of such invoice. CITY shall maintain separate costs for all bid item and change order amounts expended by CITY in relation to the IRWD FACILITIES. IRWD agrees to accept the IRWD FACILITIES when the Project, which includes the IRWD FACILITIES, has been completed, including any change orders approved by IRWD as provided in Section 10 hereof and accepted by CITY. Within sixty (60) calendar days of CITY's final acceptance of the Project, a final accounting (the "Final Accounting") of the actual cost of the bid items and change order amounts attributable to the IRWD FACILITIES, plus an administration fee equal to seven (7%) of the actual cost of the bid items and change order amounts attributable to the IRWD FACILITIES deemed to cover costs of all items associated with surveying, compaction testing, permits, construction inspection, administration, accounting, and reproductions attributable to the IRWD FACILITIES ("COSTS"), shall be made by CITY and submitted to IRWD, accompanied by receipts and other supporting documentation. All legal costs attributable to IRWD FACILITIES will be invoiced in addition to COSTS. IRWD agrees to pay to CITY, within thirty (30) calendar days of receipt of the Final Accounting, the total amount of COSTS and any other expenses which IRWD is obligated by this Agreement to pay to CITY, less the amount previously paid by IRWD pursuant to progress payment invoices. If the amount previously paid by IRWD pursuant to progress payment invoices exceeds the COSTS as determined in the Final Accounting, CITY shall refund the difference to IRWD within thirty (30) calendar days following preparation of the Final Accounting.

SECTION 12. IRWD shall have sole and absolute discretion as to all aspects of design and construction of the IRWD FACILITIES, and IRWD shall be entitled to inspect the construction of IRWD FACILITIES as it deems necessary to assure compliance with the Plans and Specifications, including shop drawing review and/or material inspection thereof. IRWD will promptly notify CITY of any portion of the work on IRWD FACILITIES which appears not to conform to the Plans and Specifications. The determination of IRWD as to conformity of IRWD FACILITIES with the Plans and Specifications shall be made in IRWD's sole and absolute discretion; provided, however, IRWD agrees not to unreasonably withhold its approval as to such conformity. CITY shall require its contractor to construct the IRWD FACILITIES so that the IRWD FACILITIES conform to the Plans and Specifications. CITY agrees to assume full responsibility for certifying or obtaining certification of the compaction of backfill material over the IRWD FACILITIES.

SECTION 13. At the time of completion and acceptance of the IRWD FACILITIES, CITY agrees to furnish IRWD with "as-built" drawings and one (1) copy each of the compaction reports, certificate and cut sheets, as requested by IRWD.

SECTION 14. It is mutually agreed between the parties hereto that notwithstanding the fact that CITY shall accomplish the design or construction of the IRWD FACILITIES subject to reimbursement, IRWD FACILITIES to be completed hereunder, rights-of-way, and other privileges, shall at all times be subject to the applicable rates, rules and regulations of IRWD, as modified or amended from time to time. CITY hereby disclaims any interest in IRWD FACILITIES and by acceptance of the Project which includes the IRWD FACILITIES, transfers and assigns to IRWD any and all right, title, and interest it may have in the IRWD FACILITIES. IRWD shall own, operate and maintain the IRWD FACILITIES following acceptance thereof.

SECTION 15. CITY agrees to cause its contractor for the IRWD FACILITIES to guarantee the IRWD FACILITIES against defects in workmanship and materials for a period of one (1) year from the date of acceptance by IRWD. It is further agreed that CITY shall assume the responsibility for causing the IRWD FACILITIES to be brought or restored to full compliance with the requirements of the Plans and Specifications, including any test requirements, for any portion of the IRWD FACILITIES which during said one (1) year period are found not to be in conformance with the provisions of the Plans and Specifications and are required under such guarantee of CITY's contractor to be repaired and replaced by such contractor. This guarantee is in addition to any and all other warranties, expressed or implied, from CITY contractors or material manufacturers with respect to the IRWD FACILITIES. The guarantee and obligations under this section shall in no way be relieved by IRWD inspection and/or approval of the IRWD FACILITIES. This section sets forth the entire agreement of CITY with respect to guarantees and warranties of the IRWD FACILITIES, but this section shall in no way limit any expressed or implied warranties of other persons with respect to the IRWD FACILITIES.

SECTION 16. CITY shall indemnify, defend and hold IRWD, its officers, agents and employees, harmless from any expense, liability or claim for death, injury, loss, damage or expense to persons or property which may arise or is claimed to have arisen during construction of the IRWD FACILITIES and prior to acceptance by IRWD, as a result of any work or action performed by CITY or on behalf of CITY, save and except to the extent such death, injury, loss, damage or expense is determined by a court of competent jurisdiction to have been proximately caused in whole or in part by any negligence or willful misconduct of IRWD, its officers, agents

or employees or by any act or omission for which IRWD, its officers, agents or employees are liable without fault.

IRWD shall indemnify, defend and hold CITY, its officers, agents, and employees, harmless from any expense, liability or claim for death, injury, loss, damage or expense to persons or property which may arise or is claimed to have arisen either (i) as a result of any act performed by IRWD, its officers, agents, or employees, with respect to the construction of the IRWD FACILITIES, or (ii) following IRWD acceptance of the IRWD FACILITIES, with respect to maintenance and operation of the IRWD FACILITIES, save and except to the extent such death, injury, loss, damage or expense is determined by a court of competent jurisdiction to have been proximately caused in whole or in part by any negligence or willful misconduct of CITY, its officers, agents or employees, or by any act or omission for which CITY, its officers, agents or employees are liable without fault.

SECTION 17. CITY shall cause its contractors for the construction of IRWD FACILITIES to obtain insurance coverage sufficiently broad to insure the matters set forth in this Agreement and to include IRWD as an additional insured on all insurance policies that CITY requires its contractors to provide. As evidence of such insurance coverage, CITY shall, prior to commencement of construction of the IRWD FACILITIES, provide IRWD with certificates of insurance and insurance endorsements in forms that are acceptable to IRWD.

SECTION 18. Either party shall have the right, upon written notice to the other which shall become effective five (5) working days after receipt pursuant to Section 19, to terminate any Addendum and thereby delete the respective Project from this Agreement at any time, subject to the provisions of this section. If at the request or direction of a party other than CITY, including IRWD, the IRWD FACILITIES construction is not accomplished or completed, IRWD shall remain obligated for the actual amount of any COSTS incurred by CITY for the items set forth in Section 11 above to the date of termination or incurred after the date of termination for work necessary to close or leave the IRWD FACILITIES-related work in a safe condition and any amount due CITY's contractor directly attributable to such work.

C. **MISCELLANEOUS**

SECTION 19. Any notice or other written instrument required or permitted by this Agreement to be given to either party shall be deemed received when personally served or twenty-four (24) hours after being deposited in the U.S. Mail, postage prepaid, registered or certified and addressed as follows:

IRWD:

Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92618-3102
Attn: General Manager

CITY:

City of Irvine
P.O. Box 19575
Irvine, CA 92623-9575
Attn: Director of Public Works

SECTION 20. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of CITY and IRWD. This Agreement constitutes the entire Agreement between CITY and IRWD and supersedes all prior understandings and Agreements between the parties with respect to the subject hereof. This Agreement may be modified only in writing, signed by both parties hereto.

SECTION 21. In the event of any declaratory or other legal or equitable action instituted between CITY and IRWD in connection with or related to this Agreement, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees.

SECTION 22. Any approval required to be given by either party pursuant to this Agreement, shall be deemed given if no response to the party's request for such approval is received by the requesting party within ten (10) working days following the request for such approval.

SECTION 23. Either party may terminate this Agreement by giving the other party sixty (60) calendar days' prior written notice. This Agreement shall continue in effect until either Party exercises such right to terminate.

SECTION 24. In the event of the termination of this Agreement, the provisions of Parts B and C of this Agreement shall survive and remain in effect with respect to any Project until the completion of construction and reimbursement of the COSTS and any other expenses which IRWD is obligated by this Agreement to pay to CITY for the related IRWD FACILITIES. The provisions of Sections 15 and 16 shall survive the termination of this Agreement or the applicable Addendum.

SECTION 25. The persons executing this Agreement on behalf of each party warrant that he/she is duly authorized to execute and deliver this Agreement on behalf of the respective party

for whom he/she signs, and that by so executing this Agreement, each party is bound by the provisions of this Agreement.

SECTION 26. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

SECTION 27. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

May 29, 2012

Prepared by: R Sundberg/M. Cortez

Submitted by: K. Burton

Approved by: Paul Cook

CONSENT CALENDAR

AMENDMENT NO. 1 TO THE CITY OF LAKE FOREST
SPORTS PARK REIMBURSEMENT AGREEMENT

SUMMARY:

Staff requests the Board authorize the General Manager to execute Amendment No. 1 to the existing Reimbursement Agreement (RA) with the City of Lake Forest (City) for Relocation of a Recycled Water Pipeline as part of the City's Sports Park Grading and Drainage Project.

BACKGROUND:

In June 2012, the City will advertise for bids for construction of the first phase of its proposed Sports Park Project located south of the future Rancho Parkway extension and west of Portola Parkway (as shown in Exhibit "A"). The first phase consists of mass grading operations and construction of storm drain improvements for the Sports Park. This project requires the relocation of IRWD's 16-inch Zone C recycled water (RW) transmission main that currently crosses through the park site. A RA was executed on September 21, 2010 for both the engineering design and construction of the pipeline relocation and also included a temporary pipeline to maintain RW service during the mass grading operations. However, subsequent to execution of the RA, the Lake Forest Sub-Area Master Plan (SAMP) was completed which reflects the required IRWD capital facilities for the area. The SAMP determined: 1) that a temporary RW pipeline was unnecessary based on analysis of RW demands; and 2) that a new 12-inch Zone 3 domestic water (DW) pipeline is required within the proposed Sports Park from Vista Terrace to the new extension of Rancho Parkway. Staff therefore recommends an amendment to the existing RA to include the required DW pipeline improvements and omit the temporary RW pipeline (as shown in Exhibit "B").

Psomas engineering consultants was retained in August 2010 to prepare the RW pipeline relocation plans, and is currently revising the plans by removing the temporary RW pipeline from the design and including the design of the 12-inch DW pipeline. The engineer's estimate for the construction costs of the 16-inch RW relocation and 12-inch DW is \$825,000.

IRWD's legal counsel has reviewed the amendment to Sports Park Reimbursement Agreement.

FISCAL IMPACTS:

The Domestic and Recycled Water Pipelines, Projects 11560 (1181) and 30352 (1732) are included in the FY 2011-12 Capital Budget. The existing budgets and Expenditure Authorizations are sufficient at this time. Staff will request additional funding at the time of construction award.

ENVIRONMENTAL COMPLIANCE:

Reimbursement Agreements are exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15061 (b) (3). These types of activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant direct effect on the environment or reasonably indirect effect on the environment. In addition, the specific relocation projects referenced in these agreements are exempt from CEQA as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15302 C, which provides exemption for “replacement or reconstruction” of facilities involving negligible or no expansion of capacity.

COMMITTEE STATUS:

This item was reviewed at the Engineering and Operations Committee on May 15, 2012.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE REIMBURSEMENT AGREEMENT BETWEEN IRVINE RANCH WATER DISTRICT AND THE CITY OF LAKE FOREST FOR THE RELOCATION OF A RECYCLED WATER PIPELINE AS PART OF THE CITY OF LAKE FOREST'S SPORTS PARK GRADING AND DRAINAGE, PROJECTS 11560 (1181) AND 30352 (1732).

LIST OF EXHIBITS:

Exhibit “A” – Sports Park Site Plan

Exhibit “B” – Amendment No. 1 to Sports Park Reimbursement Agreement

A-1



EXHIBIT "A"

**LOCATION MAP
CITY OF LAKE FOREST SPORTS PARK**

A-2

Sports Park
Lake Forest RA
Pre SAMP Alignment
Temp RW 16" HDPE
L = 2800'

Sports Park Lake Forest RA
Post SAMP Final On-Site
Alignment DW 12" Stl L=1200'

Sports Park
Lake Forest RA
Post SAMP Final
On-Site Alignment
RW 16" Stl L=2000'

Sports Park
Lake Forest RA
Pre SAMP Alignment
RW 16" L= 1400'

Rancho Parkway
Lake Forest RA
RW 16" L=2580'
DW 16" L=1730'

Lake Forest Reimbursement Agreement (RA)
Amendment

Pre SAMP Alignments
Temp & Permanent 16" RW Est = \$825,000

Post SAMP Alignments

RW 16" Pipeline Est	= \$550,000
DW 12" Pipeline Est	= \$275,000
Sub Total Est	= \$825,000

Existing
RW 16"
L=950'

Future Capital
Project
RW 16" In Portola

LAKE FOREST SPORTS PARK Conceptual Reclaimed Water Relocation

PSOMAS

DATE: 11/03/11 REVISED ON: 11/22/11
JOB No: 2LAK020700 SHEET 1 OF 1

THE CITY OF LAKE FOREST
Public Works Department

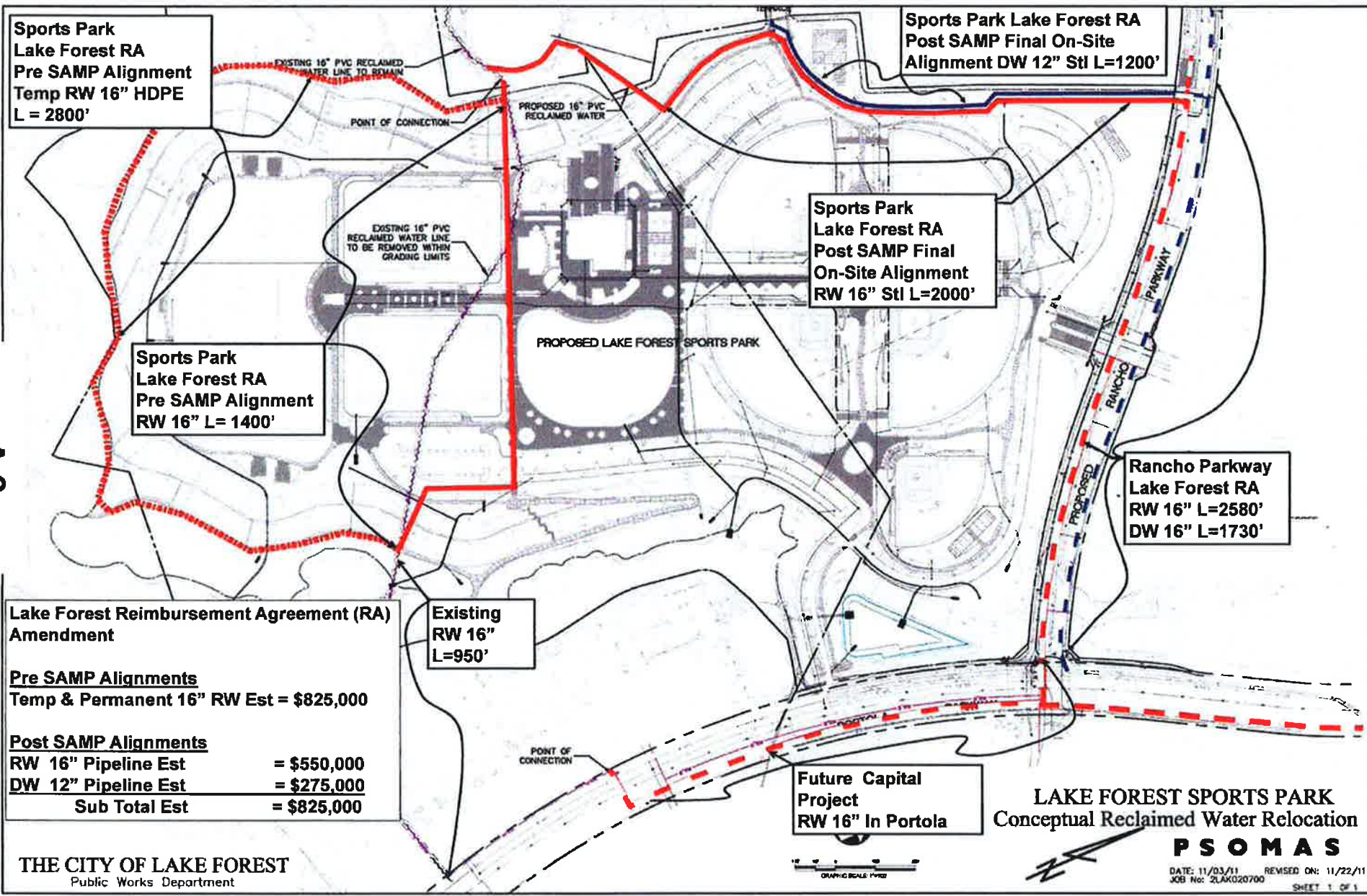


EXHIBIT "B"

AMENDMENT NO. 1 TO
REIMBURSEMENT AGREEMENT
BETWEEN
IRVINE RANCH WATER DISTRICT
AND THE CITY OF LAKE FOREST
FOR RELOCATION OF A RECYCLED WATER PIPELINE
AS PART OF THE CITY OF LAKE FOREST'S
SPORTS PARK GRADING AND DRAINAGE
PROJECT (PW 2009.01DG)

This Amendment No. 1 to Agreement is made and entered as of this _____ day of _____, 2012, by and between IRVINE RANCH WATER DISTRICT, a California Water District formed and existing pursuant to California Water District Law, hereinafter referred to as "IRWD," and the CITY OF LAKE FOREST a municipal corporation, hereinafter referred to as "CITY."

WITNESSETH

WHEREAS, IRWD and City have entered into the agreement dated September 21, 2010, entitled "REIMBURSEMENT AGREEMENT BETWEEN IRVINE RANCH WATER DISTRICT AND THE CITY OF LAKE FOREST FOR RELOCATION OF A RECYCLED WATER PIPELINE AS PART OF THE CITY OF LAKE FOREST'S SPORTS PARK GRADING AND DRAINAGE PROJECT (PW 2009.01DG)" (the "Reimbursement Agreement");

WHEREAS, the Reimbursement Agreement provides for the relocation of a 16 inch diameter recycled water pipeline, defined therein as "IRWD FACILITIES," and IRWD and City desire to amend the Reimbursement Agreement to reduce the scope of work originally required for the relocation of the 16-inch recycled water line and expand the work to add the installation of a 12-inch domestic waterline that they have determined would also be more efficiently carried out by City as part of the Project (capitalized terms used in this Amendment and not otherwise defined shall have the meanings given such terms in the Reimbursement Agreement);

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises and covenants hereinafter set forth, DO AGREE AS FOLLOWS:

SECTION 1. IRWD FACILITIES. The terms "IRWD FACILITY" and "IRWD FACILITIES" as used in the Reimbursement Agreement are hereby modified to include, in addition to the relocation of a 16-inch diameter recycled water pipeline, the installation of a 12-inch diameter domestic water pipeline.

SECTION 2. REPLACEMENT EXHIBITS. Exhibits "A" and "B" to the Reimbursement Agreement are hereby replaced with Exhibits "A" and "B" attached to this Amendment.

IN WITNESS WHEREOF, the parties to the Agreement have executed this Agreement on the date hereinabove written.

IRVINE RANCH WATER DISTRICT

By _____
General Manager

Dated _____

ATTEST:

By _____
Secretary/Assistant Secretary

Dated _____

APPROVED AS TO FORM:

By _____
Legal Counsel,
Irvine Ranch Water District

Dated _____

CITY OF LAKE FOREST

By _____
Robert C. Dunek, City Manager

Dated _____

APPROVED AS TO FORM:

By _____
Best Best & Krieger LLP
City Attorney

Dated _____

ATTEST:

By _____
Stephanie D. Smith, CMC City Clerk

EXHIBIT "A"

**CONSTRUCTION COST ESTIMATE FOR
IRWD FACILITIES
(IRWD's Responsibility)**

(actual cost is based on actual quantities and bid prices received from the CONTRACTOR)

Item	Description	Units	Quantity		Total Amount
1	16" Recycled Water Stl Pipeline	LF	2,000		\$575,000
2	12" Domestic Water Stl Pipeline	LF	1,300		\$250,000
			Total Cost		\$825,000

May 29, 2012
Prepared and
Submitted by: Janet Wells
Approved by: Paul Cook



CONSENT CALENDAR

TRANSITION OF ACWA HEALTH BENEFITS AUTHORITY INTO THE ACWA/JOINT POWERS INSURANCE AUTHORITY

SUMMARY:

The ACWA Health Benefits Authority (HBA) has proposed transitioning its operations and health benefits program into the ACWA/Joint Powers Insurance Authority (ACWA/JPIA). HBA would be dissolved and all of the assets and liabilities would be transferred to ACWA/JPIA. All of HBA's existing programs and offerings would remain unchanged. To achieve the proposed transition, it is necessary for the Board to adopt a resolution approving membership in the ACWA/JPIA.

BACKGROUND:

HBA and ACWA/JPIA share many of the same goals, including member service, promoting employee health, keeping costs down and creating value for members. Transitioning HBA into ACWA/JPIA will allow the two organizations to combine resources, reduce overall costs and improve operations. Potential cost savings would be passed on to all agencies that participate in programs offered by HBA and ACWA/JPIA. With more than two-thirds of the combined membership participating in both programs, the transition will also help eliminate confusion regarding the responsibilities of each.

In order to proceed with the transition, HBA must secure the concurrence of 75% of HBA members within the 90-day window specified in HBA's bylaws. That must be achieved by July 1, 2012. As the District currently contracts for Dental coverage through ACWA, it is important to comply with this request to avoid potential cancellation of coverage.

In order to ensure a seamless transition and to retain the employee benefits currently provided, the Board of Directors is required to adopt a resolution (as provided in Exhibit "A") consenting to join the Employee Benefits Program of the ACWA/Joint Powers Insurance Authority and ratifying the action by the HBA Board of Directors to terminate the Health Benefits Authority Joint Powers Agreement.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Due to the critical timing of this item, it was not reviewed in Committee.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2012 -

RESOLUTION APPROVING MEMBERSHIP IN THE ACWA
JOINT POWERS INSURANCE AUTHORITY, CONSENTING
TO JOIN THE HEALTH BENEFITS PROGRAM OF THE ACWA
JOINT POWERS INSURANCE AUTHORITY, RATIFYING THE ACTION OF THE
ACWA HEALTH BENEFITS AUTHORITY BOARD OF DIRECTORS
TO TERMINATE THE HEALTH BENEFITS AUTHORITY JOINT
POWERS AGREEMENT, AND AUTHORIZING AND DIRECTING
THE IRVINE RANCH WATER DISTRICT TO EXECUTE
ALL NECESSARY DOCUMENTS

LIST OF EXHIBITS:

Exhibit "A" – Resolution

RESOLUTION NO. 2012-_____

**RESOLUTION APPROVING MEMBERSHIP IN THE ACWA JOINT POWERS INSURANCE AUTHORITY, CONSENTING TO JOIN THE HEALTH BENEFITS PROGRAM OF THE ACWA JOINT POWERS INSURANCE AUTHORITY, RATIFYING THE ACTION OF THE ACWA HEALTH BENEFITS AUTHORITY BOARD OF DIRECTORS TO TERMINATE THE HEALTH BENEFITS AUTHORITY JOINT POWERS AGREEMENT, AND AUTHORIZING AND DIRECTING THE IRVINE RANCH TO EXECUTE ALL NECESSARY DOCUMENTS
WATER DISTRICT**

WHEREAS, this Agency entered into a joint exercise of powers agreement ("HBA Agreement") with the Association of California Water Agencies Health Benefits Authority ("HBA") in order to pool its purchasing needs with other public agencies desiring to provide their employees with comprehensive and economical health and welfare benefits; and

WHEREAS, this Agency entered into a Health Benefits Memorandum of Understanding ("MOU") to enroll in specific health programs and ancillary programs ("Existing Employee Benefits Coverage") offered by HBA and agreed to abide by: (1) the HBA Agreement; (2) all rules and procedures established by HBA in the administration of the Agency's Existing Employee Benefits Coverage; and (3) all underwriting, eligibility, and contribution requirements in Appendix A to the MOU; and

WHEREAS, certain public agencies have entered into a joint exercise of powers agreement ("JPIA Agreement") with the Association of California Water Agencies Joint Powers Insurance Authority ("JPIA") in order to pool their purchasing needs with other public agencies desiring to obtain comprehensive and economical public liability, workers' compensation, unemployment, health, accident and/or dental, or property coverage; and

WHEREAS, JPIA is both qualified and authorized by the laws of the State of California to administer the Existing Employee Benefits Coverage to this Agency through JPIA's Employee Benefits Program; and

WHEREAS, during a noticed special meeting held on February 6, 2012, the HBA Board of Directors unanimously voted to transfer all HBA operations and administrative functions to JPIA on or about July 1, 2012, and to pursue a merger of the two public agencies after which the HBA Agreement would be terminated; and

WHEREAS, pursuant to Article 22 of the HBA Agreement, the HBA Agreement may be terminated by the HBA Board of Directors subject to ratification by the written consent of three-fourths of the HBA Member agencies within 90 days of the HBA Board's action, provided, however, that HBA and the HBA Agreement shall continue to exist for the purpose of concluding all functions necessary to wind up HBA's affairs; and

WHEREAS, during a noticed regular meeting held on March 28, 2012, the HBA Board of Directors approved HBA Resolution 12-03-02: (1) electing to terminate the HBA Agreement pursuant to Article 22 of the HBA Agreement and, except as provided in clause 2 below, said termination shall become effective upon ratification by the written consent of three-fourths of the HBA member districts and agencies; (2) recognizing that pursuant to Article 22 of the HBA Agreement, HBA and the HBA Agreement shall continue to exist for the purpose of winding up and dissolving the business affairs of HBA, and acknowledge that the HBA Board of Directors is vested with all powers of HBA for doing the same; and (3) declaring that Resolution 12-03-02 shall take effect on April 1, 2012, thereby beginning the 90-day ratification period.

May 29, 2012

Prepared by: H. Cho/M. Cortez

Submitted by: K. Burton

Approved by: Paul Cook

CONSENT CALENDAR

MAIN-GILLETTE SEWER REHABILITATION EXPENDITURE AUTHORIZATION AND BID REJECTION

SUMMARY:

The Main-Gillette Sewer Rehabilitation Project will rehabilitate 125 feet of 12-inch sewer on Gillette Avenue and Main Street in Irvine. Five bids were received to excavate and replace the sewer; L&S Construction was the apparent low bidder with a bid of \$196,575. Staff recommends the Board reject the bids received for the project because they were much higher than the engineer's estimate of \$144,634 and rehabilitation of the sewer by Cured-In-Place-Pipe (CIPP) installation will be less expensive. Staff requests the Board approve an Expenditure Authorization in the amount of \$79,700 to fund the work to install the CIPP liner.

BACKGROUND:

The Main-Gillette Sewer Rehabilitation Project will rehabilitate 125 linear feet of 12-inch sewer pipeline located between two manholes on Gillette Avenue at the intersection of Main Street in the Irvine Business Complex. This sewer was originally constructed by the Orange County Sanitation District (OCSD) and was transferred to IRWD. Approximately 75 linear feet of the sewer is Vitrified Clay Pipe (VCP) and approximately 50 linear feet is Ductile Iron Pipe (DIP). OCSD's reason for using two pipe materials is unknown. The DIP pipe segment is severely corroded, and a metal crust has formed on the inside reducing the diameter from 12-inches to approximately 9-inches. In the VCP sewer section a longitudinal crack was found in one location.

In 2011, IRWD retained Insituform Technologies (Insituform) to construct the Lake Forest Sewer Rehabilitation Project. Since Insituform was already mobilized for IRWD work, staff requested a cost proposal to clean and install a CIPP liner in the Main-Gillette sewer. Insituform attempted to inspect the sewer by Closed Circuit Television (CCTV), but was not able to get their CCTV unit farther than three feet into the DIP sewer section due to the corrosion crust. IRWD staff also attempted to inspect the sewer by CCTV, but encountered the same problem. Without inspection of the existing sewer, Insituform could not install the CIPP liner.

Subsequently, IRWD contracted with APD Consultants to prepare design plans to excavate and replace the 125-foot section of 12-inch sewer. In March 2012, APD Consultants completed the design, and the project went out to construction bid. The project was advertised to a select bidders list of 17 contractors. Five contractors submitted bids and L&S Construction was the apparent low bidder with a bid of \$196,575; the engineer's estimate was \$144,634.

Since the apparent low bid was approximately \$52,000 greater than the engineer's estimate and the low bidder's calculated replacement unit cost was \$1,573/linear foot, staff contacted Insituform again about rehabilitating the sewer. Insituform improved their CCTV capabilities since last year and was able to inspect the DIP sewer. Staff contracted with Insituform for \$9,800 to clean the sewer. Insituform completed the sewer cleaning on May 21, 2012 and confirmed the

sewer can be rehabilitated using a CIPP liner. Staff is currently negotiating an installation cost with Insituform; Insituform estimates a maximum cost of \$60,000. Staff will process a Purchase Order for the Insituform proposal under the General Manager's authority for approval. In the meantime, staff recommends the Board reject the construction bids to excavate and replace the 125-linear foot section of 12-inch sewer.

FISCAL IMPACTS:

The Main-Gillette Sewer Rehabilitation, Project 21436 (1129), is included in the FY 2011-12 Capital Budget. Staff requests an Expenditure Authorization as shown in the table below and in Exhibit "C".

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
21436 (1129)	\$293,700	\$-0-	\$293,700	\$60,000	\$79,700	\$139,700

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15301 which provides exemption for minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

COMMITTEE STATUS:

Construction awards are not routinely taken to Committee prior to submittal to the Board.

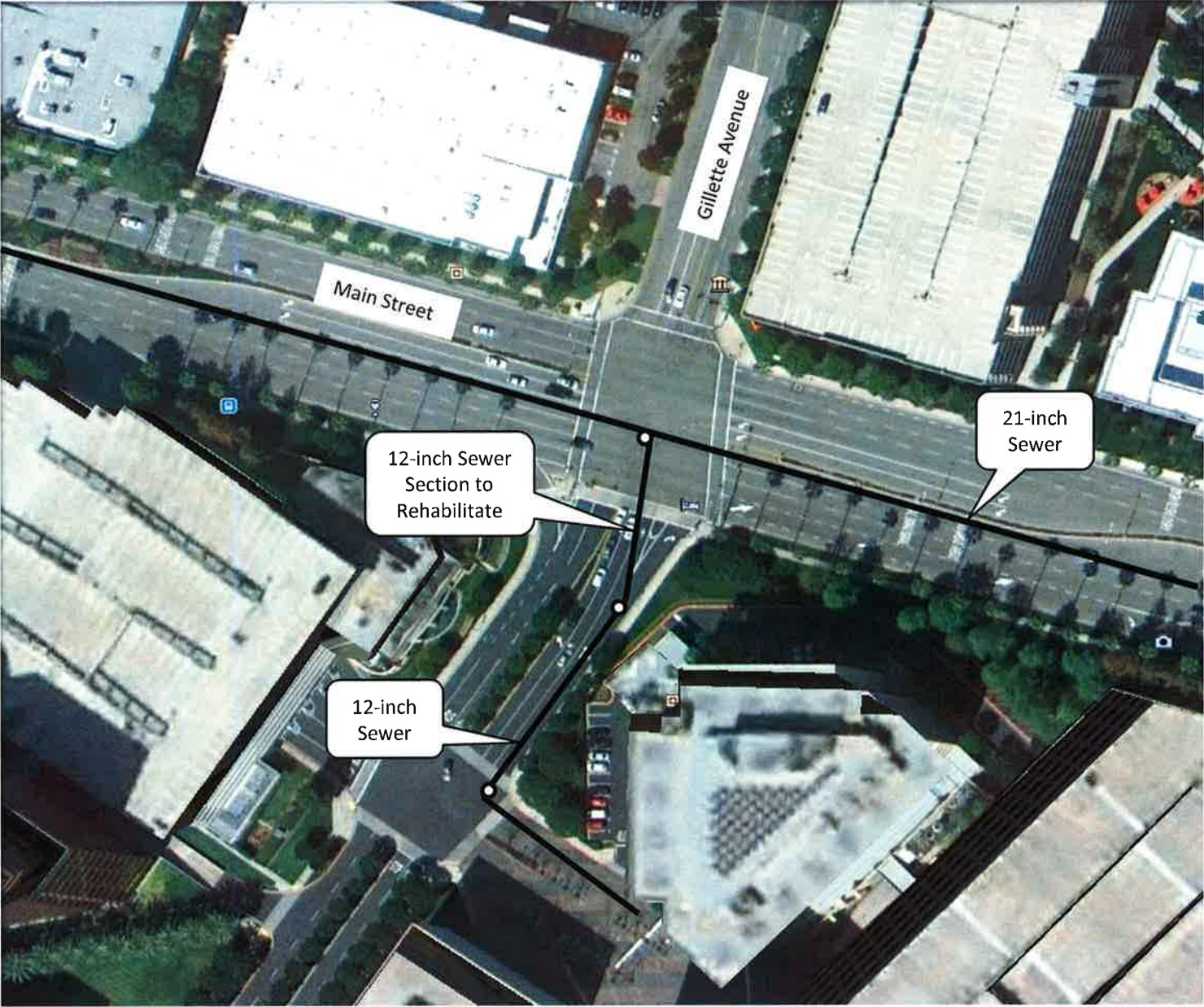
RECOMMENDATION:

THAT THE BOARD APPROVE AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$79,700 FOR THE MAIN GILLETTE SEWER REHABILITATION, PROJECT 21436 (1129); AND REJECT THE BIDS RECEIVED FOR THE MAIN GILLETTE SEWER REHABILITATION, PROJECT 21436 (1129).

LIST OF EXHIBITS:

- Exhibit "A" – Location Map
- Exhibit "B" – Main-Gillette Sewer Rehabilitation Bid Summary
- Exhibit "C" – Expenditure Authorization

Main Gillette Sewer Rehabilitation



Irvine Ranch Water District Bid Summary For
Sewer Pipeline Rehabilitation Main Street and Gillette Avenue
PR 21436 (Oracle 1129)

Item No.	Description	Qty	Unit	Engineer's Estimate		1 L&S Construction Inc. Orange, CA		2 Paulus Engineering Inc. Anaheim, CA		3 CCL Contracting Inc. Escondido, CA		4 GCI Construction Inc. Costa Mesa, CA		5 Leatherwood Construction Inc. Fountain Valley, CA			
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
1	Mobilization, demobilization & misc. work	1	LS	\$3,400.00	\$3,400.00	\$8,500.00	\$8,500.00	\$10,000.00	\$10,000.00	\$21,000.00	\$21,000.00	\$31,000.00	\$31,000.00	\$25,000.00	\$25,000.00		
2	Remove and dispose of existing 12-in VCP/DIP Sewer Pipe and Install 12-in PVC SDR 35 Sewer Pipe per IRWD Standard Dwg S-6 including traffic control	125	LF	\$440.00	\$55,000.00	\$530.00	\$66,250.00	\$635.00	\$79,375.00	\$952.00	\$119,000.00	\$430.00	\$53,750.00	\$710.00	\$88,750.00		
3	Slurry Seal Asphalt Pavement	20,000	SF	\$0.27	\$5,400.00	\$1.86	\$37,200.00	\$0.69	\$13,800.00	\$1.25	\$25,000.00	\$1.40	\$28,000.00	\$1.00	\$20,000.00		
4	Remove and replace interfering portion of concrete cross gutter from scoreline to scoreline	150	SF	\$14.30	\$2,145.00	\$25.50	\$3,825.00	\$14.00	\$2,100.00	\$13.00	\$1,950.00	\$60.00	\$9,000.00	\$15.00	\$2,250.00		
5	Restore existing striping and traffic loops per City of Irvine requirements	1	LS	\$5,500.00	\$5,500.00	\$8,850.00	\$8,850.00	\$8,200.00	\$8,200.00	\$2,600.00	\$2,600.00	\$9,000.00	\$9,000.00	\$7,200.00	\$7,200.00		
6	Remove and replace existing asphalt pavement with base (5.5" AC/ 14" AB) per SSPWC Standard Plan 133-3	550	SF	\$8.45	\$4,647.50	\$18.50	\$10,175.00	\$11.00	\$6,050.00	\$15.00	\$8,250.00	\$32.00	\$17,600.00	\$30.00	\$16,500.00		
7	Remove and replace existing asphalt pavement with base (12" AC/ 24" AB) per SSPWC Standard Plan 133-3 on Main St.	400	SF	\$15.00	\$6,000.00	\$28.00	\$11,200.00	\$20.00	\$8,000.00	\$30.00	\$12,000.00	\$30.00	\$12,000.00	\$40.00	\$16,000.00		
8	Install and remove 4-in PVC SDR 35 Bypass sewer pipe including traffic control	129	LF	\$198.00	\$25,542.00	\$175.00	\$22,575.00	\$147.00	\$18,963.00	\$25.00	\$3,225.00	\$160.00	\$20,640.00	\$190.00	\$24,510.00		
9	Install District Provided Temporary Video Detection System, Iteris RZ4 Advanced WDR Vantage Cameras and Vantage Edge2 Video Detection Processor Modules per City of Irvine Design Manual Section 104	1	LS	\$10,000.00	\$10,000.00	\$7,500.00	\$7,500.00	\$11,500.00	\$11,500.00	\$2,900.00	\$2,900.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00		
10	Final Record Drawings	1	LS	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00		
Subtotal, Base Bid Items 1 thru 10					\$119,634.50		\$178,075.00		\$159,988.00		\$197,925.00		\$189,990.00		\$209,210.00		
Alternative Bid Items																	
11	Provide and install an operational temporary Video Detection System per City of Irvine Design Manual Section 104	1	LS	\$25,000.00	\$25,000.00	\$18,500.00	\$18,500.00	\$42,000.00	\$42,000.00	\$10,000.00	\$10,000.00	\$38,000.00	\$38,000.00	\$20,000.00	\$20,000.00		
Subtotal, Alternative Bid Items					\$25,000.00		\$18,500.00		\$42,000.00		\$10,000.00		\$38,000.00		\$20,000.00		
Subtotal, Base Bid and Alternative Bid Items					\$144,634.50		\$196,575.00		\$201,988.00		\$207,925.00		\$227,990.00		\$229,210.00		
Adjustment (+ or -)					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
Total Amount of Bid					\$144,634.50		\$196,575.00		\$201,988.00		\$207,925.00		\$227,990.00		\$229,210.00		
Item Delivery Dates:						12" SDR 35 Pipe: 0 Calendar Days	12" SDR 35 Pipe: 5 Calendar Days	12" SDR 35 Pipe: 10 Days	12" SDR 35 Pipe: 0 Calendar Days	12" SDR 35 Pipe: 14 Calendar Days							
Manufacturers:						12" SDR 35 Pipe: Vinyl Tech	12" SDR 35 Pipe: Vinyl Tech	12" SDR 35 Pipe: Vinyl Tech	12" SDR 35 Pipe: Vinyl Tech	12" SDR 35 Pipe: Vinyl Tech							
Subcontractors:						Mission Paving Loop masters Edge Electric	Roy Allen Slurry Seal Orange County Striping LA Signal	Pavement Coating Orange County Striping Loop Mastons Select Electric	Orange County Striping Pavement Coating Inc. Steiny Corp. Haitbrink Asphalt	Roy Allan Slurry Seal B&D Enterprises							

IRVINE RANCH WATER DISTRICT

Expenditure Authorization

EXHIBIT "C"

Project Name: SEWER PIPELINE REHABILITATION
 EPMS Project No: 21436 EA No: 2
 Oracle Project No: 1129
 Project Manager: CORTEZ, MALCOLM
 Project Engineer: CHO, HARRY
 Request Date: May 21, 2012

ID Split: Miscellaneous

Improvement District (ID) Allocations

ID No.	Allocation %	Source of Funds
210	100.0	REPLACEMENT FUND**
Total	100.0%	

Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$60,000
This Request:	\$79,700
Total EA Requests:	\$139,700
Previously Approved Budget:	\$293,700
Budget Adjustment Requested this EA:	\$0
Updated Budget:	\$293,700
Budget Remaining After This EA	\$154,000

Comments:

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING DESIGN - IRWD	5,500	4,500	10,000	0	10,000	10,000	7/11	6/13
ENGINEERING DESIGN - OUTSIDE	0	25,000	25,000	0	25,000	25,000	7/11	6/13
DESIGN STAFF FIELD SUPPORT	0	0	0	0	5,000	5,000	7/11	6/13
ENGINEERING - CA&I IRWD	5,000	0	5,000	0	20,000	20,000	7/13	6/14
CONSTRUCTION FIELD SUPPORT	0	0	0	0	5,000	5,000	7/13	6/14
CONSTRUCTION	60,000	25,000	85,000	0	200,000	200,000	7/13	6/14
LEGAL	2,000	0	2,000	0	2,000	2,000	7/11	6/14
Contingency - 10.00% Subtotal	\$7,200	\$5,500	\$12,700	\$0	\$26,700	\$26,700		
Subtotal (Direct Costs)	\$79,700	\$60,000	\$139,700	\$0	\$293,700	\$293,700		
Estimated G/A - 180.00% of direct labor*	\$18,900	\$8,100	\$27,000	\$0	\$72,000	\$72,000		
Total	\$98,600	\$68,100	\$166,700	\$0	\$365,700	\$365,700		
Direct Labor	\$10,500	\$4,500	\$15,000	\$0	\$40,000	\$40,000		

*EA includes estimated G&A. Actual G&A will be applied based on the current ratio of direct labor to general and administrative costs.

EA Originator:

Harry Cho
Kevin L. Burton

5/22/12

Department Director:

5/23/12

Finance:

Board/General Manager:

** IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$374,000. The above-captioned project is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This declaration of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.150-2.

May 29, 2012

Prepared by: Tanja Fournier/Rob Jacobson

Submitted by: Debby Cherney

Approved by: Paul Cook

ACTION CALENDAR

APPROVAL OF SUPPLEMENTS TO OFFICIAL STATEMENTS RELATED TO LETTERS OF CREDIT REPLACEMENT

SUMMARY:

In April 2012, the Board approved replacing the Bank of America (BofA) letters of credit on the District's 1989, 1991 and 1993 bond issues with new letters of credit from Bank of New York. Staff, underwriters Goldman Sachs and Merrill Lynch and legal counsel have prepared the required Supplements to Official Statements for the referenced bond issues for Board approval, attached as Exhibits "A", "B", and "C", respectively. Other than references to the individual bond issue years, the content of the appendices for each is the same. As such, the appendix for the 1989 issue is attached and the appendices for the other issues are on file with the District Secretary. Legal counsel has prepared a Resolution for adoption by the Board approving the Supplements to the Official Statements, attached as Exhibit "D".

BACKGROUND:

In February, Moody's placed BofA and 16 other global banks and securities firms on credit watch for possible downgrade. If a downgrade of BofA's short-term rating from P-1 to P-2 occurs, staff anticipates the interest rates on three of the District's issues backed by BofA letters of credit will increase, and many money funds (which are the primary purchasers of the Districts' variable rate debt issues) will either reduce or no longer hold the BofA-backed issues.

In April, the Board approved replacing the BofA letters of credit on the 1989, 1991 and 1993 bond issues with new letters of credit from Bank of New York at an annual fee of 0.35% for two years, which is a 0.33% decrease from the current LOC fees of 0.68% for the issues. Staff and legal counsel have prepared the Supplements to the Official Statements reflecting the District's most recent financial information, updated disclosure information and other pertinent updates. Legal counsel has prepared a Resolution for adoption by the Board approving the Supplements to the Official Statements, attached as Exhibit "D"

FISCAL IMPACTS:

Replacing the letters of credit on the issues will result in an estimated annual savings of \$148,900. The one-time expense related to the letter of credit replacement will be approximately \$125,000, which includes legal counsel, rating agency fees, and other miscellaneous expenses.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3 Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on April 3, 2012 and by the Board on April 9, 2012.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. __
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT APPROVING
REMARKETING STATEMENTS AND CERTAIN OTHER
ACTIONS IN CONNECTION WITH REPLACEMENT OF
LETTERS OF CREDIT (CONSOLIDATED SERIES 1989,
CONSOLIDATED SERIES 1991, CONSOLIDATED SERIES 1993)

LIST OF EXHIBITS:

- Exhibit "A" – Supplement to Official Statement for Series 1989
- Exhibit "B" – Supplement to Official Statement for Series 1991
- Exhibit "C" – Supplement to Official Statement for Series 1993
- Exhibit "D" – Resolution Approving Supplements to Official Statements

Exhibit "A"

Stradling Yocca Carlson & Rauh

Draft of 5/22/12

NOT A NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: See the caption "RATINGS"

On December 21, 1989, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone (formerly known as Bowie, Arneson, Kadi & Dixon), Co-Bond Counsel to the District, delivered their respective opinions in connection with the issuance of the Series 1989 Bonds. Such opinions stated that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 1989 Bonds was excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and was exempt from State of California personal income taxes. In connection with the delivery of the Letter of Credit, Co-Bond Counsel will deliver their opinions that such delivery of the Letter of Credit will not, in and of itself, result in the inclusion of interest on the Series 1989 Bonds in gross income for purposes of federal income taxation. Co-Bond Counsel have not taken and do not intend to take any action to update such opinions or to determine if interest on the Series 1989 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes. See the caption "TAX MATTERS."

\$5,000,000

**BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED SERIES 1989
Constituting the Consolidated Several General Obligations of
Improvement District Nos. 186, 188, 140 and 240**

Dated: Date of Initial Delivery

Price: 100%

Due: June 1, 2015

This Remarketing Statement replaces the original Official Statement dated December 21, 1989, as previously amended and supplemented, in its entirety.

The Series 1989 Bonds were issued by the District and constitute the consolidated, several general obligations of Improvement District Nos. 186, 188, 140 and 240 (collectively, the "Improvement Districts"). The Improvement Districts, along with other improvement districts, are geographical subdivisions of the District through which the District funds capital improvements. The Series 1989 Bonds are payable from: (1) the following sources, in each case in an amount proportionate to the principal amount of Series 1989 Bonds allocated to each Improvement District: (i) annual *ad valorem* assessments on taxable land in the Improvement Districts; (ii) water or sewer charges, as applicable, collected in the Improvement Districts in the District's discretion in lieu of assessments; (iii) proceeds from the sale of property in the Improvement Districts for delinquent assessments; and (iv) certain moneys and investment earnings in certain funds and accounts created under the Indenture authorizing the Series 1989 Bonds, as more fully described herein; and (2) proceeds of 1% *ad valorem* property taxes allocated to the District and pledged to payment of the Series 1989 Bonds on a parity with certain outstanding bonds of the District and senior to certain outstanding bonds of the District. See the caption "SECURITY FOR THE SERIES 1989 BONDS—General." The proceeds of the Series 1989 Bonds were used to finance certain capital improvements of the District and to pay the costs of issuance of the Series 1989 Bonds.

The payment of principal and Purchase Price of, and interest on, the Series 1989 Bonds will be supported by an irrevocable, direct-pay letter of credit (the "Letter of Credit") issued by The Bank of New York Mellon.

[BNY MELLON LOGO]

The Letter of Credit will permit The Bank of New York Mellon Trust Company, N.A., as trustee under an Indenture of Trust, dated as of November 1, 1989, by and between the Trustee and the District, as amended by the First Supplemental Indenture of Trust, dated as of May 1, 2010, by and between the Trustee and the District, to draw up to an amount sufficient to pay: (i) the principal of the Series 1989 Bonds when due; (ii) the Purchase Price of Series 1989 Bonds that are purchased pursuant to tenders and that are not remarketed; and (iii) up to 65 days' interest accrued on the Series 1989 Bonds, all as described more completely in this Remarketing Statement. The Letter of Credit becomes effective on June 13, 2012 and expires on [June 1, 2015], or on the earlier occurrence of certain events described in this Remarketing Statement. See the captions "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" and "THE BANK." On the fifth Business Day prior to the expiration or termination of the Letter of Credit, the Series 1989 Bonds will be subject to mandatory tender for purchase.

The Series 1989 Bonds bear interest in a Daily Mode at the Daily Rate, which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 13, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. While the Letter of Credit is in effect, the maximum interest rate on the Series 1989 Bonds (other than Bank-Owned Bonds) is 12% per annum.

The Series 1989 Bonds are subject to mandatory redemption, extraordinary optional redemption and optional redemption by the District before maturity, mandatory purchase under certain circumstances, and purchase on the demand of Owners under certain circumstances, as described in this Remarketing Statement. See the captions "THE SERIES 1989 BONDS—Redemption," "THE SERIES 1989 BONDS—Mandatory Tender for Purchase" and "THE SERIES 1989 BONDS—Optional Tender for Purchase Upon Election of Owner."

While in a Daily Mode, the Series 1989 Bonds are issuable in Authorized Denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Series 1989 Bonds are in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 1989 Bonds will not receive physical certificates representing their beneficial ownership in the Series 1989 Bonds purchased. The principal and Purchase Price of and interest and premium, if any, on the Series 1989 Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 1989 Bonds. Beneficial owners' rights will be governed as to such payments, the receipt of notices (including any notice of redemption or mandatory tender for purchase) and other communications and various other matters by the rules and operating procedures applicable to the DTC book-entry system, as described herein.

This Remarketing Statement describes the Series 1989 Bonds only while bearing interest in the Daily Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1989 Bonds is changed to a Mode other than the Daily Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 1989 Bonds. Investors are advised to read the entire Remarketing Statement to obtain information essential to making an informed investment decision.

Certain legal matters in connection with the delivery of the Letter of Credit will be passed upon by Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel. Certain legal matters in connection with the reoffering of the Series 1989 Bonds secured by the Letter of Credit will be passed upon for the District by Bowie, Arneson, Wiles & Giannone, in its capacity as General Counsel to the District, for the Remarketing Agent by Stradling Yocca Carlson & Rauh, a Professional Corporation, and for the Bank by its counsel, Pillsbury Winthrop Shaw Pittman LLP. The Series 1989 Bonds are available for delivery through the facilities of the DTC book-entry system.

Dated: June __, 2012

BofA Merrill Lynch

No dealer, broker, salesperson or other person has been authorized by the District or the Remarketing Agent to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Remarketing Agent. This Remarketing Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 1989 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Remarketing Statement is not to be construed as a contract with the purchasers of the Series 1989 Bonds. Statements contained in this Remarketing Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Statement:

The Remarketing Agent has reviewed the information in this Remarketing Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The information set forth in this Remarketing Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Remarketing Agent. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Remarketing Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THE OFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1989 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CERTAIN STATEMENTS CONTAINED IN THIS REMARKETING STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS REMARKETING STATEMENT.

THE SERIES 1989 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 1989 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented on the website is neither part of this Remarketing Statement nor incorporated herein by reference and should not be relied upon in making an investment decision with respect to the Series 1989 Bonds.

IRVINE RANCH WATER DISTRICT
Orange County, California

Board of Directors

Mary Aileen Matheis, *President*
John B. Withers, *Vice President*
Steven E. LaMar
Douglas J. Reinhart
Peer A. Swan

Management

Paul A. Cook, *General Manager*
Debby Slack Cherney, *Director of Finance*
Robert Jacobson, *Treasurer*
Leslie Bonkowski, *Secretary*

General Counsel

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Co-Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Trustee, Tender Agent and Paying Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Remarketing Agent

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

[MAPS]

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\$5,000,000
BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED SERIES 1989
Constituting the Consolidated Several General Obligations of
Improvement District Nos. 186, 188, 140 and 240

INTRODUCTION

This Remarketing Statement dated June __, 2012 replaces the original Official Statement dated December 21, 1989, as previously amended and supplemented, with respect to the Bonds of Irvine Ranch Water District Consolidated Series 1989 (the "Series 1989 Bonds").

The Series 1989 Bonds were originally issued on December 21, 1989 in the original principal amount of \$35,000,000, of which \$5,000,000 remains outstanding.

This Introduction is subject in all respects to the more complete information contained and referenced elsewhere in this Remarketing Statement. The offering of the Series 1989 Bonds to potential investors is made only by means of the entire Remarketing Statement.

Purpose

The purpose of this Remarketing Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the Irvine Ranch Water District (the "District") and Improvement District Nos. 186, 188, 140 and 240 (collectively, the "Improvement Districts," or each individually, an "Improvement District"), in connection with the remarketing of \$5,000,000 aggregate principal amount of Series 1989 Bonds, which constitute the consolidated several general obligations of the Improvement Districts. The Improvement Districts, along with other improvement districts, are geographical subdivisions of the District through which the District funds capital improvements. The Series 1989 Bonds were issued for the purposes of financing certain capital improvements of the District and paying the costs of issuance of the Series 1989 Bonds. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Irvine Ranch Water District

The District is a California water district, formed in 1961 under the authority of the California Water District Law, constituting Division 13 of the Water Code of the State (the "Act"). Currently, there are 16 water improvement districts and 17 sewer improvement districts formed pursuant to the Act, which water improvement districts and sewer improvement districts are geographical subdivisions of the District through which the District funds capital improvements. See Appendix A—"IRVINE RANCH WATER DISTRICT."

Improvement Districts

Set forth below are brief descriptions of each of the Improvement Districts. For more complete information with respect to the Improvement Districts, see Appendix A—"IRVINE RANCH WATER DISTRICT—The Improvement Districts."

Improvement District No. 186. Improvement District No. 186 (water) is located in the northeastern portion of the District in the foothills northeast of the El Toro area in eastern Orange County. Improvement District No. 186 is comprised of approximately 423 acres. Improvement District No. 186 is fully built out and consists of approximately 1,240 residential units. The Fiscal Year 2012 assessed value of the land in Improvement District No. 186 is \$200,113,340.

Improvement District No. 188. Improvement District No. 188 (water) is located in the northeastern portion of the District and is contiguous to the southern boundary of Improvement District No. 186. Improvement District No. 186 is comprised of approximately 216 acres. Improvement District No. 188 is currently largely undeveloped. Future development is anticipated to consist of approximately 1,130 residential units and 38 acres of commercial, public facilities and parks. The Fiscal Year 2012 assessed value of the land in Improvement District No. 188 is \$13,887,854.

Improvement District Nos. 140 and 240. Improvement District No. 140 (water) and Improvement District No. 240 (sewer) are coterminous and are located in the western portion of the District. Improvement District Nos. 140 and 240 are comprised of approximately 4,141 acres. The boundaries of Improvement District Nos. 140 and 240 are Crystal Cove State Park to the east, Pacific Coast Highway and the Pacific Ocean to the south, the City of Newport Beach to the west and the San Joaquin Hills Transportation Corridor to the north. Currently, Improvement District Nos. 140 and 240 consist of approximately 5,300 residential units, several apartment buildings and timeshare developments and 36 acres of commercial development and recreational areas. Future development is expected mainly in the Crystal Cove area and includes low density residential development. The Fiscal Year 2012 assessed value of the land in Improvement District Nos. 140 and 240 is \$4,900,980,200.

See Appendix A—"IRVINE RANCH WATER DISTRICT."

The Series 1989 Bonds

The Series 1989 Bonds bear interest at a rate (the "Daily Rate"), which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 13, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. While the Series 1989 Bonds bear interest at a Daily Rate, interest will be determined as described under the caption "THE SERIES 1989 BONDS—Interest."

The interest rate Mode for the Series 1989 Bonds may be changed at the option of the District in accordance with the terms of the Indenture (as such term is defined below), upon notice to the Owners of the Series 1989 Bonds, to a Weekly Mode, a Monthly Mode, a Semi-Annual Mode, an Annual Mode, a Fixed Rate Mode or a Unit Pricing Mode. The Series 1989 Bonds are subject to mandatory tender for purchase upon any such Change in Mode. See the caption "THE SERIES 1989 BONDS—Change in Mode."

This Remarketing Statement describes the Series 1989 Bonds only while bearing interest in the Daily Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1989 Bonds is changed to a Mode other than the Daily Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

Security for the Series 1989 Bonds

The Series 1989 Bonds constitute the several general obligations of the Improvement Districts payable from Bond Assessments and Charges (as such term is defined below) as provided in the Indenture of Trust, dated as of November 1, 1989 (the "Original Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as amended by the First Supplemental Indenture of Trust, dated as of May 1, 2010 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), by and between the District and the Trustee, in Included Amounts (as further described herein) proportionate to each Improvement District's Included Percentage (as further described herein). *Ad valorem* assessments or charges in lieu of *ad valorem* assessments collected in any improvement district of the District other than the Improvement Districts will not be available to make debt

service payments on the Series 1989 Bonds. The Series 1989 Bonds are additionally secured by a pledge of proceeds of the Orange County 1% *ad valorem* property taxes allocated to the District as described herein.

As among the Improvement Districts, Bond Assessments and Charges collected in a particular Improvement District will not be available to pay any other Improvement District's share of debt service of the Series 1989 Bonds. Each Improvement District's Included Amount and Included Percentage is as set forth below.

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
140	\$ 804,670	16.0934%
186	422,430	8.4486
188	1,620,250	32.4050
240	<u>2,152,650</u>	<u>43.0530</u>
Total	<u>\$ 5,000,000</u>	100.0000%

See the caption "SECURITY FOR THE SERIES 1989 BONDS—General—Several General Obligations."

The Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the redemption of Series 1989 Bonds allocated to one or more Improvement Districts, pursuant to calculations made by the District pursuant to the Indenture and delivered to the Trustee, without need for any amendment of or supplement to the Indenture. See the caption "THE SERIES 1989 BONDS—Redemption."

The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (i) impose and collect or cause the imposition and collection of *ad valorem* assessments on land in each respective Improvement District; (ii) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for delinquent *ad valorem* assessments for such purpose; or (iii) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in each respective Improvement District in lieu of *ad valorem* assessments (collectively, the "Bond Assessments and Charges"). The Bond Assessments and Charges levied upon and collected within any Improvement District may not exceed the amount required to pay such Improvement District's Included Amount of Outstanding Series 1989 Bonds, premium, if any, and interest thereon. See the caption "SECURITY FOR THE SERIES 1989 BONDS—General—Covenant to Collect Bond Assessments and Charges."

Pursuant to Resolution No. 1992-48 of the District adopted November 23, 1992 (the "1992 Resolution"), the Series 1989 Bonds are additionally secured by a pledge of proceeds of the Orange County 1% *ad valorem* property taxes allocated to the District, on a parity with certain outstanding bonds of the District and senior to certain outstanding bonds of the District. See the caption "SECURITY FOR THE SERIES 1989 BONDS—General—Pledge of 1% *Ad Valorem* Property Taxes."

Letter of Credit

On June 13, 2012, an irrevocable direct-pay letter of credit, dated June 13, 2012 (the "Letter of Credit"), provided by The Bank of New York Mellon (the "Bank"), is expected to replace the existing irrevocable, direct-pay letter of credit issued by Bank of America, N.A. to support the payment of the principal and Purchase Price of, and interest on, the Series 1989 Bonds. The Letter of Credit will be issued pursuant to a Reimbursement Agreement, dated as of June 1, 2012 (the "Reimbursement Agreement"), to be entered into by and between the District and the Bank. The Letter of Credit is scheduled to expire on [June 1, 2015] (unless extended by the Bank), or on the earlier occurrence of certain events as described herein. The Letter of Credit may be replaced with another credit facility as described under the caption "SECURITY FOR THE SERIES 1989 BONDS—Alternate Letter of Credit."

The Letter of Credit will be issued in the total amount of \$5,106,849, which is equal to: (i) the outstanding aggregate principal amount of the Series 1989 Bonds (\$5,000,000); plus (ii) 65 days' interest thereon at an annual rate of 12% (\$106,849).

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein, indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture, and all documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture, and each such document, statute, report or instrument, respectively. Forward looking statements in this Remarketing Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material.

No Continuing Disclosure

The Series 1989 Bonds are exempt from the rules of the Securities and Exchange Commission relating to continuing disclosure of annual financial information and certain material events.

Additional Information

Copies of the Indenture and audited financial statements of the District are available for inspection at the offices of the District in Irvine, California, and will be available from the Trustee upon request and payment of duplication costs. Additional information regarding this Remarketing Statement may be obtained by contacting the District or the Trustee, at the following addresses:

Treasurer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
(949) 453-5300

The Bank of New York Mellon Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104
(213) 630-6228

THE SERIES 1989 BONDS

General

This Remarketing Statement describes the Series 1989 Bonds only while bearing interest in the Daily Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1989 Bonds is changed to a Mode other than the Daily Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

The Series 1989 Bonds were initially issued in the aggregate principal amount of \$35,000,000, of which \$5,000,000 remains outstanding. The Series 1989 Bonds bear interest at a Daily Rate, until converted to another interest rate Mode as described herein. The Series 1989 Bonds will mature, subject to prior redemption, on June 1, 2015. Interest on the Series 1989 Bonds bearing interest at the Daily Rate will be

determined as described herein. While bearing interest at the Daily Rate, the Series 1989 Bonds are issuable in Authorized Denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

The term "Business Day" is defined in the Indenture to mean a day on which the Trustee, any Paying Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Remarketing Agent"), the Bank or banks or trust companies in New York, New York, or in Los Angeles, California, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed. If the date for making any payment on the Series 1989 Bonds is not a Business Day, the payment will be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

The Series 1989 Bonds are registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 1989 Bonds, all payments of principal of and interest on the Series 1989 Bonds and the Purchase Price of the Series 1989 Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants (as defined below) will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners (as defined below) of the Series 1989 Bonds will be the responsibility of the DTC Participants as more fully described herein. See the caption "—Book-Entry Only System" below and Appendix D—"BOOK-ENTRY ONLY SYSTEM."

There are a number of provisions in the Indenture relating to the terms of Bank-Owned Bonds (i.e., Series 1989 Bonds purchased by the Bank pursuant to the Reimbursement Agreement) that are not described in this Remarketing Statement. All references to the terms of the Series 1989 Bonds in this Remarketing Statement describe only Series 1989 Bonds that are not owned by the Bank unless expressly indicated herein.

Interest

General. The Series 1989 Bonds bear interest at the Daily Rate, which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for July 2012 will commence on June 13, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. Interest on the Series 1989 Bonds is also payable on any Mandatory Purchase Date.

The Daily Rate for the Series 1989 Bonds will be a rate determined by 9:45 a.m., New York City time, on each Business Day (each, a "Rate Determination Date") by the Remarketing Agent to be the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Series 1989 Bonds on such day at a price equal to the principal amount thereof, plus accrued interest, if any. The rate of interest for any day during the Daily Mode that is not a Business Day will be the Daily Rate established on the immediately preceding Business Day. The Daily Rate so determined will be in effect during the period from and including the first day that the Series 1989 Bonds become subject to the Daily Mode to and including the following Business Day.

In the event that: (i) the Remarketing Agent fails to determine the Daily Rate; or (ii) the method of determining the Daily Rate is held to be unenforceable by a court of law of competent jurisdiction, the Series 1989 Bonds will thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered an Opinion of Counsel to the effect that the method of determining such rate is enforceable, bear interest from the last date on which interest was legally paid, at the Alternate Rate for the Daily Mode.

The "Alternate Rate" for the Daily Mode is, on any Business Day, the rate per annum specified in the SIFMA Index published by the Indexing Agent (as such terms are defined below) and in effect on such Business Day.

“Indexing Agent” means the Securities Industry and Financial Markets Association, its successors and assigns.

“SIFMA Index” means the “SIFMA Municipal Swap Index” (such index previously known as the “BMA Municipal Swap Index”) announced by Municipal Market Data from time to time and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meets specified criteria established by SIFMA. The SIFMA Index will be based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days notice, the interest on which is tax-exempt and not subject to any personal “alternative minimum tax” or similar tax under Internal Revenue Code of 1986, as amended (the “Code”) unless all tax-exempt securities are subject to such tax.

Maximum Interest Rate. While the Letter of Credit is in effect, the maximum interest rate on the Series 1989 Bonds (other than Bank-Owned Bonds) is 12% per annum.

Change in Mode

Subject to the provisions of the Indenture, the District may effect a Change in Mode with respect to the Series 1989 Bonds by delivering to the Trustee, with copies to the Remarketing Agent, the Paying Agent and the Bank, not less than 40 days prior to the proposed Change in Mode, a Notice of Change in Mode stating: (i) the election to change the Mode to which the Series 1989 Bonds are then subject (the “Current Mode”) to a different Mode (the “New Mode”), the type of which will be specified; (ii) the date as of which the New Mode takes effect which, in any case where the Current Mode is the Daily Mode, will be the first day of a calendar month; (iii) the date on which Series 1989 Bonds are required to be purchased pursuant to the Indenture (subject to the right of any Owner to elect to retain Series 1989 Bonds), which will be the date as of which the New Mode takes effect; (iv) if the New Mode is the Semi-Annual Mode, the Annual Mode or the Fixed Rate Mode, that the Adjusted Interest Rate for the first Adjustment Period will be transmitted as soon as practicable after the determination thereof to those Owners who elect to retain Series 1989 Bonds; and (v) a form of notice of mandatory purchase satisfying the requirements of the Indenture. When the New Mode is the Fixed Rate Mode or the Unit Pricing Mode with an Adjustment Period greater than one year (individually, a “Long-Term Mode”), such notice will be accompanied by a letter of Bond Counsel that it expects to be able to give a Favorable Opinion of Bond Counsel with respect to the Change in Mode on the date the New Mode takes effect.

Not less than 30 days prior to a proposed Change in Mode, and in reliance upon a Notice of Change in Mode, the Trustee will give written notice, the form of which will be prepared by the District and approved by the Trustee, to the Owners and the Bank of the Change in Mode and the mandatory purchase of all Series 1989 Bonds as provided in the Indenture. In addition to the information required to be included therein pursuant to the Indenture, such notice will state: (i) the New Mode to which the Series 1989 Bonds are to be subject; (ii) the effective date of the New Mode; (iii) the method by which the Adjusted Interest Rate applicable to the New Mode will be determined; (iv) the Interest Payment Dates applicable to the New Mode; (v) the rights of the Owners to tender Series 1989 Bonds for purchase prior to the effectiveness of the New Mode; (vi) the procedures for such a tender; and (vii) that the rights of the Owners following effectiveness of the New Mode will take effect only if the applicable conditions set forth in the following paragraph are satisfied (specifying such applicable conditions) and, that if such conditions are not satisfied, then: (a) all Series 1989 Bonds will be purchased on such date in accordance with the Indenture, other than those retained pursuant to elections by the Owners thereof; and (b) all Series 1989 Bonds will continue to be subject to the Current Mode.

The New Mode will take effect only if the following conditions are satisfied by 9:00 a.m. on the date of the proposed Change in Mode: (i) if the Change in Mode is to a Long-Term Mode, the Trustee has received a Favorable Opinion of Bond Counsel, dated the date that the New Mode is to take effect, with respect to the Change in Mode; (ii) if the New Mode is other than the Fixed Rate Mode, the interest portion of the Letter of Credit is in an amount equal to or greater than the Letter of Credit Interest Amount for the applicable Mode;

(iii) if the New Mode is the Unit Pricing Mode with Adjustment Periods of less than or equal to one year, the Interest Reserve Fund has been funded with Seasoned Funds in an amount equal to or greater than the Interest Reserve Fund Requirement; and (iv) if the New Mode is the Fixed Rate Mode, the Trustee and the Remarketing Agent have received a Fixed Rate Terms Certificate which specifies the Fixed Rate Reserve Requirement and the Fixed Rate Reserve Account has been funded in an amount equal to the Fixed Rate Reserve Requirement. If such conditions are satisfied, then the New Mode will take effect on the date of the proposed Change in Mode and if the New Mode is the Fixed Rate Mode, the Fixed Rate Reserve Requirement will be as specified in the Fixed Rate Terms Certificate. If such conditions are not satisfied, then: (a) all Outstanding Series 1989 Bonds will be purchased on such date in accordance with the Indenture, other than those retained pursuant to elections by the Owners thereof in accordance with the Indenture; (b) all Outstanding Series 1989 Bonds will continue to be subject to the Daily Mode; and (c) the Trustee will, within five Business Days after the date of the proposed Change in Mode, send notice to the Notice Parties stating that the conditions to the Change in Mode have not all been satisfied and informing them of the consequences thereof, as described in the Indenture.

Notwithstanding any other provision of the Indenture, no Change in Mode will be permitted at any time if the Adjustment Period then applicable to the Series 1989 Bonds extends through the day preceding the Maturity Date.

Mandatory Tender for Purchase

The Series 1989 Bonds are subject to mandatory tender for purchase at the applicable Purchase Price under certain circumstances described below.

Mandatory Purchase on Change in Mode. The Series 1989 Bonds will be subject to mandatory purchase on the effective date of any Change in Mode.

Mandatory Purchase on Substitution of Letter of Credit. The Series 1989 Bonds will be subject to mandatory purchase on the effective date of any substitution of an Alternate Letter of Credit for the Letter of Credit.

Mandatory Purchase on Expiration or Termination of Letter of Credit. The Series 1989 Bonds will be subject to mandatory purchase on the fifth Business Day before the date of the expiration, termination or cancellation of the Letter of Credit.

Right to Retain Series 1989 Bonds. Owners of Series 1989 Bonds with respect to which a notice of mandatory purchase has been given in accordance with the Indenture may elect to retain all of any portion of their Series 1989 Bonds (provided that following the Mandatory Purchase Date the principal amount of such Series 1989 Bonds purchased and the principal amount not purchased will each be in an Authorized Denomination) by delivering to the Trustee at its principal corporate trust office at or prior to the close of business on the fourth Business Day prior to the Mandatory Purchase Date an instrument in writing which: (i) states that such person is the Owner of such Series 1989 Bonds as of the date on which such instrument is delivered; (ii) states the election to retain the Series 1989 Bonds so owned by such period, or any portion thereof in a denomination such that, following the Mandatory Purchase Date, the principal amount of such Series 1989 Bonds purchased and the principal amount not purchased will each be in an Authorized Denomination; (iii) waives any right of the Owner of such Series 1989 Bonds to demand purchase of such Series 1989 Bonds pursuant to the Indenture until after the Mandatory Purchase Date; and (iv) states that the Owners recognizes that the events set forth in the notice of mandatory purchase will occur, including, if applicable, that the Letter of Credit will expire or be terminated and that the ratings assigned to the Bonds based on the Letter of Credit by Moody's and S&P may be withdrawn or reduced. Any instrument delivered to the Trustee in accordance with the foregoing provisions will be irrevocable with respect to the mandatory purchase for which such instrument was delivered and will be binding upon subsequent Owners of the Series 1989 Bonds with respect to which such instrument was delivered, including Series 1989 Bonds issued in

exchange therefor or upon the registration of transfer thereof, but such instrument will have no effect upon any subsequent mandatory purchase of Series 1989 Bonds.

Notice. Notice of any such mandatory purchase is to be given by the Trustee by first-class mail, postage prepaid, to the Owners not less than 30 days prior to the Mandatory Purchase Date (with copies thereof to be given to the Remarketing Agent, the Paying Agent and the Bank). Each such notice will state: (i) the Mandatory Purchase Date; (ii) that each Owner of Series 1989 Bonds has the right to elect to retain all or any portion of such Series 1989 Bonds upon compliance with the provisions of the Indenture (as described under the caption “—Right to Retain Series 1989 Bonds”), which will be summarized in such note; (iii) that any Series 1989 Bonds that is not retained by the Owner thereof in accordance with the Indenture will be tendered for purchase by delivery of such Series 1989 Bond to the Trustee at its principal corporate trust office on or prior to the Mandatory Purchase Date and will be purchased on the Mandatory Purchase Date; (iv) that any Series 1989 Bonds not so tendered for purchase as required will be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, will be deemed to have been purchased on the Mandatory Purchase Date, after which no interest will accrue thereon for the benefit of the Owners required to so tender such Series 1989 Bonds and such Owners will have no rights under the Indenture as the Owners of such Series 1989 Bonds except the right to receive the Purchase Price thereof; (v) if the Mandatory Purchase is as a result of a Change in Mode to the Fixed Rate Mode, that the Owners of the Series 1989 Bonds are not entitled to tender the Series 1989 Bonds pursuant to the Indenture after the effective date of the Change in Mode; (vi) the last date for Series 1989 Bonds to be tendered pursuant to the Indenture prior to the Mandatory Purchase Date and that the Series 1989 Bonds may be tendered pursuant to the Indenture; (vii) if the Letter of Credit is expiring or being terminated and will not be replaced with an Alternate Letter of Credit, a statement to such effect and that the ratings assigned to the Series 1989 Bonds based on the Letter of Credit by Moody’s and S&P may be withdrawn or reduced, specifying any such reduced rating anticipated to be received; and (viii) if the Letter of Credit is expiring or being terminated and is being replaced with an Alternate Letter of Credit, a statement to such effect, a description of the Alternate Letter of Credit, the Substitution Date and the ratings that are anticipated to be assigned to the Series 1989 Bonds based on the Alternate Letter of Credit by Moody’s and S&P.

Any Series 1989 Bond subject to mandatory purchase in accordance with the Indenture that is not retained by the Owner thereof as described under the caption “—Right to Retain Series 1989 Bonds” and that is not tendered for purchase as required by the Indenture will nonetheless be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, will be deemed to have been purchased on the Mandatory Purchase Date after which no interest will accrue on such Series 1989 Bond for the benefit of the Owner required to tender such Series 1989 Bond from and after such Mandatory Purchase Date, and such Owner will have no rights under the Indenture as the Owner of such Series 1989 Bond except the right to receive the Purchase Price thereof.

Optional Tender for Purchase Upon Election of Owner

The Indenture provides that Series 1989 Bonds will be purchased at the option of the Owners at the applicable Purchase Price under certain circumstances described below, but solely from moneys made available for that purpose under the Indenture. Payment will be made in immediately available funds by the close of business on the date specified by the Owner for purchase, if the conditions described below, which are applicable to Series 1989 Bonds held by DTC or another Bond Depository, have been strictly observed.

Daily Mode Tender. During the Daily Mode, any Owner of a Series 1989 Bond may demand that such Series 1989 Bond, or any portion thereof (so long as the principal amount purchased, and the principal amount not purchased, are each in an Authorized Denomination), be purchased on any Business Day (a “Purchase Date”) at a price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date. Unless otherwise provided in a Representation Letter with DTC, such demand for purchase will be made as follows: (i) telephonic notice, immediately confirmed in writing to the Remarketing Agent at its principal office in New York, New York, and to the Paying Agent at its office, no later than 10:30 a.m. on any Business

Day, which notice: (a) states the bond number; (b) states the principal amount of such Series 1989 Bond and the principal amount of such Series 1989 Bond to be purchased; (c) states the Purchase Date on which such Series 1989 Bond is to be purchased; and (d) irrevocably demands such purchase; and (ii) delivery of such Series 1989 Bond duly endorsed in blank for transfer at the principal corporate trust office of the Trustee at or prior to 12:00 p.m. on the Purchase Date specified in the Tender Notice.

Notwithstanding the foregoing, the Owners have no right to demand purchase of Series 1989 Bonds from the third Business Day prior to a Mandatory Purchase Date until after such Mandatory Purchase Date.

Tender Notice Irrevocable. Any Tender Notice by any Owner is irrevocable. If such Owner fails to deliver the Series 1989 Bond referred to in its Tender Notice to the Trustee, such Series 1989 Bond will nonetheless be deemed to have been tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, no interest will accrue on such Series 1989 Bond for the benefit of such Owner from and after such Purchase Date and such Owner will have no rights under the Indenture as the Owner of such Series 1989 Bond except the right to receive the Purchase Price thereof.

Notices in respect of optional tenders must be delivered as follows:

To the Paying Agent:

First Class/Registered/Certified

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
P.O. Box 396
East Syracuse, NY 13057
Telephone: (800) 254-2826

To the Remarketing Agent:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
250 Vesey Street
4 World Financial Center
North Tower, 11th Floor
New York, NY 10080
Telephone: (212) 449-4997
Fax: (212) 449-6440

Express Delivery Only

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
111 Sanders Creek Parkway
East Syracuse, NY 13057
Telephone: (800) 254-2826

Tenders of the Series 1989 Bonds Are Subject to DTC Procedures. As long as the book-entry system is in effect with respect to the Series 1989 Bonds, all tenders for purchase and deliveries of Series 1989 Bonds optionally tendered for purchase upon election of the Owner or subject to mandatory tender under the provisions of the Indenture will be made pursuant to DTC's procedures as in effect from time to time, and none of the District, the Trustee or the Remarketing Agent have any responsibility for or liability with respect to the implementation of such procedures. For a description of the tender procedures through DTC, see Appendix D—"BOOK-ENTRY ONLY SYSTEM."

Redemption

Mandatory Sinking Fund Redemption. The Series 1989 Bonds are subject to mandatory redemption on each June 1, at a redemption price equal to 100% of the principal amount of the Series 1989 Bonds to be redeemed, plus accrued and unpaid interest thereon to the date of redemption, without premium, from mandatory sinking fund payments in the years and principal amounts as follows:

***Mandatory Redemption Dates
(June 1)***

2013
2014
2015[†]

Mandatory Sinking Fund Payments

\$2,400,000
2,500,000
100,000

[†] Final Maturity.

The principal amount of any Series 1989 Bonds purchased or optionally redeemed by the District will be credited toward a part or all of any one or more yearly mandatory redemptions as directed in writing by the District, provided that such direction is received at least 75 days before the date of such mandatory redemption. Any such direction must state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts have been credited toward the same) will constitute the unsatisfied balance of such mandatory redemption for the purpose of the calculation of principal payments due on any future Principal Payment Date.

The principal amount of any Series 1989 Bonds that are redeemed due to extraordinary optional redemption to delete any Improvement District will be credited proportionally to all remaining yearly mandatory redemption amounts that are scheduled to occur at least 75 days after the date of such redemption.

Optional Redemption. While in the Daily Mode, the Series 1989 Bonds are subject to optional redemption by the District, with the prior consent of the Bank, in whole, or in part in Authorized Denominations, on the first day of any calendar month, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued and unpaid interest to the redemption date, without premium. If such redemption is in part, Series 1989 Bonds owned by the Bank will be redeemed first and all other Series 1989 Bonds will be redeemed by lot as determined by the Trustee.

Except as otherwise provided in the Indenture, the principal amount of Series 1989 Bonds optionally redeemed will be credited proportionally to all Improvement Districts and the Included Amount for each Improvement District will be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Series 1989 Bonds.

Subject to the Indenture, whenever less than all Outstanding Series 1989 Bonds are to be optionally redeemed and sufficient moneys are available for such purpose from or for the account of any Improvement District a portion of the Included Amount of which is to be so redeemed, the District may elect to redeem all or any portion of any such Improvement District's Included Amount. The Included Percentages for all Improvement Districts will be recomputed for all purposes relative to the Outstanding Series 1989 Bonds after such redemption as follows:

$$\frac{\text{Improvement District's Included Amount after redemption}}{\text{Total Amount of Outstanding Series 1989 Bonds after redemption}} = \text{Included Percentage, as adjusted}$$

In the event that following such a redemption, the Included Amount of the Outstanding Series 1989 Bonds for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture will be withdrawn as directed in writing by the District and applied by the District as permitted by law; provided, however, that the Trustee has no responsibility for determining whether such application is permitted by law. The District will deliver a certificate to the Trustee (the "Included Amount Certificate") specifying: (i) the Improvement District for which all or any portion of the Included Amount is to be redeemed; (ii) the portion of the Included Amount to be redeemed for such Improvement District; (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an

Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture which are to be withdrawn and paid to the District.

Extraordinary Optional Redemption of Series 1989 Bonds to Delete Improvement District. In the event that the District determines that based on the rate of collection of assessments and charges, and on the amounts held in any Fund or account for the account of any Improvement District, the District will be unable to pay the principal of and interest on the Included Amount of the Outstanding Series 1989 Bonds for such Improvement District, the District may, at its option, redeem on any Business Day the Included Amount of such Improvement District plus any additional amount necessary to cause the amount redeemed to equal an Authorized Denomination, at a price equal to the principal amount thereof to be redeemed plus accrued interest to such redemption date, if any, without premium. The Included Percentages of all other Improvement Districts as specified in the Indenture will be recomputed for all purposes relative to the Outstanding Series 1989 Bonds after such redemption according to the same formula set forth under the caption “—Optional Redemption,” and the District will deliver a certificate as to the Included Amount and Included Percentages of the Improvement Districts:

Upon such a redemption, the amounts in the Funds and accounts established under the Indenture and attributable to the Improvement District the Included Amount of Outstanding Series 1989 Bonds of which has been redeemed will be withdrawn as directed in writing by the District and applied by the District as permitted by law; provided, however, that the Trustee has no responsibility for determining if such application is as permitted by law.

Notice of Redemption. Notice of redemption of the Series 1989 Bonds will be given by mail by the Trustee to the Remarketing Agent, the Paying Agent, the Bank, the Owners of any Series 1989 Bonds designated for redemption in whole or in part and to the Information Services and to the Securities Depositories no less than 30 nor more than 60 days prior to the Redemption Date. Each notice of redemption will state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Series 1989 Bonds to be redeemed and will designate the numbers of the Series 1989 Bonds to be redeemed if less than all of the Outstanding Series 1989 Bonds of a maturity are to be redeemed, will (in the case of any Series 1989 Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and will state that the interest thereon or portions thereof designated for redemption will cease to accrue from and after such Redemption Date and that on such Redemption Date there will be due and payable on each of the Series 1989 Bonds or portions thereof designated for redemption the redemption price thereof. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Series 1989 Bonds.

Any notice mailed as provided above will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the Information Services or the Securities Depositories, or the insufficiency of any such notice, will not affect the sufficiency of the proceedings for redemption.

Book-Entry Only System

The Series 1989 Bonds have been issued in fully registered form in the name of Cede & Co., as nominee of DTC. Purchasers of the Series 1989 Bonds will not receive physical certificates representing their beneficial ownership in the Series 1989 Bonds purchased. The principal of and interest and premium, if any, on the Series 1989 Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 1989 Bonds. Beneficial owners' rights will be governed as to such payments, the receipt of notices (including any notice of redemption) and other communications and various other matters by the rules and operating procedures applicable to the DTC book-entry system. See Appendix D hereto for additional information concerning DTC and its rules and operating procedures.

The District cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Series 1989 Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Remarketing Statement.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 1989 Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the caption “CONDITIONS AND TERMS OF BONDS.”

SPECIAL CONSIDERATIONS RELATING TO THE SERIES 1989 BONDS SUBJECT TO OPTIONAL TENDER AND REMARKETING

The Remarketing Agent Is Paid by the District

The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing Series 1989 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement (as such term is defined herein)), as further described in this Remarketing Statement. The Remarketing Agent is appointed by the District and is paid by the District for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 1989 Bonds.

The Remarketing Agent Routinely Purchases Series 1989 Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 1989 Bonds for its own account and, in its sole discretion, routinely acquires such tendered Series 1989 Bonds in order to achieve a successful remarketing of the Series 1989 Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 1989 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 1989 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 1989 Bonds by routinely purchasing and selling Series 1989 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 1989 Bonds. The Remarketing Agent may also sell any Series 1989 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 1989 Bonds. The purchase of Series 1989 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 1989 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 1989 Bonds being tendered for remarketing.

Series 1989 Bonds May Be Offered at Different Prices on Any Date Including a Rate Determination Date

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 1989 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Series 1989 Bonds (including whether the Remarketing Agent is willing to purchase Series 1989 Bonds for its own account). There may or may not be Series 1989 Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 1989 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 1989 Bonds at varying prices to different investors on such date or any other date, the Remarketing Agent is not obligated to advise

purchasers in a remarketing if it does not have third party buyers for all of the Series 1989 Bonds at the remarketing price. In the event that the Remarketing Agent owns any Series 1989 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 1989 Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The Ability to Sell the Series 1989 Bonds Other Than through Tender Process May Be Limited

The Remarketing Agent may buy and sell Series 1989 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 1989 Bonds to do so through the Paying Agent with appropriate notice. Thus, investors who purchase the Series 1989 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 1989 Bonds other than by tendering the Series 1989 Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Series 1989 Bonds, Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event that there is no Remarketing Agent, the Trustee may assume such duties as described in the Indenture.

SECURITY FOR THE SERIES 1989 BONDS

General

Authority for Issuance. Pursuant to Resolution No. 1989-27 adopted April 24, 1989, a special election was conducted in Improvement District No. 186 on June 13, 1989, pursuant to Resolution No. 1989-28 adopted April 24, 1989, a special election was conducted in Improvement District No. 188 on June 13, 1989, and pursuant to Resolution Nos. 1989-59 adopted August 28, 1989 and 1989-67 adopted October 23, 1989, a special election was conducted in Improvement District Nos. 140 and 240 on November 28, 1989, at each of which the qualified voters within each Improvement District authorized the District to incur an indebtedness and issue general obligation bonds for each respective Improvement District. See Appendix A—“IRVINE RANCH WATER DISTRICT” for a discussion of the bond authorization, amount of outstanding Series 1989 Bonds and remaining bond authorization for each of the Improvement Districts. The Series 1989 Bonds are authorized for issuance pursuant to the Act and Section 53541 of the Government Code of the State and all laws of the State amendatory thereof or supplemental thereto.

Several General Obligations. The Series 1989 Bonds constitute the several, general obligations of the Improvement Districts payable from Bond Assessments and Charges (as such term is defined above under the caption “INTRODUCTION—Security for the Series 1989 Bonds”) as provided in the Indenture, in amounts proportionate to each Improvement District’s Included Percentage, as defined below. *Ad valorem* assessments or charges in lieu of *ad valorem* assessments collected in any improvement district of the District other than the Improvement Districts will not be available to make debt service payments on the Series 1989 Bonds.

Under the Indenture, each Improvement District’s “Included Percentage” is defined as a fraction: (i) the numerator of which is equal to the Included Amount for such Improvement District; and (ii) the denominator of which is equal to the par value of all Outstanding Series 1989 Bonds, calculated to the fourth decimal place; provided, however, that on any date, the total of the Included Percentages for all Improvement Districts having Included Amounts of Outstanding Series 1989 Bonds on such date will equal 100%. The Indenture defines “Included Amount” for an Improvement District as the principal amount of Outstanding Series 1989 Bonds allocable to such Improvement District.

As among the Improvement Districts, Bond Assessments and Charges collected in a particular Improvement District will not be available to pay any other Improvement District's share of debt service of the Series 1989 Bonds. Each Improvement District's Included Amount and Included Percentage will be as set forth below.

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
140	\$ 804,670	16.0934%
186	422,430	8.4486
188	1,620,250	32.4050
240	<u>2,152,650</u>	<u>43.0530</u>
Total	<u>\$ 5,000,000</u>	100.0000%

The Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the redemption of Series 1989 Bonds allocated to one or more Improvement Districts or otherwise, pursuant to calculations made by the District pursuant to the Indenture and delivered to the Trustee, without need for any amendment of or supplement to the Indenture. See the caption "THE SERIES 1989 BONDS—Redemption."

Covenant to Collect Bond Assessments and Charges. The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (i) impose and collect or cause the imposition and collection of *ad valorem* assessments on land in each respective Improvement District; (ii) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for delinquent *ad valorem* assessments for such purpose; or (iii) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in each respective Improvement District in lieu of *ad valorem* assessments. The Bond Assessments and Charges levied upon and collected within any Improvement District may not exceed the amount required to pay such Improvement District's Included Amount of Outstanding Series 1989 Bonds, premium, if any, and interest thereon. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "CERTAIN COVENANTS."

Pursuant to Section 35975 of the Act and as reflected in clause (iii) of the covenant described above, the District may levy certain charges in lieu of *ad valorem* assessments to pay the Series 1989 Bonds; however, the District does not currently levy any such in-lieu charges for outstanding *ad valorem* assessment bonds.

The Bond Assessments and Charges collected by the District, along with bond assessments and charges collected by the District and allocable to other outstanding (or authorized, but not yet issued) *ad valorem* assessment bonds of the District issued on behalf of the Improvement Districts are (or, with respect to such bonds to be issued in the future, will be) parity obligations of such Improvement Districts, secured by *ad valorem* assessments on land (including the Bond Assessments and Charges) within such Improvement Districts. For information regarding the current debt structures of the Improvement Districts, see Appendix A—"IRVINE RANCH WATER DISTRICT" under the caption "The Improvement Districts." See also the caption "—Several General Obligations" above.

Although the Series 1989 Bonds are secured by the Bond Assessments and Charges, the District may elect, and from time to time has elected in the past in connection with other outstanding *ad valorem* assessment bonds, also to apply other available sources to the payment of such debt service. As a result of the District's discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District will vary from year to year and generally will not result in revenues from Bond Assessments and Charges that correspond with debt service requirements on the Series 1989 Bonds. There is no assurance that such alternate sources for debt service payments will be available or continue to be

available in succeeding years, or that if they are available, the District will elect to use them for debt service payments. See Appendix A—"IRVINE RANCH WATER DISTRICT."

Pledge of 1% Ad Valorem Property Taxes. Pursuant to the 1992 Resolution, the Series 1989 Bonds are additionally secured by a pledge of the District's allocated share of 1% *ad valorem* property taxes collected by the County of Orange (the "1% Property Tax Revenues"). Such pledge is: (i) on a parity with the pledge of 1% Property Tax Revenues pursuant to the 1992 Resolution for the benefit of the District's bonds that were outstanding as of June 30, 1992, of which the Bonds of Irvine Ranch Water District, Consolidated Series 1991, currently outstanding in the aggregate principal amount of \$6,400,000, are the only bonds currently outstanding; and (ii) senior to the pledge of 1% Property Tax Revenues pursuant to Resolution No. 2002-10 of the District adopted April 8, 2002 for the benefit of the Bonds of Irvine Ranch Water District, Consolidated Series 1993, currently outstanding in the aggregate principal amount of \$37,500,000, and the Bonds of Irvine Ranch Water District, Consolidated Series 1995, currently outstanding in the aggregate principal amount of \$19,900,000.

See Appendix A—"IRVINE RANCH WATER DISTRICT" under the caption "THE IRVINE RANCH WATER DISTRICT—1 % Property Tax Revenues" for further information with respect to 1% *ad valorem* property taxes allocated to the District.

Allocation of Bond Assessments and Charges Under the Indenture

In accordance with the Indenture, all Bond Assessments and Charges and certain 1% Property Tax Revenues, when and as received by the District, will be deposited into a fund to be established and maintained by the Trustee designated as the "Bond Payment Fund." There is to be established in the Bond Payment Fund an Interest Account, a Principal Account, a Redemption Account and a Letter of Credit Account and within each such Account is to be established a subaccount for each Improvement District. The Trustee will transfer money contained in the Bond Payment Fund to the accounts and subaccounts described below at the respective times set forth below.

Interest Account. When a Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will withdraw and apply moneys in the Interest Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account, will be sufficient to pay interest payable on the Outstanding Series 1989 Bonds on such Interest Payment Date. Money in the Interest Account will be used and withdrawn by the Trustee on each Interest Payment Date for the payment of interest on the Outstanding Series 1989 Bonds or reimbursement of the Bank for such payment.

Principal Account. When a Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will withdraw and apply moneys in the Principal Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will deposit in the Principal Account from money in the Bond Payment Fund an amount which will be sufficient to pay principal payable on the Outstanding Series 1989 Bonds on such Principal Payment Date. Money in the Principal Account will be used and withdrawn by the Trustee on each Principal Payment Date for the payment of the principal of Outstanding Series 1989 Bonds or reimbursement of the Bank for such payment.

Redemption Account. When a Letter of Credit is in effect, the Trustee will deposit in the Redemption Account amounts received from the District to pay the premium on the Series 1989 Bonds to be redeemed pursuant to the Indenture. The Trustee will apply such amounts to pay the premium on Series 1989 Bonds to be redeemed only if and to the extent that such amounts constitute Seasoned Funds on the date of application. When no Letter of Credit is in effect, the Trustee will deposit in the Redemption Account amounts received from the District to pay the principal of and premium on Series 1989 Bonds to be redeemed pursuant to the

Indenture. When no Letter of Credit is in effect, money in the Redemption Account will be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the principal of and premium, if any, on Outstanding Series 1989 Bonds upon the redemption thereof pursuant to the Indenture. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the caption “FUNDS AND ACCOUNTS.”

Letter of Credit

On June 13, 2012, the Letter of Credit is expected to replace the existing irrevocable, direct-pay letter of credit dated issued by Bank of America, N.A. The Letter of Credit is issued for the benefit of the Series 1989 Bonds to provide the payment of principal and Purchase Price of, and interest on, the Series 1989 Bonds as described under the caption “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT.” Prior to the expiration date of the Letter of Credit, the Series 1989 Bonds will be subject to mandatory purchase. See the caption “THE SERIES 1989 BONDS—Mandatory Tender for Purchase—Mandatory Purchase on Expiration or Termination of Letter of Credit.”

Alternate Letter of Credit

The Indenture provides that if at any time there has been delivered to the Trustee: (i) an Alternate Letter of Credit in substitution for the Letter of Credit then in effect; (ii) a Favorable Opinion of Bond Counsel; (iii) written evidence from Moody’s, if the Series 1989 Bonds are then rated by Moody’s, and S&P, if the Series 1989 Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the proposed Alternate Letter of Credit and that the substitution of the proposed Alternate Letter of Credit for the Letter of Credit then in effect will not, by itself, result in a reduction, suspension or withdrawal of the rating(s) of the Series 1989 Bonds from those which then prevail, or if a reduction will occur, the new rating(s) that are anticipated to be assigned to the Series 1989 Bonds based on the proposed Alternate Letter of Credit; and (iv) written evidence satisfactory to the Bank of the provision for purchase from the Bank of all Bank-Owned Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Reimbursement Agreement on or before the effective date of such Alternate Letter of Credit, then the Trustee will accept such Alternate Letter of Credit on the Substitution Date and surrender the Letter of Credit then in effect to the Bank on the fifth Business Day after the Substitution Date. The District will give the Trustee and the Bank written notice of the proposed substitution of an Alternate Letter of Credit for the Letter of Credit then in effect no less than 40 days prior to the proposed Substitution Date. The Series 1989 Bonds will be subject to mandatory tender for purchase on the Substitution Date. See the caption “THE SERIES 1989 BONDS—Mandatory Tender for Purchase—Mandatory Purchase on Substitution of Letter of Credit.”

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The following information has been provided by the Bank for use in this Remarketing Statement. Such information has not been confirmed or verified by the District or the Remarketing Agent. Neither the District nor the Remarketing Agent make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Further, no representation is made herein that the information contained or incorporated herein by reference is correct as of any time subsequent to the date hereof.

[TO COME FROM BANK COUNSEL].

THE BANK

The following information has been provided by the Bank for use in this Remarketing Statement. Such information has not been confirmed or verified by the District or the Remarketing Agent. Neither the District nor the Remarketing Agent make any representation as to the accuracy or adequacy of such information or as

to the absence of material adverse changes in such information subsequent to the date hereof. Further, no representation is made herein that the information contained or incorporated herein by reference is correct as of any time subsequent to the date hereof.

[TO COME FROM BANK].

LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the District in the execution or delivery of, or in any way contesting or affecting the validity of, the Series 1989 Bonds. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the District's water and sewer systems and related activities. In the view of the District's management and of the General Counsel to the District, there is no litigation, present or pending, which will individually or in the aggregate materially impair the District's ability to service its indebtedness or which will have a material adverse effect on the business operations of the District.

RATINGS

In connection with the substitution of the Letter of Credit, the District expects that Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, will assign the Series 1989 Bonds a short term rating of "___" and a long term rating of "___", with the understanding that the Letter of Credit will be issued by the Bank on June 13, 2012.

In connection with the substitution of the Letter of Credit, the District expects that Moody's Investor's Service, Inc. will assign the Series 1989 Bonds a short term rating of "___" and a long term rating of "___", with the understanding that the Letter of Credit will be issued by the Bank on June 13, 2012.

Each such rating should be evaluated independently of any other rating. No application has been made to any other rating agency in order to obtain additional ratings on the Series 1989 Bonds. The credit enhanced ratings on the Series 1989 Bonds reflect the respective rating agency's current assessment of the creditworthiness of the Bank and its ability to pay draws under the Letter of Credit. Any further explanation as to the significance of the above ratings may be obtained from the applicable rating agency.

The above described ratings are not recommendations to buy, sell or hold the Series 1989 Bonds, and such ratings may be subject to revision or withdrawal at any time by one or both of the rating agencies. The Remarketing Agent undertakes no responsibility either to bring to the attention of the owners of the Series 1989 Bonds the downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Series 1989 Bonds.

TAX MATTERS

Original Opinions

On December 21, 1989, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone (formerly known as Bowie, Arneson, Kadi & Dixon), Co-Bond Counsel to the District in connection with the issuance of the Series 1989 Bonds, delivered their respective opinions to the effect that, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 1989 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of

California personal income taxes. It was further the opinion of Co-Bond Counsel, as of December 21, 1989, that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Complete copies of the opinions of Co-Bond Counsel delivered at the original issuance of the Series 1989 Bonds are set forth in Appendix E hereto.

No Updated Co-Bond Counsel Opinions

Co-Bond Counsel have not taken, and do not intend to take, any action to update their respective original opinions or to determine if interest on the Series 1989 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes.

General Considerations

Notwithstanding the foregoing, investors should be aware of the following information.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 1989 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 1989 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 1989 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 1989 Bonds. The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1989 Bonds assumed the accuracy of these representations and compliance with these covenants. Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel's attention after the date of issuance of the Series 1989 Bonds may adversely affect the value of, or the tax status of interest on, the Series 1989 Bonds. Accordingly, the opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1989 Bonds are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel have rendered opinions that interest on the Series 1989 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 1989 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 1989 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Series 1989 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 1989 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 1989 Bonds. Prospective purchasers of the remarketed Series 1989 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1989 Bonds were based on current legal authority existing as of December 21, 1989, covered certain matters not directly addressed by such authorities, and represented Co-Bond Counsel's judgment as to the proper treatment of the Series 1989 Bonds for federal income tax purposes. They are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the Series 1989 Bonds ended on December 21, 1989 with the original issuance of the Series 1989 Bonds. Unless separately engaged, Co-Bond Counsel are not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 1989 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 1989 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 1989 Bonds and may cause the District or the Beneficial Owners to incur significant expense.

REMARKETING AGENT

Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed to serve as Remarketing Agent for the Series 1989 Bonds. The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent under and in accordance with the provisions of the Indenture and the Remarketing Agreement, dated as of July 1, 2000, as amended by the First Amendment to Remarketing Agreement, dated as of May 1, 2010, each by and between the District and the Remarketing Agent (collectively, the "Remarketing Agreement"), executed in connection with the Series 1989 Bonds. The principal office of the Remarketing Agent (for purposes of its responsibilities as Remarketing Agent) is located in New York, New York.

RELATED PARTIES

The Bank of New York Mellon Trust Company, N.A., which is acting as Trustee under the Indenture, is an affiliate of The Bank of New York Mellon, which is issuing the Letter of Credit in its capacity as the Bank under the Reimbursement Agreement.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, the Remarketing Agent, is an affiliate of Bank of America, N.A., a letter of credit provider with respect to certain outstanding obligations of the District, and an affiliate of Merrill Lynch Capital Services, Inc., an interest rate swap counterparty of the District. All of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of America, N.A. and Merrill Lynch Capital Services, Inc. are subsidiaries of Bank of America Corporation.

The District's financings, including the remarketing of the Series 1989 Bonds, have been made possible, in part, by hiring underwriters, remarketing agents, bond insurers, reserve surety providers, liquidity providers, letter of credit providers, trustees and interest rate swap counterparties to assist the District. Certain of these entities or their affiliates have and continue to participate in more than one capacity in financings for, and contractual relationships with, the District.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters in connection with the delivery of the Letter of Credit will be passed upon by Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel. Certain

legal matters in connection with the reoffering of the Series 1989 Bonds secured by the Letter of Credit will be passed upon for the District by Bowie, Arneson, Wiles & Giannone, in its capacity as General Counsel to the District, for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation, and for the Bank by its counsel, Pillsbury Winthrop Shaw Pittman LLP.

INDEPENDENT ACCOUNTANTS

The financial statements of the District as of and for the fiscal year ended June 30, 2011 included in Appendix B to this Remarketing Statement have been audited by Mayer Hoffman McCann P.C., independent accountants (the "Auditor"), as set forth in their report dated December 8, 2011, which also appears in Appendix B. The District has not requested, nor has the Auditor given, the Auditor's consent to the inclusion in Appendix B of its report on such financial statements. The Auditor's review in connection with the audited financial statements included in Appendix B included events only as of June 30, 2011, and no review or investigation with respect to subsequent events has been undertaken in connection with such financial statements by the Auditor.

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MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Remarketing Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Remarketing Statement is not to be construed as a contract or agreement between the District and the purchasers or registered owners of any of the Series 1989 Bonds. The delivery and distribution of this Remarketing Statement have been duly authorized by the District.

IRVINE RANCH WATER DISTRICT

By _____ /s/ Robert Jacobson _____
Treasurer

APPENDIX A
IRVINE RANCH WATER DISTRICT

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INTRODUCTION

The following sets forth certain information relating to the Irvine Ranch Water District (the “District”) and certain of its improvement districts.

The District’s projections in Tables 8, 13, 16, 18, 20, 24, 26, 28, 31 and 33 of this Appendix A (the “Projections”) are derived from historic trends and experience and an internal financial model known as the “District Enterprise Model.” The District Enterprise Model is a capital planning and budgeting tool used by the District to identify future infrastructure funding requirements, and to aid in setting water and sewer rates, charges and connection fees. Key inputs utilized in the District Enterprise Model include assumptions based on historical experience and other factors regarding the District’s cost of borrowing, the rate of return on District investments, inflation, project costs, property tax receipts and the timing and amount of future bond sales, but the primary input is the pace and scope of real estate development activity within the District’s service area. The District is in regular contact with major Orange County (the “County”) real estate development companies to assess and update this information for use in the District Enterprise Model.

The Projections constitute forward-looking statements. No assurance can be given that the future results reflected in the Projections and otherwise discussed herein will be achieved, and actual results may differ materially from the Projections. As noted above, the Projections rely heavily on certain assumptions regarding the pace and scope of real estate development activity within the District’s service area. Such activity may be affected by a variety of factors, such as recent problems with subprime mortgage loans, including increases in delinquencies and foreclosures and significant write-downs in value reported by holders of pooled securities backed by subprime mortgages, as well as tighter lending standards for real estate loans generally. Real estate development activity also may be affected by general economic conditions, which currently reflect high unemployment rates, higher energy and commodity costs and volatile financial markets. The District has attempted to reflect such conditions in the Projections, but is unable to predict with certainty the level of future real estate development activity or the other factors affecting the Projections.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California (the “State”). The various opinions of counsel that were delivered with respect to such documents, including the opinions of Co-Bond Counsel (the forms of which are attached to the Remarketing Statement as Appendix E), were similarly qualified.

All defined terms used herein shall have the same meanings set forth in the Remarketing Statement, unless the context otherwise requires. Notwithstanding the foregoing, however, the term “Improvement Districts” as used in this Appendix refers to all 16 water improvement districts and 17 sewer improvement districts of the District.

THE IRVINE RANCH WATER DISTRICT

General

The District was established in 1961 as a California Water District under the provisions of Section 34000 *et seq.* of the California Water Code (the “Act”). As a special district, the District focuses on four primary services – providing potable water, collecting and treating wastewater, producing and distributing recycled and other non-potable water, and implementing urban runoff treatment programs.

The District serves a 178-square-mile area, which includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange and Lake Forest, as well as certain unincorporated areas

of the County. Extending from the Pacific Coast to the foothills, the District's region is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The District serves a total estimated population of approximately 330,000 through approximately 98,500 water and approximately 92,800 sewer service connections. The number of service connections has increased by approximately 21% over the last decade.

The District has 16 water improvement districts and 17 sewer improvement districts covering specific areas within the District's boundaries, some of them overlapping and each of which is governed by the Act. The District (or its predecessor district or the Orange County Local Agency Formation Commission, in the case of an area included in the District by annexation or consolidation with another district) formed the improvement districts in order to allocate funding responsibility for capital facilities to the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development so that capital facilities construction can be matched to the development approval decisions of the respective local agencies that make them. Some of the improvement districts share in the funding of the District's regional facilities which such improvement districts use or will use in common, such as major water importation facilities and water and wastewater treatment plants.

The principal office of the District is located at 15600 Sand Canyon Avenue, Irvine, California 92618.

Board of Directors and General Manager

Pursuant to legislation chaptered in 1980, the District's Board of Directors consists of five Directors elected by resident voters for staggered four-year terms. The policies of the Board of Directors are administered by the General Manager of the District.

Board of Directors. The present Directors are:

Mary Aileen Matheis. Ms. Matheis was initially appointed to the District's Board of Directors in 1988 to fill a vacancy and has since been elected to subsequent terms. Ms. Matheis currently serves as President of the Board of Directors. Ms. Matheis served as President in 2001 and as Vice President in 2005 and 2011. Ms. Matheis is a practicing lawyer and member of the California Bar and is also admitted to practice in the Supreme Court of the United States and the United States Tax Court. Ms. Matheis holds a Bachelor's Degree and Masters Degree in Communications and she received her Juris Doctorate from Western State University School of Law and was admitted to the California Bar in 1982. Ms. Matheis' activities in other water areas include service on the Legal Affairs Committee of the Association of California Water Agencies and a member of Independent Special Districts of Orange County Executive Committee. Ms. Matheis is a member of the Colorado River Water Users Association and the Colorado River Foundation. Ms. Matheis is also the District representative to the Southern California Water Committee and a board member of the Water Education Foundation. Ms. Matheis is active in the Orange County Bar Association, a member of the Real Estate Section Executive Committee and the Probate and Estate Planning Section. Ms. Matheis is also on the Orange County Assessment Appeals Panel for Property Tax Appeals. Ms. Matheis' current term ends in 2012.

John B. Withers. Mr. Withers was initially appointed to the District's Board of Directors in 1989 to fill a vacancy and has since been elected to subsequent terms. Mr. Withers currently serves as Vice President of the Board and previously served as President of the Board in 2004. He also serves on the Asset Management Committee and the Engineering and Operations Committee. Mr. Withers is a partner with California Strategies in Irvine, a strategic government relations firm. In past positions, Mr. Withers has served as Vice President of Community Development for Lewis Operating Corporation and as Director of Water Resources for Psomas & Associates, a civil engineering and planning firm based in Costa Mesa. Mr. Withers has served as Director of Governmental Affairs for the Orange County Region of the Building Industry Association of Southern California and as a legislative advocate for Crocker Bank and a major trade association in Sacramento. Mr. Withers has served as Commissioner to the Orange County Local Agency

Formation Commission since 1994. Mr. Withers also served as a member, including a term as chairman, of the Santa Ana Regional Water Quality Control Board, having been appointed by the Governor in 1992. Mr. Withers was a board member of the National Water Research Institute for six years and is the District's current representative. A native Southern Californian, Mr. Withers received his B.A. from UCLA in economics with a specialization in urban studies in 1979 and received a master's degree in urban studies from Occidental College in 1988. Mr. Withers' current term ends in 2012.

Steven E. LaMar. Mr. LaMar was appointed to the District's Board of Directors in 2009 and has been elected to a subsequent term. Mr. LaMar served as President of the Board of Directors in 2011. He is a water policy and planning expert with more than 20 years of experience on statewide business and industry committees and has directly participated in many major water policy forums. Mr. LaMar currently serves on the District's Finance and Personnel Committee and Water Resources Policy and Communications Committee. Mr. LaMar has served on statewide task forces and advisory committees on drought planning, desalination, the California Bay-Delta, the California Water Plan and on landscape water conservation issues. Mr. LaMar is president and owner of LegiSight, LLC, located in Tustin, California, and also has been a principal for Spinner LaMar Associates since 1993. He has served as a water policy leader in the California Building Industry Association for over 20 years. Mr. LaMar holds a bachelor's degree in political science from Pittsburg State University (Kansas) and a certificate from the Environmental Management Institute, the U.S. Environmental Protection Agency environmental training program administered by the University of Southern California. Mr. LaMar's current term ends in 2014.

Douglas J. Reinhart. Mr. Reinhart was appointed to the District's Board of Directors in 2004 to fill a vacancy and has since been elected to subsequent terms. Mr. Reinhart served as President of the Board of Directors in 2007, 2009 and 2010. He currently serves on the District's Engineering and Operations Committee and Water Resources Policy and Communications Committee. Mr. Reinhart is both a registered civil engineer and a control systems engineer with over 30 years of experience in the private sector directing projects in water, wastewater and other infrastructure. Mr. Reinhart was the president and an owner of ASL Consulting Engineers before its acquisition by Tetra Tech in 1999. Mr. Reinhart then served as the Divisional Executive Vice President for Tetra Tech for the western United States before starting a consulting business in 2004. Mr. Reinhart holds a bachelor's degree in civil engineering from the Missouri School of Mines and Metallurgy. Mr. Reinhart has served on the Board of Trustees of the Southern California Water Committee, the American Water Works Association Desalination Committee and the Association of California Water Agencies Water Reuse Committee. In addition, Mr. Reinhart is a member of the American Society of Civil Engineers and the American Public Works Association. Mr. Reinhart's current term ends in 2014.

Peer Swan. Mr. Swan was elected to the District's Board of Directors in 1979. After a term as Vice President of the Board, the Directors elected him President, a position he held from December 1981 until December 1995 and again in 2006. Mr. Swan currently serves as chairman of the Finance and Personnel Committee. Mr. Swan's community and professional involvement includes membership as President of the Board of San Joaquin Wildlife Sanctuary and member of the Steering Committee of the Southern California Water Dialog Committee. Mr. Swan is active in the Association of California Water Agencies, where he serves on the Board of Directors and on several committees and is currently the Vice President of Region 10 and a member of its seven-person Executive Board. Mr. Swan has also been active in the California Association of Sanitation Agencies (where he is Vice Chairman of the Directors' Committee), the Newport Chamber of Commerce and the Orange County Business Council. Mr. Swan was the Treasurer of the Pacific Scientific Company prior to its acquisition in early 1998 and a member of the Board of Directors of the Southern California Bank and its parent SC Bancorp until its acquisition in 1997. He has also served as a board member of the YMCA of Orange County and the Orange Coast College Foundation, where he was the founding Treasurer of the Board. He has served as a Director to the Orange County Sanitation District for 15 years, where he was Vice Chairman for six years. Mr. Swan was also a Founding Director of the Board of the National Water Research Institute where he was chairman for four years. He is a longtime member of both the National Audubon Society and its local chapter (Sea & Sage). He was also the President of the Board of the Water Advisory Committee of Orange County in 2007 and 2008.

General Manager.

Paul A. Cook. Mr. Cook, the General Manager of the District, heads a staff of approximately 305 employees. Mr. Cook was appointed to this position in October 2011. Mr. Cook previously served as Interim General Manager from July to October 2011 and held the position of Assistant General Manager from 2004 to July 2011. Mr. Cook is a registered civil engineer with over 21 years of experience with water and wastewater systems in the public and private sectors. Prior to joining the District, he served as the Manager of Engineering for Central and West Basin Municipal Water Districts in Carson, California. He also served as the District Engineer for Los Alisos Water District in Lake Forest. In the private sector, Mr. Cook held engineering and project management positions with BFI Constructors and Turner Construction Company. He was elected to the Orange County Water District Board of Directors in 2002 and served for three years, representing communities in Irvine, Tustin and Newport Beach.

Employees

The District currently employs approximately 305 persons, including full-time and temporary employees. Employees of the District are not presently represented by a union. On April 19, 2012, a group of full-time employees requested recognition of an employee association. The proposed association has yet to be certified by a vote of the proposed members of the bargaining unit. The District is unable to predict whether or when such association will be certified. The District has not experienced any strike or other labor actions.

Pension Benefits

CalPERS Plan. The District contributes to the California Public Employees Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan for all of the District's full-time and certain of its temporary employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the District. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 Q Street, Sacramento, California 95811.

Required employer and employee contributions are determined from rates established by CalPERS based upon various actuarial assumptions which are revised annually. The District currently funds the normal pension costs, which are determined by CalPERS using the Entry Age Normal Actuarial Cost Method, as well as an amortization of the District's unfunded actuarial liability. For the fiscal year of the District ended June 30 ("Fiscal Year"), 2011, the District's annual pension cost, as determined by an actuarial valuation of the plan as of June 30, 2009, was approximately \$3,012,000, which equaled the actual contributions made by the District. For Fiscal Year 2010, the District's annual pension cost, as determined by an actuarial valuation of the plan as of June 30, 2008, was approximately \$2,982,000, which equaled the actual contributions made by the District. Since 2009, the District has made contributions totaling approximately \$11,300,000 in excess of its annual required contributions to CalPERS to reduce its overall unfunded liability, including an additional payment of \$1,800,000 in Fiscal Year 2010 and an additional payment of \$6,482,000 in Fiscal Year 2011. The District has budgeted \$310,400 as an additional payment for Fiscal Year 2012, which amount is expected to be paid in or before June 2012.

Participants are required to contribute 8% of their annual covered salary under the CalPERS plan. In Fiscal Year 2011 and prior Fiscal Years, the District paid 7% ("Employer-Paid Member Contributions," or "EPMC") of such 8% contributions required of District employees on their behalf and for their account. From July 1, 2011 to February 29, 2012, the District paid between 2% and 5% of the contributions required of District employees on their behalf. Effective March 1, 2012, the District reduced its EPMC payments to between 0% and 3% of annual covered salary, depending on job classification. The District also increased employee contributions correspondingly to between 8% and 5% of annual covered salary. On April 23, 2012, the Board of Directors considered a plan for the elimination of EPMC by March 1, 2014, with an intermediate EPMC reduction at March 1, 2013. The Board of Directors also adopted a Resolution of Intent to create a

second tier of CalPERS pension benefits for future-hired employees. The implementation of such changes (the "Proposed Pension Changes") has not yet been adopted by the Board of Directors and is subject to the outcome of the certification of the proposed employee association described under the caption "—Employees." The District is unable to predict whether or when such changes will be implemented. Benefit provisions and all other requirements are established by State statute and the District's Board of Directors.

In addition to paying a percentage of the contributions required of District employees on their behalf, the District is required to contribute at an actuarially determined rate applied to annual covered payroll. The District's contribution rate for Fiscal Year 2011 was 12.676% and the District's contribution rate for Fiscal Year 2012 is 17.757%. The District's contribution rate for Fiscal Year 2013 has been established at 16.106%.

Under Government Accounting Standards Board Statement No. 27, an employer reports an annual pension cost equal to the annual required contribution ("ARC") plus an adjustment for the cumulative difference between the annual pension cost and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation and may be positive or negative. The ARC for Fiscal Year 2011 was determined by an actuarial valuation of the plan as of June 30, 2009.

The staff actuaries at CalPERS prepare annually an actuarial valuation which covers a Fiscal Year ending approximately 15 months before the actuarial valuation is delivered (thus, the actuarial valuation delivered to the District in October 2011 covered CalPERS' fiscal year ended June 30, 2010). The actuarial valuations express the District's required contribution rates in percentages of covered payroll, which percentages the District must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the District's contribution rate derived from the actuarial valuation as of June 30, 2010, which was delivered in October 2011, will affect the District's Fiscal Year 2013 required contribution rate). CalPERS rules require the District to implement the actuary's recommended rates.

In calculating the annual actuarially recommended contribution rates, the CalPERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that CalPERS will fund under the CalPERS plans, which includes two components, the normal cost and the unfunded actuarial accrued liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the actuarial accrued liability (the "AAL") represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the District owes to CalPERS under its CalPERS plans.

In each actuarial valuation, the CalPERS actuary estimates the actuarial value of the assets (the "Actuarial Value") of the CalPERS plans at the end of the Fiscal Year (which assumes, among other things, that the rate of return during that Fiscal Year equaled the assumed rate of return of 7.75%; the District notes that, on March 14, 2012, the CalPERS Board adopted a reduction in the assumed rate of return to 7.5% effective July 1, 2012, which may act to increase the District's required annual contributions). The CalPERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. As described below, these policies changed significantly in 2004 and 2005, affecting the Actuarial Value calculation beginning in Fiscal Year 2007.

On March 14, 2012, the CalPERS Board approved a change in the inflation assumption used in the actuarial valuations used to determine employer contribution rates. The inflation assumption was changed

from 3% to 2.75% effective July 1, 2012. The change will impact the inflation component of the annual investment return assumption and the long term payroll growth assumption as follows:

- The annual assumed investment return will decrease from 7.75% to 7.5%.
- The long term payroll growth assumption will decrease from 3.25% to 3%.
- The inflation component of individual salary scales will decrease from 3.25% to 3%.

Although the impact of the above changes is not yet clear, they may result in increases in future contribution levels; however, the reduction in the inflation assumption could partially mitigate increases, if any, in the District's required annual contributions resulting from the reduction in the assumed investment rate of return, as described above.

In April 2005, the CalPERS Board adopted new policies aimed at stabilizing rising employer costs. These policies were used to set employer contribution rates for the District beginning in Fiscal Year 2007. These policies include:

- Spreading CalPERS market value asset gains and losses over 15 years rather than three years.
- Widening the "corridor" limits for establishing the actuarial value of assets from 90% to 110% of market value to 80% to 120% of market value (except for the 3-year phase-in of investment losses from Fiscal Year 2009, as described below).
- Establishing a rolling 30-year amortization on all remaining net unamortized gains or losses, instead of amortizing 10% of the net unamortized gain or loss each year pursuant to prior policy. Such an amortization schedule results in approximately 6% of unamortized gains and losses each year. Due to the excess of accrued liability over actuarial value of plan assets, the amortization payment of the total unfunded liability may be higher than the payment calculated over a 30-year amortization period.
- Requiring a minimum employer contribution rate equal to the employer normal costs minus a 30-year amortization of surplus (but not less than 0%).

Pursuant to the April 2005 policy change, multiple amortization bases (including those for benefit improvement or changes in actuarial methods or assumptions, which are typically less than 30 years) were combined into a single base (the gain and loss bases) and amortized over a rolling 30-year period to effect a "fresh start" as of June 30, 2004. The April 2005 policy did not affect other existing amortization bases for benefit improvements, assumptions changes and method changes.

Due to significant market investment losses of approximately 24% in the CalPERS trust fund for fiscal year 2008-09, CalPERS implemented a 3-year phase-in of the fiscal year 2008-09 investment loss. This phased in approach will be achieved by temporarily relaxing the constraints on the smoothed value of assets around the actual market value. The corridor will be widened and then contracted as follows:

- Increase the corridor limits from 80% to 120% of market value to 60% to 140% of market value to determine the actuarial value of assets for the June 30, 2009 valuation, which impacts the fiscal year 2011-12 contribution rate.
- Reduce the corridor limits from 60% to 140% of market value to 70% to 130% of market value to determine the actuarial value of assets for the June 30, 2010 valuation, which impacts the fiscal year 2012-13 contribution rate.

- Return to the 80% to 120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter, which impacts contribution rates for fiscal years 2013-14 and beyond.
- Asset losses outside of the 80% to 120% corridor described above will be amortized pursuant to a fixed 30-year amortization schedule.

In addition, in February 2010, the CalPERS Board adopted a resolution requiring additional contributions for any plan or pool if the cash flows hamper adequate funding progress by preventing the expected funded status on a market value of assets basis of the plan to either:

- Increase by at least 15% by June 30, 2043; or
- Reach a level of 75% funded by June 30, 2043.

Such contributions have been factored into the District's contribution rates set by CalPERS.

The following table summarizes the District's annual required contributions (in thousands) for Fiscal Years 2007 through 2011:

TABLE 1
IRVINE RANCH WATER DISTRICT
Annual Required Contributions for CalPERS Plan

<i>Fiscal Year</i>	<i>Employer Contribution</i>	<i>District-Funded Employee Contribution</i>	<i>Employee Contribution</i>	<i>Annual Pension Cost</i>	<i>Percentage of Annual Pension Cost Contributed</i>	<i>Net Pension Asset</i>
2007	\$2,227	\$1,502	\$ 0	\$ 2,227	100.0%	\$ 0
2008	2,477	1,584	0	2,477	100.0	0
2009	6,353	1,661	239	3,353	189.5	3,000
2010	4,797	1,709	243	2,982	160.9	4,815
2011	9,480	1,728	249	3,012	314.7	11,283

Source: Irvine Ranch Water District Fiscal Year 2011 Comprehensive Annual Financial Report.

The following table sets forth the schedule of funding for the District's plan as of June 30, 2010 (in thousands). The employer contribution rate for Fiscal Year 2012 is 17.757%:

TABLE 2
IRVINE RANCH WATER DISTRICT
Schedule of Funding for CalPERS Plan

<i>Valuation Date</i>	<i>Entry Age Normal Accrued Liability</i>	<i>Actuarial Value of Assets</i>	<i>Unfunded Actuarial Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Funded Ratio⁽¹⁾</i>	<i>Annual Covered Payroll</i>
06/30/06	\$ 96,470	\$ 81,300	\$ 15,170	\$ 85,569	88.7%	\$ 20,862
06/30/07	110,713	90,675	20,038	103,960	93.9	22,262
06/30/08	120,778	100,241	20,537	101,091	83.7	23,450
06/30/09	149,825	110,923	38,902	81,355	54.3	24,307
06/30/10	158,904	124,553	34,351	100,110	63.0	24,929

⁽¹⁾ On a market value of assets basis.

Source: CalPERS Actuarial Report Dated October 2010.

For additional information relating to the District's plan, see Note 14 to the District's audited financial statements for Fiscal Year 2011 attached hereto as Appendix B.

CalPERS reported significant investment losses in 2009, which accounts for a portion of the increase in the District's unfunded actuarial liability from June 30, 2008 to June 30, 2009. In addition, the increase in the District's unfunded actuarial liability is attributable to CalPERS studies performed in fiscal year 2008-09 and the adjustment of assumptions made by CalPERS valuations for age at retirement, years of service, mortality rates, and certain other assumptions. CalPERS earnings reports for fiscal years 2010 and 2011 report an investment gain in excess of 13.0 and 21.7%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the District.

On September 12, 2011, the Board of Directors authorized the retention of Aon Consulting and Hewitt & Associates ("Aon Hewitt") and the law firm of Hanson Bridgett to perform a study to evaluate potential changes to the District's retirement and health benefits. As part of that study, Aon Hewitt provided the following updated valuations based on District demographic data:

TABLE 3
IRVINE RANCH WATER DISTRICT
Funded Status of CalPERS Plan

	<i>Discount Rate</i>	<i>Accrued Liability (Millions)</i>	<i>Market Value of Assets (Millions)</i>	<i>Deficit (Millions)</i>	<i>Funded Status</i>
CalPERS Valuation (6/30/2010)	7.75%	\$158.9	\$100.1	\$ 58.8	63%
CalPERS Valuation (8/31/2011 estimate) ⁽¹⁾	7.75	173.0	119.7	53.3	69
Corporate Bond Rates (8/31/2011 estimate) ⁽¹⁾	6.00	220.5	119.7	100.8	54

⁽¹⁾ Based on June 30, 2010 CalPERS valuation with adjustments to reflect expected benefit accruals and benefit payments and a decrease in the discount period of future payments. Assets projected based on target allocation included in the June 30, 2010 CalPERS valuation and by incorporating returns based on broad market indices (with annual rebalancing). Anticipated contributions and benefit payments also incorporated.

Source: Aon Hewitt.

Based on the study performed by Aon Hewitt, the District is considering the Proposed Pension Changes, as further described above, which would increase employee contributions, eliminate EPMC, and implement a second pension benefit tier for future-hired employees, among other things. The Aon Hewitt study was conducted for informational purposes only and the District is not legally required to alter its contributions based on the results of such study.

Other Pension Benefits. The District provides pension benefits for certain of its temporary employees through a defined contribution plan, in lieu of providing social security benefits. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Certain temporary employees are eligible to participate from the date of employment with the District, provided the statutory minimum contribution of at least 7.5% is made to the plan. For Fiscal Year 2011, the District's payroll covered by the plan was approximately \$926,391. The eligible employees contributed approximately \$69,479 (the required 7.5% of current covered payroll) and the District made no contributions during such Fiscal Year.

All regular, full-time District employees are eligible to participate in the District's deferred compensation program pursuant to Section 457 of the Internal Revenue Code whereby they can voluntarily contribute a portion of their earnings into a tax-deferred fund administered by the District and invested through a third party provider. Pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001, effective January 1, 2002, employees may contribute the lesser of 100% of includible compensation or the maximum dollar amount allowable under Internal Revenue Code Section 457 in effect for the year. The dollar amount currently in effect for calendar year 2011 is \$16,500. After 2008, the limit has been indexed to inflation in \$500 increments.

Effective January 1, 2008, for employees with one year or more of service, the District provides 100% matching of employee Section 457 plan contributions up to an annual maximum of 3% of the employee's base salary. Such employer contribution amounts are deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. During Fiscal Year 2011, the District contributed \$582,563 to employee accounts under the 401(a) plan.

Effective July 1, 2008, employees with two years or more of service are entitled to an additional annual contribution by the District based on 3% of base salary. Such employer contribution amounts are

deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. During Fiscal Year 2011, the District contributed \$681,382 to employee accounts under the 401(a) plan. The District's 401(a) plan contribution was discontinued effective July 1, 2011.

The assets in both plans are held in trust for the exclusive benefit of the participants and their beneficiaries, and are therefore not reported in the financial statements of the District.

Other Post-Employment Benefits

The Government Accounting Standards Board ("GASB") issued two related pronouncements, known as GASB 43 and GASB 45, related to funding and accounting for Other Post-Employment Benefits ("OPEB") liabilities. OPEB liabilities consist of health care, insurance, and all other retiree benefits that are not part of a pension plan. Under GASB 45, costs of OPEB must be matched to the current period in which employees are performing services for the District. In effect, there is an exchange between the employee and the District in which the employee renders services to the District and in exchange receives certain salaries and benefits, part of which are OPEB which they will not actually use until some point in the future. The accounting standards require the District to recognize the cost of the benefits in the periods when the employees' services are received by the District. GASB 45 also requires that the District provide information about the accrued actuarial liabilities for the promised benefits for past services, to what extent those have been funded, and to what extent there will be demands from OPEB on the District's future cash flows.

The District currently has three OPEB programs: the California Public Employees Medical and Hospital Care Act ("PEMHCA") premiums, a retiree health costs reimbursement plan, and a retiree death benefit life insurance program. Under the first program, the District pays the required healthcare coverage under PEMHCA, commonly referred to as "PERS Health." To qualify, employees must retire from the District and begin drawing CalPERS retirement benefits. Participation in PEMHCA is financed in part by the District through a contribution of \$108.00 per employee per month (at current rates). The contribution rate is scheduled to be indexed with medical inflation in future years, although contributions could increase in greater amounts at the direction of CalPERS Board. In addition, the District pays 0.37% of the PEMHCA premium to cover administrative fees. In Fiscal Year 2011, the District contributed \$57,626 on behalf of retirees participating in the PEMHCA program.

As part of the Retiree Health Costs Reimbursement Plan, the District provides retirees who have attained age 55 and have completed at least 10 years of service with the District with reimbursement of eligible healthcare costs of up to \$600 per month for up to five years, with the reimbursement amount and duration determined by length of service with the District. In Fiscal Year 2011, the District contributed \$183,160 on behalf of retirees participating in the Retiree Health Costs Reimbursement Plan.

Finally, the retiree death benefit life insurance program provides retirees who were hired on or before December 31, 2008 with term life insurance benefits with a face amount equal to 100% of their annual salary in effect at the time of retirement. Insured group-term life benefits end for all participants at age 70. Thereafter, the District provides a self-insured \$10,000 death benefit for all participants already retired as of December 31, 2008 and for currently active Board members. To qualify, a retiree must have retired from the District, be at least 55 years old, have completed at least ten continuous years of service with the District, and must be drawing retirement benefits from CalPERS. In Fiscal Year 2011, the District contributed \$7,537 on behalf of retirees participating in this program.

OPEB costs have traditionally been accounted for and financed from the District's Annual Operating Budget as part of its benefits expense on a pay-as-you-go basis. During Fiscal Year 2011, the District contributed \$248,323 on behalf of retirees participating in the OPEB programs. The budgeted amount for the District's OPEB in Fiscal Year 2012 is approximately \$311,550; however, actual OPEB costs are expected to exceed such budgeted amount by approximately \$16,000 as a result of the retirements of a larger than expected number of employees during Fiscal Year 2012.

The District has been required to comply with the accounting and reporting requirements of GASB 45 since Fiscal Year 2008. According to an actuarial valuation prepared for the District by Demsey, Filliger & Associates, the accrued, unfunded liability for the District's OPEB as of January 1, 2011 was approximately \$5.39 million. The Annual Required Contribution ("ARC") was approximately \$556,341 in Fiscal Year 2011, of which the District contributed \$248,243. The ARC is calculated assuming that the accrued, unfunded liability will be amortized over the next 30 years, benefits will remain constant, and funding in excess of actual benefit costs will be invested at a 5.00% annual return, and with other assumptions regarding medical cost inflation.

In July 2011, the Governmental Accounting Standards Board issued Exposure Drafts on changes to Statement No. 27 (Accounting and Financial Reporting for Pensions) and Statement No. 25 (Financial Reporting for Pension Plans) in an effort to improve accountability in pension accounting and financial reporting. The Governmental Accounting Standards Board is expected to issue updated final statements in or about June 2012, and the District would be required to comply with the updated changes to its financial reporting on pensions in or before Fiscal Year 2014. Among the expected changes which will affect the District's financial reporting is a requirement that the actuarially determined unfunded pension liability be moved from the notes to the District's audited financial statements to the audited financial statements themselves in order to recognize OPEB liability within the Statement of Net Assets.

For additional information relating to the District's OPEB obligations, see Note 15 to the District's audited financial statements for Fiscal Year 2011 attached hereto as Appendix B.

Budget Process

Prior to July 1 of each year, the General Manager prepares a budget for the Fiscal Year commencing July 1 and ending on the succeeding June 30. Following the adoption of the budget, the Board of Directors approves a schedule of water, sewer and recycled water rates for such Fiscal Year based on the budget approved by the Board of Directors. See the caption "CONSTITUTIONAL LIMITS AND APPROPRIATIONS AND CHARGES—Proposition 218." The budget for Fiscal Year 2012 was approved on April 26, 2011.

Water and Sewer System Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Property, Boiler and Machinery insurance is provided through a policy with Affiliated FM. Property insurance includes flood insurance but does not include earthquake insurance. General and excess liability coverage of \$35,000,000 and workers compensation insurance is provided through participation in the California State Association of Counties Excess Insurance Authority (CSAC-EIA). Pollution and legal liability coverage for the Irvine Desalter Project is provided by a policy with Indian Harbor Insurance Company. Settlements have not exceeded coverage for each of the past three Fiscal Years.

Collection Procedures

All charges for water and recycled water service and almost all charges for sewer service are billed monthly. If payment is not received 25 days after presentation, a one-time late charge of 10% of the unpaid balance plus 1.5% interest will be assessed for each month until the unpaid balance has been paid in full. A shut-off notice is mailed out and an automated courtesy call is generated when the unpaid balance exceeds \$100 and no payment has been made for 90 days. If payment is not received within 10 days of the mailed shut-off notice, service is shut off as of the date specified on the notice. Service is not restored until all charges, including a restoration charge, have been paid in full. The District sends closed accounts to outside collection agencies and does not currently transfer such accounts to the County tax roll. A small number of

accounts located in Newport Beach for which the District provides sewer service only are billed on the County tax rolls.

Outstanding Indebtedness

Improvement District Indebtedness. As of March 31, 2012, the District had \$555,259,000 of outstanding *ad valorem* assessment bonds (the “*Ad Valorem* Assessment Bonds”), including the Series 1989 Bonds, on behalf of the Improvement Districts. Although the *Ad Valorem* Assessment Bonds are secured by *ad valorem* assessments on property within the respective Improvement District, and are not by their terms payable from Revenues, District practice has been to apply Net Revenues remaining after the payment of debt service on Parity Obligations (as such term is defined below under the caption “—Parity Obligations”) and subordinate obligations to the principal and interest on the *Ad Valorem* Assessment Bonds. Pursuant to Section 35975 of the Act, the District also may levy certain rates and charges in lieu of *ad valorem* assessments to pay the *Ad Valorem* Assessment Bonds. The District does not currently levy in-lieu rates and charges. Any such in-lieu rates and charges levied by the District in the future would not constitute Revenues. The following table illustrates a breakdown of outstanding *Ad Valorem* Assessment Bonds by Improvement District as of March 31, 2012.

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TABLE 4
IRVINE RANCH WATER DISTRICT
Outstanding *Ad Valorem* Assessment Bonds By Improvement District

<i>Improvement District</i>	<i>Amount Authorized</i>	<i>Amount Issued</i>	<i>Remaining Unissued Bonds Authorized</i>	<i>Amount Outstanding as of March 31, 2012</i>
Waterworks Bonds				
105 ⁽¹⁾	\$ 188,734,000	\$ 188,678,600	\$ 55,400	\$ 129,025,000
112	28,512,300	5,740,000	22,772,300	5,745,000
113	25,769,500	14,800,000	10,969,500	14,663,000
120	26,805,000	26,805,000	0	0
121	35,437,000	32,182,000	3,255,000	20,205,000
130	110,465,000	55,161,000	55,304,000	16,995,000
135	20,010,000	20,010,000	0	4,769,000
140⁽²⁾	117,130,000	32,326,100	84,803,900	12,054,000
153	237,300,000	0	237,300,000	0
154	4,839,000	0	4,839,000	0
106 ⁽³⁾	22,895,000	22,569,000	326,000	0
161	40,786,000	12,435,000	28,351,000	11,654,000
182	74,653,000	12,407,000	62,246,000	6,241,000
184	79,065,000	3,950,000	75,115,000	3,950,000
186⁽²⁾	19,266,000	6,632,700	12,633,300	2,238,000
188⁽²⁾	8,174,000	4,437,000	3,737,000	2,156,000
Total waterworks bonds	<u>\$ 1,039,840,800</u>	<u>\$ 438,133,400</u>	<u>\$ 601,707,400</u>	<u>\$ 229,695,000</u>
Sewer Bonds				
1 ⁽⁴⁾	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 0
212	108,712,000	15,700,000	93,012,000	15,705,000
213	87,648,000	23,800,000	63,848,000	23,264,000
2(202) ⁽⁵⁾	30,316,000	28,410,000	1,906,000	0
221	50,452,000	50,452,000	0	21,500,000
230	165,173,000	70,422,000	94,751,000	38,965,000
235	15,724,000	15,724,000	0	2,869,000
240⁽²⁾	117,273,000	48,476,500	68,796,500	29,073,000
250	286,727,000	216,618,000	70,109,000	155,764,000
253	122,283,000	0	122,283,000	0
206 ⁽⁶⁾	69,665,000	17,917,000	51,748,000	0
261	46,364,000	27,375,000	18,989,000	26,059,000
282	59,101,000	9,480,000	49,621,000	5,375,000
284	92,590,000	12,850,000	79,740,000	6,195,000
286	40,531,000	500,000	40,031,000	495,000
288	8,977,000	300,000	8,677,000	300,000
Total sewer bonds	<u>\$ 1,303,536,000</u>	<u>\$ 540,024,500</u>	<u>\$ 763,511,500</u>	<u>\$ 325,564,000</u>
Total District	<u>\$ 2,343,376,800</u>	<u>\$ 978,157,900</u>	<u>\$ 1,365,218,900</u>	<u>\$ 555,259,000</u>

⁽¹⁾ Also referred to as Improvement District No. 150.

⁽²⁾ The Series 1989 Bonds represent the consolidated, several general obligations of these Improvement Districts. See the Remarketing Statement under the caption "SECURITY FOR THE SERIES 1989 BONDS—General—Several General Obligations."

⁽³⁾ Also referred to as Improvement District No. 160.

⁽⁴⁾ Also referred to as Improvement District No. 210.

⁽⁵⁾ Also referred to as Improvement District No. 220.

⁽⁶⁾ Also referred to as Improvement District No. 260.

Source: The District.

Parity Obligations. The District has the following outstanding obligations payable from Net Revenues of the District's water and sewer system ("Parity Obligations"), including 1% *ad valorem* property tax revenues available after the payment of the Series 1989 Bonds, the Bonds of Irvine Ranch Water District, Consolidated Series 1991, currently outstanding in the aggregate principal amount of \$6,400,000, and the

Bonds of Irvine Ranch Water District, Consolidated Series 1993, currently outstanding in the aggregate principal amount of \$37,500,000:

- 1997 State Loan #3. In 1997, the District entered into a loan contract with the State of California (the “1997 State Loan”) to fund recycled water projects. The 1997 State Loan is outstanding as of March 31, 2012 in an approximate aggregate principal amount of \$1,553,163 and matures in 2019. Pursuant to the terms of the 1997 State Loan, the District’s obligation to pay debt service on the 1997 State Loan is payable from Net Revenues on a parity with other Parity Obligations.

- Prior Reimbursement Agreements. In connection with the District’s prior issuances of *ad valorem* assessment bonds, the District has entered into several reimbursement agreements (the “Prior Reimbursement Agreements”) with various letter of credit banks (the “Prior Banks”). Pursuant to the terms of the Prior Reimbursement Agreements, the District’s obligations to reimburse the Prior Banks will be payable from Net Revenues on a parity with other Parity Obligations. There are currently no reimbursement obligations outstanding, although the District may incur reimbursement obligations under such Prior Reimbursement Agreements as provided therein. The following table summarizes the stated amount of each letter of credit associated with the Prior Reimbursement Agreements.

TABLE 5
IRVINE RANCH WATER DISTRICT
Summary of Prior Reimbursement Agreements
As of March 31, 2012

<i>General Obligation Bonds</i>	<i>Outstanding Principal</i>	<i>Letter of Credit Bank</i>	<i>Expiration Date</i>	<i>LOC Stated Amount</i>	<i>Reimbursement Obligations Outstanding</i>
		Helaba Landesbank Hessen-Thüringen			
Election 1988 – A #182 ⁽¹⁾	\$ 1,200,000	(“HELABA”)	05/01/12	\$ 1,225,644	\$ 0
Election 1988 – A #282 ⁽¹⁾	900,000	HELABA	05/01/12	919,233	0
Election 1988 – A #284 ⁽¹⁾	1,000,000	HELABA	05/01/12	1,021,370	0
		Bank of America			
Series 1989 ⁽²⁾	7,300,000	(“B of A”)	06/01/15	7,456,000	0
Series 1991 ⁽³⁾	6,400,000	B of A	08/15/16	6,505,205	0
Series 1993 ⁽²⁾	37,500,000	B of A	11/01/13	37,987,500	0
		Sumitomo Mitsui Banking Corp.			
Series 1995	21,700,000	Sumitomo Mitsui Banking Corp.	04/15/14	20,194,411	0
		U.S. Bank National Association			
Series 2008-A Refunding	57,600,000	B of A	04/15/14	58,452,164	0
Series 2009 – A	75,000,000		11/10/13	75,838,356	0
Series 2009 – B	75,000,000		12/03/13	75,838,356	0
TOTAL	<u>\$ 283,600,000</u>			<u>\$ 285,438,239</u>	<u>\$ 0</u>

⁽¹⁾ Redeemed in full in April 2012.

⁽²⁾ Expected to be replaced by a facility from The Bank of New York Mellon with a stated expiration of [June 1, 2015] on or about June 13, 2012.

⁽³⁾ Expected to be replaced by a facility from The Bank of New York Mellon with a stated expiration of [June 1, 2015] on or about June 6, 2012.

Source: The District.

- 2010 Installment Sale Agreement. In 2010, the District entered into an Installment Sale Agreement (the “2010 Installment Sale Agreement”) in connection with the execution and delivery of the District’s \$85,145,000 aggregate principal amount of Certificates of Participation Irvine Ranch Water District Refunding Series 2010. The 2010 Installment Sale Agreement is outstanding as of March 31, 2012 in the

aggregate principal amount of \$77,190,000 and matures in 2032. The District's obligation to make installment payments pursuant to the 2010 Installment Sale Agreement is on a parity with other Parity Obligations.

- Series 2010B Bonds. In 2010, the District issued \$175,000,000 aggregate principal amount of Bonds of the Irvine Ranch Water District, Series 2010B (the "Series 2010B Bonds"). The Series 2010B Bonds are payable from Net Revenues on a parity with other Parity Obligations. In addition, the Series 2010B Bonds are payable from *ad valorem* assessments on taxable land in certain Improvement Districts, including Bond Assessments and Charges with respect to Improvement District No. 188. The obligation of the District to pay the Series 2010B Bonds from Bond Assessments and Charges with respect to Improvement District No. 188 is payable on a parity with the obligation of the District to pay the Series 1989 Bonds from Bond Assessments and Charges with respect to Improvement District No. 188.

- Series 2011A Bonds. In 2011, the District issued \$100,915,000 aggregate principal amount of Bonds of Irvine Ranch Water District, Refunding Series 2011A-1 and Refunding Series 2011A-2 (collectively, the "Series 2011A Bonds"). In addition to *ad valorem* assessments on taxable land in certain Improvement Districts (not including any Bond Assessments and Charges with respect to Improvement District Nos. 140, 186, 188 or 240), the Series 2011A Bonds are payable from Net Revenues on a parity with other Parity Obligations. The Series 2011A Bonds are outstanding as of March 31, 2012 in the aggregate principal amount of \$98,460,000 and mature in 2037.

Subordinate Debt.

- Interest Rate Swap Transactions. As of March 31, 2012, the District is also obligated under five interest rate swap transactions with a total notional amount of \$130 million and termination dates ranging from June 2019 to March 2029, pursuant to which the District is entitled to receive variable rate payments based on a floating rate index in return for the District's obligation to make payments at a fixed interest rate (the "Swaps").

The Swaps generally are evenly distributed, as to notional amount on a particular transaction date, between two swap counterparties – Merrill Lynch Capital Services, Inc. ("Merrill") and Citibank, N.A. ("Citibank") – except with respect to one Swap with a notional amount of \$30 million and a termination date of June 17, 2019, which was entered into only with Citibank. For additional information with respect to the payment terms and other information relating to the Swaps, see Note 3 (Swap Agreements) to the District's financial statements in Appendix B to the Remarketing Statement. Regularly-scheduled and early termination payments with respect to the Swaps constitute unsecured general obligations of the District payable from legally-available funds. The Swaps are payable from certain Revenues, but are subordinate to the District's obligation to pay debt service on Parity Obligations. Any amounts received by the District pursuant to the Swaps also constitute Revenues and, as such, are pledged for the payment of Parity Obligations. As of March 31, 2012, the mark-to-market value of the total interest rate swaps with Citibank and Merrill exceeded the threshold amount (\$15,000,000) for each counterparty, requiring the posting of collateral in the amount of \$24,228,944. The funds are held in a separate trust account and earn interest at the Federal Funds Effective Rate.

All of the above-described interest rate swap transactions entail risk to the District. For example, the swap counterparties may fail or be unable to perform, interest rates may vary from assumptions, the District may be required to post collateral in certain circumstances, or the District may be required to make significant payments in the event of an early termination of a particular interest rate swap. The District cannot predict if any such event will occur with respect to one or more of the District's existing or future interest rate swap agreements. However, the District does not anticipate that any such event would have a material adverse effect on the District's ability to pay the debt service on the Series 1989 Bonds.

In addition, the Board of Directors has authorized the entry into of LIBOR/SIFMA basis swaps in a notional amount of up to \$100,000,000 at a minimum tax-exempt to taxable ratio of 96% and for a term not to

exceed 20 years. The Board of Directors by resolution has delegated authority to the District's Finance and Personnel Committee to further define the potential swap parameters (including counterparty selection, document approval and transaction timing) and authorize the District's Treasurer to enter into one or more swaps that are consistent with certain parameters established by the Board of Directors. If the District determines to execute any such swap transactions, it must do so on or before December 31, 2012. The District makes no assurance that it will enter into such basis swaps or the timing (if any) for doing so. If the District decides to execute one or more basis swaps, the District expects that regularly-scheduled and early termination payments with respect to the swaps would constitute unsecured general obligations of the District payable from legally-available funds, including certain Revenues, on a subordinate basis to the District's obligation to pay debt service on the Parity Obligations. [DID THE DISTRICT NOVATE THE SWAP].

- Santiago County Water District Consolidation. The District and Santiago County Water District ("SCWD") consolidated effective July 1, 2006. As successor to SCWD, the District is obligated to satisfy the following additional obligations: (i) a fiscal services agreement with the State of California Department of Water Resources, with a loan balance of approximately \$941,268 (as of March 31, 2012) and final payment due in 2025; and (ii) a promissory note payable to Foothill/Eastern Transportation Corridor Agency for \$565,000, with no stated maturity or final payment date.

Joint Powers Authority Transactions. As of December 31, 2011, the Irvine Ranch Water District Joint Powers Agency had outstanding approximately \$678,150,000 of taxable refunding bonds (the "JPA Bonds") maturing in 2014, which are secured by a trust estate consisting of investment securities and investment earnings thereon (the "JPA Investments"). See Note 9 in the District's audited financial statements in Appendix B to the Remarketing Statement. The JPA Bonds are not payable from Bond Assessments and Charges or Revenues and are not recourse obligations of the District. The proceeds from the JPA Bonds are invested to the maturity of the JPA Bonds in 2014. By agreement between the Irvine Ranch Water District Joint Powers Agency and the District, the earnings from such investments are transferred to the District after application of such earnings first toward payment of principal and interest on the JPA Bonds.

Variable Rate Debt Management

The Board of Directors of the District has adopted a policy to maintain a target amount of investment assets equal to 75% or more of the District's outstanding unhedged variable rate indebtedness. No assurance can be made that the Board of Directors of the District will not modify such policy in the future.

Investment Policy

As of March 31, 2012, the District had investments of approximately \$349 million (excluding the JPA Investments described above under the caption "—Outstanding Indebtedness—Joint Powers Authority Transactions") and real property investments as follows:

TABLE 6
IRVINE RANCH WATER DISTRICT
Summary of Investments

<i>Investment Type</i>	<i>Approximate Investment Amount in Millions⁽¹⁾</i>	<i>Percentage of Total Investments⁽¹⁾</i>
Local Agency Municipal Bonds	\$ 120.0	34.38%
State of California Local Agency Investment Fund	201.4	57.72
State of California Revenue Notes	2.0	0.57
Cash and Other ⁽²⁾	<u>25.6</u>	<u>7.33</u>
Total	\$ 349.0	100.00%

⁽¹⁾ As of March 31, 2012.

⁽²⁾ Includes collateral held with Citibank and Merrill pursuant to the Swaps. See the caption “—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”

Source: The District.

In addition to the monies invested in local agency municipal bonds and LAIF, the District has invested approximately \$63.9 million of its capital facilities replacement fund in real property. The District’s real property investments include a limited partnership interest in a 230-unit apartment complex (the “Wood Canyon Villas Apartments”), ownership of a 450-unit apartment complex (the “Sycamore Canyon Apartments”) and ownership of two commercial office buildings (the “Irvine Technology Center” and the “Waterworks Business Park”), with market values well in excess of the original investment. The \$63.9 million in investments does not include the funds expended on the professional office complex described below under the caption “—Projected Net Real Estate Income.”

Historic Net Real Estate Income

The following table shows the net real estate income after expenses of the District for the five most recent Fiscal Years.

TABLE 7
IRVINE RANCH WATER DISTRICT
Historic Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income</i>
2007	\$6,081
2008	7,171
2009	7,010
2010	5,624 ⁽¹⁾
2011	5,649

⁽¹⁾ Net income decrease due to vacancies in commercial real estate holdings.

Source: The District.

Projected Net Real Estate Income

The following table projects the net real estate income after expenses of the District for the current and next four Fiscal Years. Such projections include income from the first phase of a professional office complex (“Phase I”) that is currently being developed upon land owned by the District near its administrative

headquarters. Phase I consists of an approximately 16,700 square foot medical office building that is expected to be completed in April 2012. The District has entered into a commitment to lease approximately 12,000 square feet of such space beginning in July 2012 and expects to lease the remaining available Phase I space in Fiscal Year 2013. The master plan for the site includes a total of approximately 70,000 square feet of professional office space in subsequent phases. However, there can be no assurance that such additional phases of development will be undertaken. The projected net real estate income set forth in the below table does not reflect income from such additional development.

TABLE 8
IRVINE RANCH WATER DISTRICT
Projected Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income⁽¹⁾</i>
2012	\$6,998
2013	7,649
2014	7,856
2015	8,012
2016	8,171

⁽¹⁾ Based on existing and expected leases, including leases with respect to Phase I, but not including future phases of the professional office complex described above.
Source: The District.

1% Property Tax Revenues

Pursuant to the Act, the Board of Supervisors of the County is required to levy a “general assessment” on assessable property within the boundaries of the District sufficient to raise the amounts determined each year by the District’s Board of Directors to be necessary for the authorized purposes of the District. These provisions, however, have largely been superseded by the passage by the California electorate in June of 1978 of Article XIII A of the California Constitution (commonly known as “Proposition 13”), and by the legislation subsequently enacted by the California Legislature to implement Article XIII A. As a result of Article XIII A and its implementing legislation, the District receives as proceeds of the “general assessment” a share of the one percent *ad valorem* property tax collected by the County from assessable property within the boundaries of the District (the “1% Property Tax Revenues”).

From time to time legislation has been considered as part of the State Budget to shift 1% Property Tax Revenues collected by each county from local agencies, including special districts such as the District, to school districts or other governmental entities. However, Proposition 1A (“Proposition 1A”), proposed by the California Legislature in connection with the 2004-05 State Budget Act and approved by the voters in November 2004, restricted State authority to reduce major local tax revenues such as the tax shifts permitted to take place in legislation enacted in connection with the 2004-05 and 2005-06 State budgets, which shifted approximately 35% of many special districts’ shares of the countywide one percent *ad valorem* tax.

Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of 1% Property Tax Revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that, beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State

may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

The Amended 2009-10 Budget Act, signed into law on July 28, 2009 by the Governor of the State, provided for the borrowing of 8% of property taxes from local jurisdictions, including the District, under Proposition 1A. Pursuant to this act, the State borrowed approximately \$2.1 million of the District's 1% Property Tax Revenues for Fiscal Year 2010. As noted above, under Proposition 1A, the State is required to repay the property taxes with a 2% rate of interest within three years. The District did not participate in the State's financing program to make the shifted amounts available to local governments in 2009 through California Statewide Communities Development Authority, and the District is expected, as a result, to receive its repayment within three years. The District does not anticipate a material adverse effect upon the District's ability to pay debt service on the Series 1989 Bonds from such shift.

There can be no assurance that the 1% Property Tax Revenues that the District currently expects to receive will not be temporarily shifted from the District pursuant to Proposition 1A in future fiscal years or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of 1% Property Tax Revenues by the District. See the Remarketing Statement under the caption "SECURITY FOR THE SERIES 1989 BONDS—General—Pledge of 1% *Ad Valorem* Property Taxes" for a discussion of the extent to which 1% Property Tax Revenues are available to pay Debt Service on the Series 1989 Bonds.

The table below sets forth the amount of 1% Property Tax Revenues received by the District for the five most recent Fiscal Years.

TABLE 9
IRVINE RANCH WATER DISTRICT
1% Property Tax Revenues
(in Thousands)

<i>Fiscal Year</i>	<i>1% Property Tax Revenues</i>
2007	\$22,256
2008	24,730
2009	26,283
2010 ⁽¹⁾	27,150
2011	26,989

⁽¹⁾ Reflects shift of property tax revenues of approximately \$2.1 million to Educational Revenue Augmentation Fund as described above.

Source: The District.

Alternative Method of Tax Apportionment – “Teeter Plan”

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property assessments on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the assessment-levying or assessment-collecting agency.

The Teeter Plan for the County is applicable to all assessment levies for which the County acts as the assessment-levying or assessment-collecting agency, or for which the treasury of the County is the legal depository of assessment collections.

The *ad valorem* property assessments to be levied to pay the interest on and principal of the Series 1989 Bonds will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property assessment levied on secured property to pay the Series 1989 Bonds irrespective of actual delinquencies in the collection of the assessment by the County so long as the Teeter Plan remains in effect. The District's share of 1% Property Tax Revenues is also subject to the Teeter Plan.

The Teeter Plan is to remain in effect for the County unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1 for the County), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event that the Board of Supervisors of the County discontinues the Teeter Plan for the County, only those secured property assessments that are actually collected would be allocated to political subdivisions (including the District) for which the County acts as the assessment-levying or assessment-collecting agency.

Governmental Regulations

The District's operations are subject to numerous environmental regulations enforced by multiple governmental entities. Programs are in place to ensure compliance with drinking water regulations, water discharge regulations, underground and aboveground fuel storage tank regulations, hazardous materials management plans, hazardous waste regulations, air quality permitting requirements, wastewater discharge limitations, and employee safety issues relating to hazardous materials and other conditions. Also, the District aggressively pursues the investigation and, when appropriate, the implementation of alternative methods and technologies for meeting increasingly strict environmental regulations.

The District expects environmental regulation to increase, resulting in higher capital and operating costs in the future, which may have a material adverse effect on the finances of the District.

Although the District's Board of Directors establishes the schedules of water, sewer and reclaimed water rates for each Fiscal Year, such rates are subject to the requirements of Proposition 218, which are described further under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

WATER SUPPLY

The District was formed in 1961, with the purpose of obtaining a water supply for municipal and irrigation purposes. For the twelve month period ended June 30, 2011, of the water supplied by the District, approximately 31% was imported water, approximately 46% was groundwater and approximately 23% was native and recycled water.

The District operates a number of wells and reservoirs that produce or store local water for both potable and non-potable uses. Surface storage includes Irvine Lake, a 25,000 acre feet reservoir that is jointly owned by the District and Serrano Water District which receives stream flow (native water) coming from the Santiago Creek watershed. This water is used by the District primarily for agricultural and other irrigation purposes, and supplements the recycled water system during peak demand periods. In addition, the District has 4,600 acre feet of recycled water storage capacity in its Sand Canyon, Rattlesnake, San Joaquin and Syphon Reservoirs and is currently evaluating additional recycled water storage projects.

Imported Water

In Fiscal Year 2011, the District purchased 27,842 acre feet of water imported from the Colorado River and Northern California by The Metropolitan Water District of Southern California ("MWD"). MWD supplies water through its member agencies, including the member agency in which the District is situated,

Municipal Water District of Orange County (“MWDOC”). The current cost of treated imported water from MWDOC is \$748.25 per acre foot. In addition, the District currently pays a fixed charge to MWDOC in the form of readiness to serve, capacity reservation and service connection charges. The readiness to serve and capacity reservation charges are paid every six months and currently total \$113,370.24, while the service connection charge is paid annually and is currently \$578,800.

MWD faces various challenges in the continued supply of imported water to MWDOC. A description of these challenges as well as a variety of other operating information with respect to MWD is included in certain disclosure documents prepared by MWD. MWD has certain publicly available documents and has entered into certain continuing disclosure agreements pursuant to which MWD is contractually obligated for the benefit of owners of certain of their outstanding obligations, to file certain annual reports, notices of certain material events as defined under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), and annual audited financial statements (the “MWD Information”) with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”) at <http://emma.msrb.org>. The MWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. MWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 1989 BONDS TO PROVIDE MWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 1989 BONDS.

MWD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO MWD. MWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 1989 BONDS UNDER RULE 15c2-12.

Groundwater

General. The District’s Water Resources Master Plan calls for a reliable water supply mix and includes developing sufficient groundwater production capacity to pump up to the District’s basin production percentage set by the Orange County Water District (“OCWD”), the agency responsible for managing the Orange County groundwater basin. District groundwater pumping is affected by policies of OCWD, including the setting of replenishment assessments, basin production percentages of total water demand by agencies pumping basin groundwater and basin equity assessments.

OCWD establishes and collects replenishment assessments as a means of purchasing water and funding projects for the purpose of replenishing the Orange County groundwater basin. The replenishment assessment is established annually by OCWD and applies to every acre foot of groundwater produced from the basin.

In addition, each year, OCWD sets a basin production percentage (the “BPP”) for water to be extracted from the Orange County groundwater basin. The BPP is the amount of groundwater, as a percentage of the total water demands, that can be pumped from the Orange County groundwater basin during the year by a groundwater pumping agency without incurring the additional assessment described in the following paragraph. The amount of groundwater that an agency can pump without incurring the additional assessment is calculated by multiplying the total water use of such agency by the BPP (the “BPP formula”).

The additional assessment incurred by an agency that pumps groundwater above the limit established by the BPP formula is called the basin equity assessment (the “BEA”). The BEA is established annually by OCWD and is intended to discourage pumping of amounts above the BPP formula by raising the cost of producing groundwater so that it equals the cost of importing water, thereby encouraging groundwater

pumping agencies to supplement their groundwater production with imported water for the portion of their water use that exceeds the BPP. The BEA is a surcharge to discourage, yet still allow for, the production of groundwater in excess of the BPP formula. One of the District's operating objectives is to produce the maximum amount of groundwater within the BPP formula and to avoid producing groundwater in excess of such maximum in order to avoid paying the BEA. In Fiscal Year 2011, the District did not pay a BEA to OCWD.

Because of historic low precipitation in the Santa Ana River Watershed and a drawdown of the Orange County groundwater basin in recent years, OCWD has lowered the BPP. For Fiscal Years 2009, 2010 and 2011 the BPP was 69%, 62% and 62%, respectively. As a result of higher local precipitation in Fiscal Year 2011, which resulted in a substantial recharge of the Orange County groundwater basin, the BPP for Fiscal Year 2012 was raised to 65%, which would allow the District to pump approximately 32,000 acre feet from the Orange County groundwater basin without incurring any BEA. The District pays OCWD a replenishment assessment of \$254 per acre foot for all groundwater pumped and a BEA equal to an additional \$457 per acre foot for groundwater pumped in excess of the BPP formula.

For certain portions of the District's groundwater production, the application of OCWD's BPP and BEA varies from the above general description. The District's Dyer Road Well Field has a production amount established by contract with OCWD as described in the below paragraph. The District also has several projects through which groundwater is produced that are, by contract with OCWD, completely or partially exempt from the BEA. While this "BEA-exempt" groundwater typically requires treatment, the District's cost to produce and treat this groundwater is effectively capped at the cost for imported water. Additionally, as portions of the District currently lie outside of OCWD's jurisdictional boundary, water demands in those areas are not included by OCWD in the accounting of the basin production percentage for the District. Approximately 32% of the District's water demand is from outside the OCWD jurisdictional boundary.

The BPP formula for the District's Dyer Road Well Field is not adjusted annually by OCWD but is fixed by contract with OCWD at 28,000 acre feet per year of clear groundwater, subject to the requirement that the amount over 20,000 acre feet is matched by an equal amount of groundwater pumped from the District's Deep Aquifer Treatment System, which treats water from a deep aquifer requiring treatment for removal of organic color. Like OCWD's general BPP, the Dyer Road Well Field's contractually-fixed BPP formula discourages, but does not prohibit, production over such amount through the application of the BEA to any excess amount.

The District also produces groundwater from its Irvine Desalter Project, which is described in greater detail under the caption "—Irvine Desalter Project." The Irvine Desalter Project removes salts and nitrates, for a combined total potable and non-potable production of an additional 7,300 acre feet per year that is exempt from the BPP. A combined additional 2,100 acre feet per year of production is available from three other wells, the Orange Park Acres well, Well 2 in Lake Forest and Well 115 in Irvine. Water from Well 115 is pumped and treated at the Irvine Desalter Project. However, such water is not accounted for as Irvine Desalter Project water because it was not part of the original Irvine Desalter Project. The Orange Park Acres well was taken out of service in Fiscal Year 2011 and is expected to return to service in or about July 2013. Well 115 was taken out of service in Fiscal Year 2011 and is expected to return to service in or about January 2014. Production from the Orange Park Acres well and Well 115 is subject to the BPP and the BEA, while production from Well 2 is exempt from the BPP and the BEA.

In addition, the District is currently constructing the Wells 21 and 22 project, which is expected to add an additional 6,300 acre feet per year of groundwater starting in October 2012. These wells will be exempt from the BPP and the BEA. The District is looking to expand its groundwater production facilities further, and is currently evaluating potential well sites. The District also has rights to native water impounded in Irvine Lake and at the Harding Canyon Dam in the Santiago Canyon area. Such native water does not produce firm annual yields.

Irvine Desalter Project. The Irvine Desalter Project is a groundwater development project that was constructed by the District in cooperation with OCWD, United States Departments of the Navy and Justice, MWD and MWDOC. The Irvine Desalter Project commenced operations in early 2007.

The Irvine Desalter Project consists of two components that provide water supplies. The first component, a potable water wellfield, pipelines and purification plant, treats local groundwater to remove salts and nitrates caused by the natural geology and past agricultural use. The water is treated to drinking water standards through reverse osmosis and disinfection. This component of the project has a design flow rate of approximately 5,100 acre feet of drinking water per year. In Fiscal Year 2011, this component of the Irvine Desalter Project produced 2,856 acre feet, which was approximately 1,000 acre feet less than Fiscal Year 2010 production as a result of Well 107 being taken out of service. This well is in the process of being replaced and is expected to return to service in or about September 2012. The District has expanded the utilization of the Irvine Desalter Project treatment plant by adding an additional well, Well 115, and the District is proposing to expand this program to provide approximately 5,500 acre feet per year.

The second component of the Irvine Desalter Project is treating a plume of contaminated groundwater from the main aquifer of the Irvine sub-basin of the Orange County groundwater basin. The plume has arisen from the now-closed El Toro Marine Corps Air Station ("MCAS"). This second component consists of a separate treatment system that removes volatile organic compounds in the groundwater from solvent degreasers previously used on the military base. The contaminants are removed from the groundwater using an air stripper and granular activated carbon absorption units. The treated water is used in the District's recycled water system and is designed to supply 3,400 acre feet of recycled water per year. In Fiscal Year 2011, this component of the Irvine Desalter Project produced 2,980 acre feet from non-potable wells. The United States Department of the Navy is compensating the District for this component of the project as part of the Settlement Agreement for Groundwater Remediation of the MCAS. The District expects that this compensation will cover the project costs until the plume of contaminated groundwater is cleaned up.

In addition to the two components described above, the Department of the Navy operates a number of wells on the former MCAS property. These wells pump contaminated groundwater from shallow groundwater located below the former base. Such water is treated by a treatment plant owned and operated by the District, using an air stripper and granular activated carbon absorption units. These wells and the treatment plant, which are referred to as the Shallow Groundwater Unit (the "SGU"), are designed to treat approximately 640 acre feet per year of contaminated groundwater. The treated SGU water is disposed of via an existing ocean outfall. In Fiscal Year 2011, the SGU treated approximately 607 acre feet of water.

Historic Groundwater Supply. Set forth below is a summary of the District's sources of groundwater supply in acre feet per year for the last five Fiscal Years.

TABLE 10
IRVINE RANCH WATER DISTRICT
Historic Groundwater Supply In Acre Feet Per Year

<i>Fiscal Year</i>	<i>Dyer Road Well Field</i>	<i>Deep Aquifer Treatment System</i>	<i>Irvine Desalter Project⁽²⁾</i>	<i>Irvine Sub-basin</i>	<i>Other⁽⁵⁾</i>	<i>Total</i>
2007	28,972	8,892	4,600	807	6	43,277
2008	27,976	8,765	6,542	1,383	16	44,682
2009	28,614	8,782	5,365	1,667	154	44,582
2010	27,744	8,696	7,009	1,064	715	45,228
2011	22,488 ⁽¹⁾	8,756	5,837 ⁽³⁾	611 ⁽⁴⁾	352	38,044

⁽¹⁾ Excludes 5,512 acre feet of water purchased at OCWD's request in lieu of pumping groundwater. In-lieu water was not purchased in Fiscal Years 2007 through 2010.

⁽²⁾ Excludes water pumped from the SGU.

⁽³⁾ Decrease from Fiscal Year 2010 amount reflects the fact that Well 107 was taken out of service in Fiscal Year 2011. Well 107 is expected to return to service in or about September 2012. See the caption "—Irvine Desalter Project."

⁽⁴⁾ Decrease from Fiscal Year 2010 amount reflects the fact that Well 115 was taken out of service in Fiscal Year 2011. Well 115 is expected to return to service in or about January 2014. See the caption "—General."

⁽⁵⁾ Includes the Orange Park Acres well, which was taken out of service in 2011. The Orange Park Acres well is expected to return to service in or about July 2013. See the caption "—General."

Source: The District.

OCWD. OCWD faces various challenges in managing its groundwater basin. A description of these challenges as well as a variety of other operating information with respect to OCWD is included in certain disclosure documents prepared by OCWD. OCWD has certain publicly available documents and has entered into certain continuing disclosure agreements pursuant to which OCWD is contractually obligated, for the benefit of owners of certain of their outstanding obligations, to file certain annual reports, notices of certain material events as defined under Rule 15c2-12 and annual audited financial statements (the "OCWD Information") with certain information repositories (a current listing of such repositories is maintained on the Internet with EMMA at <http://emma.msrb.org>). The OCWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OCWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 1989 BONDS TO PROVIDE OCWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 1989 BONDS.

OCWD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OCWD. OCWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 1989 BONDS UNDER RULE 15c2-12.

Water Banking

In addition to developing its local groundwater and recycled water systems, the District is diversifying its water supply portfolio by developing water banking projects in Kern County, California. These projects are known as the Strand Ranch Integrated Banking Project and the Stockdale Integrated Banking Project

1,738 acre feet of Table A State Water Project water allocated to Dudley Ridge. Additionally, the Jackson Ranch land acquisition included certain participation rights in the Kern Water Bank to store approximately 9,495 acre feet of water.

In 2011, the District entered into a 28-year exchange program (the "Exchange Program") with Buena Vista Water Storage District ("BVWSD") that allows BVWSD to store a portion of its high-flow Kern River water at the Water Bank in exchange for allocating to the District 50% of such stored water. BVWSD holds both State Water Project Table A water rights and pre-1914 rights to Kern River water. The pre-1914 water rights give BVWSD an average annual entitlement of 158,000 acre feet of Kern River water. Pursuant to the Exchange Program, BVWSD is entitled to deliver up to 17,500 acre feet of water to the Water Bank in any given year with a maximum cumulative capacity of 40,000 acre feet. The District and BVWSD are working together to expand the scope of the Exchange Program to provide for additional deliveries with a corresponding increase in storage at the Stockdale West Ranch. The District is entitled to keep one half of any water banked by BVWSD in the Water Bank.

According to the schedule set forth in the Exchange Program, the District is entitled to keep an additional 10% of the water stored by BVWSD each calendar year after the fourth calendar year following the year of the recharge event, which amount increases by 10% each calendar year until nine calendar years after the year of the recharge event, at which time the District is entitled to keep all water transferred by BVWSD to the Water Bank. Pursuant to the terms of the Exchange Program, the District and BVWSD share equally in any water losses resulting from the exchange. BVWSD is responsible for all costs of delivering water to the Water Bank and the District is responsible for all costs of returning the water to BVWSD. The District is required to return water that BVWSD determines it will recover from the Water Bank at a maximum rate of 6,667 acre feet per year. The District is obligated to pay BVWSD for any water kept by the District in excess of 50% of the water transferred by BVWSD to the Water Bank at BVWSD's then current State Water Project Table A Variable Operations, Maintenance, Power and Replacement unit cost rate for water. The 28-year term of the Exchange Program coincides with the District's agreement with Rosedale relating to the Water Bank.

The District has entered into a Coordinated Operating, Water Storage, Exchange and Delivery Agreement with MWD which allows the District to have State Water Project water that is recovered from the Water Bank delivered to the District's service area. The District is in the process of developing an additional agreement with MWD to have other waters recovered and delivered into the District's service area. The District expects to execute such agreement in 2012 for use on an on-call basis when the District desires to move non-State Water Project water into southern California for use in the District's service area.

In 2010, the District stored 6,801 acre feet of water in the Water Bank under the Exchange Program. In 2011, the District stored another 20,000 acre feet of water in the Water Bank under the Exchange Program. The District also stored 1,100 acre feet of Jackson Ranch water in the Kern Water Bank in 2011.

The cost of the Strand Ranch water banking facilities (including the land acquisition costs) are currently estimated to be approximately \$20,800,000, of which the District has spent \$17,250,000 as of January 2012. The cost of expansion of the water banking facilities onto the recently purchased Stockdale West Ranch (including the costs of acquisition of these lands) is expected to be approximately \$13,000,000, of which the District has spent \$6,960,000 as of January 2012.

The District is currently pursuing additional opportunities for water banking and contractual rights to other surface waters for diversion into the Water Bank for later use by the District. These other sources include State Water Project water from the Central Coast Water Authority and the Antelope Valley-East Kern Water Agency. Pilot program agreements have been executed with these agencies and the District expects to deliver up to 6,400 acre feet of additional water into storage at the Water Bank in 2012 as a result of these new programs.

(collectively, the "Water Bank"). The District's Strand Ranch and Stockdale West Ranch properties are situated on groundwater recharge lands that overlie the regional Kern County groundwater basin. The purpose of developing the Water Bank is to improve the District's water supply reliability by capturing lower cost water available during wet hydrologic periods for use during dry periods. The Water Bank will enhance the District's ability to respond to drought conditions and potential water supply interruptions and will provide the District the ability to reduce the cost of water delivered under such conditions.

In 2009, the District entered into a 30-year water banking partnership with the Rosedale-Rio Bravo Water Storage District ("Rosedale") in Kern County. This agreement provides for Rosedale to operate the Strand Ranch portion of the Water Bank on behalf of the District and permits the District to store up to 50,000 acre feet in the aquifer and to recharge and recover up to 17,500 acre feet per year. The District has priority rights to use the recharge ponds when Rosedale is not recharging Kern River floodwaters. All other uses of the recharge ponds by Rosedale are on a second priority basis to the District's use. The water that Rosedale stores on its own behalf does not count against the District's 50,000 acre feet storage rights.

The Strand Ranch property has a major canal running through it that allows the movement of water onto and off of the property. The District has completed construction of 502 acres of groundwater recharge ponds and the facilities necessary to divert water from the canal and onto the property containing the ponds. The recharge ponds allow available surface water to be percolated into the groundwater basin for later use. Seven groundwater wells that will provide the ability to recover water have already been constructed. Wellheads and pipelines are currently being constructed and are expected to be completed by the fall of 2012. Although the wellheads and pipelines are not completed, the District can access stored water through exchanges with other agencies.

Concurrently with the construction of the wellhead and pipeline facilities at the Strand Ranch, the District is expanding the Water Bank onto the Stockdale West Ranch, which is adjacent to the Strand Ranch. The Stockdale West Ranch was purchased by the District in late 2010. These additional lands will allow the District to increase the District's water banking recharge, storage and recovery capabilities by approximately 50%. The expansion of the Water Bank to the Stockdale West Ranch property will further increase the District's dry year water supply reliability.

In 2011 the District implemented a pilot project on the Stockdale West Ranch and constructed 238 acres of recharge basins on the property. In addition, the District constructed water conveyance facilities to deliver water to the property. These pilot project recharge basins are in operation and the recharge of water from the exchange program described below is ongoing. The District has an agreement with Rosedale to operate the pilot project facilities until the end of July 2012.

The District has executed a development agreement with Rosedale that provides for sharing the costs of preparation of an environmental impact report for a joint banking project involving the District's Stockdale West Ranch and Rosedale's Stockdale East Ranch, both of which are adjacent to the Strand Ranch. This development agreement also outlines the terms and conditions of a long-term agreement for the operation of the joint project facilities which will comprise the Stockdale Integrated Banking Project. The development agreement commits the District and Rosedale to the preparation of a long-term agreement that can be executed concurrent with the certification of the environmental impact report.

The District has secured water from a number of sources for recharge at the Water Bank. Pursuant to the District's agreement with Rosedale, Rosedale will divert a portion of its entitlement to floodwater flows on the Kern River to District-owned storage ponds for recovery in dry years. The District is entitled, at no cost, to 20% of all Kern River floodwaters recharged by the Water Bank recharge ponds.

The District has also secured access to State Water Project water that will be stored in the Water Bank in the future. The District has acquired approximately 883 acres (the "Jackson Ranch") located within the Dudley Ridge Water District ("Dudley Ridge") and the associated participation rights to use approximately

A summary of water held in storage pursuant to the District's water banking program as of December 31, 2011 is set forth below.

TABLE 11
IRVINE RANCH WATER DISTRICT
Summary of Water Banking Programs
As of December 31, 2011 (Acre Feet)

<i>Facility</i>	<i>Total Capacity</i>	<i>Total Water in Storage</i>	<i>District Share of Total Water in Storage⁽¹⁾</i>
Strand Ranch Integrated Banking	50,000	26,801	13,944
Stockdale West Ranch	25,000 ⁽²⁾	3,268	1,634
Kern Water Bank	<u>9,495</u>	<u>3,074</u>	<u>3,072</u>
Total	84,495	33,143	18,650

⁽¹⁾ The District's ability to extract water is subject to certain contractual and operational constraints as described above.

⁽²⁾ Estimate. Final storage capacity to be determined subject to further California Environmental Quality Act proceedings and execution of long-term agreement expected to be entered into with Rosedale.

Source: The District.

Recycled Water

During Fiscal Year 2011, the District produced 20,284 acre feet of recycled water and supplied an additional 104 acre feet of non-potable water to District customers via the recycled water system. The District processes and treats secondary effluent from its customers to produce recycled water for sale to customers for non-potable utilization. Recycled water is currently sold to 4,777 customers within the District. At September 30, 2011, the District had approximately 469 miles of recycled water mains and recycled water storage capacity of 4,150 acre feet. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

Historic and Projected Water Supply

Set forth below is a summary of the District's sources of total water supply in acre feet per year for the last five Fiscal Years.

TABLE 12
IRVINE RANCH WATER DISTRICT
Historic Water Supply In Acre Feet Per Year

<i>Fiscal Year</i>	<i>Local Water⁽¹⁾</i>	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>
2007	49,525	40,241	15,175	104,942
2008	45,379	39,438	16,567	101,384
2009	45,537	35,265	22,961	103,763
2010	45,358	24,744 ⁽²⁾	20,848	90,950
2011	39,563 ⁽³⁾	30,549	20,284	90,396

⁽¹⁾ Includes groundwater and native water in Irvine Lake; excludes water pumped from the Shallow Groundwater Unit of the Irvine Desalter Project, which is disposed of via an existing ocean outfall following treatment.

⁽²⁾ Imported water supply for Fiscal Year 2010 was substantially lower than prior years due primarily to increased conservation, impacts of the economic downturn and mild weather.

⁽³⁾ Excludes 5,512 acre feet of water purchased at OCWD's request in lieu of pumping groundwater. In-lieu water was not purchased in Fiscal Years 2007 through 2010.

Source: The District.

Set forth below is a summary of the District's projection of total water sources for the current and next four Fiscal Years.

**TABLE 13
IRVINE RANCH WATER DISTRICT
Projected Water Supply In Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Local Water⁽¹⁾</i>	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>	<i>Percentage Change</i>
2012	42,692	28,121	20,486	91,299	1.00%
2013	43,119	28,402	20,691	92,212	1.00
2014	43,982	28,970	21,105	94,057	2.00
2015	44,861	29,549	21,527	95,937	2.00
2016	45,310	29,845	21,743	96,898	1.00

⁽¹⁾ Includes groundwater and native water in Irvine Lake; excludes water pumped from the Shallow Groundwater Unit of the Irvine Desalter Project, which is disposed of via an existing ocean outfall following treatment.
Source: The District.

Set forth below is a comparison of the District's sources of supply as compared to other neighboring agencies supplying water for Fiscal Year 2011.

**TABLE 14
IRVINE RANCH WATER DISTRICT
Water Supply Comparison by Source
Fiscal Year 2011**

	<i>Imported Water</i>	<i>Groundwater</i>	<i>Surface Water</i>	<i>Recycled Water</i>
Irvine Ranch Water District ⁽¹⁾	31%	46%	1%	22%
City of Anaheim	37	63	0	0
South Coast Water District ⁽²⁾	79	9	0	12
City of Orange	34	62	5	0
Santa Margarita Water District ⁽²⁾	90	0	0	10
City of Tustin ⁽³⁾	9	91	0	0

⁽¹⁾ Approximately 32% of the District's water demand is from areas outside of OCWD's jurisdictional boundaries.

⁽²⁾ These agencies are not located within OCWD's jurisdictional boundaries.

⁽³⁾ The City of Tustin owns several groundwater projects that are exempt from the BEA.

Source: Municipal Water District of Orange County Water System Operations and Financial Information (April 2011).

THE WATER SYSTEM

General

Through the issuance of general obligation waterworks bonds and other indebtedness, the District has constructed, purchased or acquired capacity in, or connections to, various transmission, pumping, storage and distribution facilities to convey water into the District, including several major facilities built in cooperation with neighboring water districts and cities.

The development of water supplies and the construction and acquisition of facilities are being carried out under a master plan formulated by the District in 1972 and most recently updated in 2009. Existing uses

and planned development within the District will necessitate a projected combined total annual water supply of approximately 124,800 acre feet by 2035.

The District anticipates meeting all of its water supply needs using the above-mentioned water importation facilities, groundwater production facilities and recycled water facilities. The combination of the District’s facilities and sources of supply is expected to provide the District with a reliable water supply sufficient to permit the ultimate development as presently planned. Reliability of water supply is further enhanced by the District’s storage facilities, which currently provide more than a seven-day supply.

At June 30, 2011, the District had approximately 1,935 miles of water mains in its potable and recycled water systems and storage capacity of approximately 29,150 acre feet, including the District’s share of Irvine Lake, a 25,000 acre feet untreated water reservoir, and the District’s Sand Canyon, Rattlesnake Canyon, and San Joaquin Reservoirs, which are recycled water reservoirs with capacities of 750 acre feet, 1,100 acre feet, and 2,500 acre feet respectively. See the caption “WATER SUPPLY.”

See the caption “WATER SUPPLY—Water Banking” for information with respect to the District’s water banking programs.

In Fiscal Year 2009, the District commenced the engineering design for the Baker Water Treatment Plant project (the “Baker WTP”). The design is anticipated to be complete in November 2012, with construction anticipated to be complete in July 2015.

When constructed, the Baker WTP is expected to treat to drinking water standards approximately 28 million gallons per day of raw imported water purchased from MWD. During emergencies and planned raw imported water outages, water from Irvine Lake is expected to be supplied to the Baker WTP for treatment to drinking water standards. The Baker WTP will utilize microfiltration and ultraviolet disinfection as the primary treatment processes. Although the plant will be owned and operated by the District, approximately 76% of capacity in the Baker WTP is expected to be held by other participating water agencies located in southern Orange County. The participation percentages of the District and other water agencies have not been finalized. The facility will provide an operational source of supply to the District and participating agencies and, in the event of a short-term water shortage emergency, provide regional water reliability to other neighboring water agencies. The project construction cost is estimated at approximately \$64 million, which is to be borne by the District and the other participating water agencies in proportion to their participation in the project. The District has financed its expected 24% share of the costs from general obligation bonds.

Historic Water Connections

The following table shows the number of water connections in the District for the five most recent Fiscal Years.

**TABLE 15
IRVINE RANCH WATER DISTRICT
Historic Water Connections⁽¹⁾**

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2007	93,824	3.06%
2008	95,584	1.88
2009	96,311	0.76
2010	97,023	0.74
2011	98,637	1.66

⁽¹⁾ Excludes recycled water connections.
Source: The District.

Projected Water Connections

The following table shows the number of water connections projected by the District for the current and next four Fiscal Years.

TABLE 16
IRVINE RANCH WATER DISTRICT
Projected Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2012	101,343	2.74%
2013	103,864	2.49
2014	106,382	2.42
2015	110,139	3.53
2016	113,841	3.36

⁽¹⁾ Excludes recycled water connections. Increases in connections beginning in Fiscal Year 2012 reflect District estimates of increased development activity, primarily due to scheduled apartment construction.

Source: The District.

Connection Fees

The District collects a water connection fee for each new connection to finance District facilities. Connection fees vary by Improvement District and range from \$1,099 to \$9,100 for each residential unit and \$3,360 to \$28,943 for each acre of commercial property. The connection fee is designed to allocate the costs of master planned facilities such as water sources and production facilities, transmission mains, pumping stations, reservoirs and appurtenances and capacity necessary for each Improvement District.

Historic Water Deliveries

The following table presents a summary of historic water deliveries for the District in acre feet per year for the five most recent Fiscal Years. Historic water deliveries vary from historic water supply as a result of losses in the water system and the timing of billing. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

TABLE 17
IRVINE RANCH WATER DISTRICT
Historic Water Deliveries in Acre Feet Per Year

<i>Fiscal Year</i>	<i>Potable and Untreated</i>	<i>Recycled</i>	<i>Total</i>	<i>Percentage Change</i>
2007	66,185	24,761	90,946	10.35%
2008 ⁽¹⁾	64,005	24,825	88,830	(2.33)
2009 ⁽¹⁾	63,088	24,565	87,653	(1.33)
2010 ⁽¹⁾	56,383	24,097	80,480	(8.18)
2011 ⁽¹⁾	53,431	23,095	76,526	(4.91)

⁽¹⁾ Reduced deliveries resulted from the District's conservation efforts in response to drought conditions and economic factors affecting the District's service area.

Source: The District.

Projected Water Deliveries

The District estimates that water system deliveries for the current and next four Fiscal Years will be as set forth in the following table. The District currently projects that water deliveries will increase as a result of an increase in connections, as set forth in the table under the caption “—Projected Water Connections,” and improved economic conditions in the District’s service area. Revenues from the sale of recycled water are accounted for as part of the District’s sewer system.

**TABLE 18
IRVINE RANCH WATER DISTRICT
Projected Water Deliveries in Acre Feet Per Year**

<i>Fiscal Year</i>	<i>Potable and Untreated</i>	<i>Recycled</i>	<i>Total</i>	<i>Percentage Change</i>
2012 ⁽¹⁾	56,947	21,161	78,108	2.07%
2013	57,516	21,372	78,888	1.00
2014	58,667	21,800	80,466	2.00
2015	59,840	22,236	82,076	2.00
2016	60,438	22,458	82,896	1.00

⁽¹⁾ Increase from Fiscal Year 2011 deliveries reflects projected increased development within District service area and average hydrological year.

Source: The District.

Historic Water Sales and Service Charge Revenues

The following table shows annual water sales and service charge revenues for the five most recent Fiscal Years. The following table does not include revenues from the sale of recycled water, which are accounted for as part of the District’s sewer system.

**TABLE 19
IRVINE RANCH WATER DISTRICT
Historic Water Sales and Service Charge Revenues
(Dollars in Thousands)**

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2007	\$45,138	14.98% ⁽²⁾
2008	48,516	7.48
2009	50,940	5.00
2010	51,268	0.64
2011	54,796	6.88

⁽¹⁾ Includes late payment charges and other penalty revenues.

⁽²⁾ Increase reflective of rate increase and increased development in the District’s service area.

Source: The District.

Projected Water Sales and Service Charge Revenues

The following table projects annual water sales and service charge revenues for the current and next four Fiscal Years, which projections are based on the increases in projected water deliveries described under caption “—Projected Water Deliveries.”

TABLE 20
IRVINE RANCH WATER DISTRICT
Projected Water Sales and Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2012	\$55,892	2.00%
2013	59,525	6.50
2014	62,501	5.00
2015	65,626	5.00
2016	68,908	5.00

⁽¹⁾ Reflects projected increases in water connections and deliveries described under the captions “—Projected Water Connections” and “—Projected Water Deliveries,” respectively, as well as projected increases in rates described under the caption “—Water System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Water Customers

The following table sets forth the ten largest water customers of the District as of June 30, 2011, as determined by annual payments.

TABLE 21
IRVINE RANCH WATER DISTRICT
Ten Largest Water Customers
As of June 30, 2011

<i>Customer</i>	<i>Fiscal Year 2011 Payment</i>
1. The Irvine Company	\$ 3,023,324
2. University of California, Irvine	1,222,850
3. City of Irvine	833,014
4. Jazz Semiconductor	652,709
5. B Braun Medical Inc.	488,557
6. Woodbridge Village Association	346,758
7. Caltrans District 12	312,094
8. County of Orange	268,173
9. Irvine Unified School District	260,920
10. Allergan Sales, LLC	260,651
TOTAL	<u>\$ 7,669,050</u>

Source: The District.

These ten largest customers accounted for approximately 14% of water sales revenues in Fiscal Year 2011.

Water System Rates and Charges

Water system rates and charges (other than connection fees) are generally uniform throughout the District. Pumping surcharges apply in higher elevations, and different rates and charges apply in certain areas added to the District by consolidation and annexation since 1998. The average monthly service charge for residential water meters is \$8.75. The monthly service charges for commercial and industrial water meters range from \$8.75 to \$2,933.11 based on meter size. Quantity charges are set according to a water conservation oriented ascending block rate structure with rates ranging from \$0.91 to \$11.52 per 100 cubic feet (“ccf”). Recycled water rates for irrigation are set at 90% of the potable rate. Set forth below is comparison of the District’s water bill for a typical residential customer as compared to neighboring communities. Since Fiscal Year 2006, the District has increased its water system rates and charges by an average of approximately 6.9% each year for an average residential customer using approximately 18 ccf of water per month.

The projected water system revenues set forth under the captions “—Projected Water Sales and Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect projected water rate increases of between 2% and 5% in Fiscal Years 2012 through 2016. Such water rate increases are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

**TABLE 22
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Water Bills⁽¹⁾**

<i>Water Service Provider</i>	<i>Charge⁽²⁾</i>
Newport Beach	\$64.25
Costa Mesa	61.35
Santa Ana	53.61
Huntington Beach	42.37
Anaheim	35.96
Tustin	36.85
Orange	33.65
District	28.23

⁽¹⁾ Based on 18 ccf (for the District first 8 ccf at low volume rate of 0.91 and next 10 ccf at 1.21).

⁽²⁾ Rates as of July 1, 2011. Excludes *ad valorem* assessments levied by the District.

Source: The District.

THE SEWER SYSTEM

General

The District, following voter approval in 1965, is authorized by law to acquire, construct, operate and furnish facilities and services for the collection, treatment, reclamation and disposal of wastewater and may contract with others for such purposes.

The District has an extensive network of gravity sewers, force mains, wastewater lift stations and siphons that convey wastewater to two District-owned treatment plants. At June 30, 2011, the District had approximately 940 miles of sewer mains and treatment plant capacity of approximately 25.5 million gallons a

day (“mgd”) at the Michelson Water Reclamation Plant (the “MWRP”) and the Los Alisos Water Reclamation Plant (“LAWRP”). More than 8.3 billion gallons of sewage were treated by the District during Fiscal Year 2011.

During Fiscal Year 1986, the District cooperated with Orange County Sanitation District (“OCSD”) to form Sanitation District 14 (functionally replaced by “Revenue Area 14” of OCSD, upon the consolidation of the several sanitation districts comprising OCSD’s predecessor, the County Sanitation Districts of Orange County, in 1998), which overlays a substantial portion of the District’s territory. Under an agreement entered into between the District and OCSD in connection with such formation, the District paid approximately \$34 million for an approximately 6% interest in OCSD’s sewage processing facilities (such percentage of interest will vary over time pursuant to a formula set forth in the agreement between OCSD and the District). This agreement, together with the District’s own treatment plant capacity and other sewer agreements, currently provides total treatment capacity of 30 million gallons per day. The agreement also provides for the purchase by the District of additional capacity in OCSD sewage processing facilities on an as-needed-basis determined from annual flows. Currently, approximately 85% of the District’s wastewater is treated by the MWRP and LAWRP operated by the District, and 14% is treated by OCSD. A small portion of the wastewater (less than 1%) from the District’s service area that is adjacent to the Santa Margarita Water District is treated by the Santa Margarita Water District pursuant to contract.

Ultimately, the District plans to expand capacity for its treatment facilities to approximately 40.5 mgd in order to: (i) increase recycled water production and utilization; (ii) decrease exposure to external treatment costs and operational constraints; and (iii) decrease dependencies on imported water supplies. See the caption “FUTURE CAPITAL IMPROVEMENTS.”

The District has evaluated alternative approaches to handling its wastewater solids. The District is proceeding with design of facilities for handling MWRP solids, currently conveyed to Fountain Valley for treatment by OCSD, as well as solids from the District’s LAWRP and other potential participating agencies. New capital facilities constructed at the MWRP to dewater and dispose of solids from this facility are estimated to cost \$141 million. Construction of solids handling facilities at the MWRP is scheduled to begin in 2012 with an anticipated completion in 2015.

OCSD. OCSD faces various challenges in the continued treatment of sewage. A description of these challenges as well as a variety of other operating information with respect to OCSD is included in certain disclosure documents prepared by OCSD. OCSD has certain publicly available documents and has entered into certain continuing disclosure agreements pursuant to which OCSD is contractually obligated for the benefit of owners of certain of their outstanding obligations, to file certain annual reports, notices of certain material events as defined under Rule 15c2-12 and annual audited financial statements (the “OCSD Information”) with EMMA at <http://emma.msrb.org>. The OCSD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OCSD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 1989 BONDS TO PROVIDE OCSD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 1989 BONDS.

OCSD HAS NOT REVIEWED THIS REMARKETING STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OCSD. OCSD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 1989 BONDS UNDER RULE 15c2-12.

Historic Sewer System and Recycled Water Connections

The following table shows the number of sewer and recycled water connections in the District for the five most recent Fiscal Years.

TABLE 23
IRVINE RANCH WATER DISTRICT
Historic Sewer and Recycled Water Connections

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2007	88,316	2.35%
2008	89,775	1.65
2009	90,545	0.86
2010	91,252	0.78
2011	92,837	1.74

Source: The District.

Projected Sewer and Recycled Water Connections

The following table shows the projected number of sewer and recycled water connections for the current and next four Fiscal Years.

TABLE 24
IRVINE RANCH WATER DISTRICT
Projected Sewer and Recycled Water Connections

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2012	95,543	2.91%
2013	98,064	2.64
2014	100,582	2.57
2015	104,339	3.74
2016	108,041	3.55

⁽¹⁾ Increases in connections beginning in Fiscal Year 2012 reflect District estimates of increased development activity.

Source: The District.

Connection Fees

The District collects a sewer connection fee for each new connection to finance District sewer facilities. Connection fees vary by Improvement District and range from \$777 to \$5,644 for each residential unit and \$710 to \$55,188 for each acre of commercial or industrial property. The connection fee is designed to allocate the costs of master planned facilities such as transmission mains, pumping stations, treatment facilities and appurtenances and capacity necessary to serve each Improvement District.

Historic Sewer Daily Average Flow

The following table shows the daily average sewer flow in millions of gallons per day for the five most recent Fiscal Years.

TABLE 25
IRVINE RANCH WATER DISTRICT
Historic Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2007	32.5	5.97%
2008	29.6	(8.84) ⁽²⁾
2009	29.6	0.00
2010	27.5	(7.09) ⁽²⁾
2011	27.4	(0.36) ⁽²⁾

⁽¹⁾ Includes flow treated by OCSD.

⁽²⁾ Reduction in flows reflects conservation efforts.

Source: The District.

Projected Sewer Daily Average Flow

The following table shows the projected daily average sewer flow in millions of gallons per day for the current and next four Fiscal Years.

TABLE 26
IRVINE RANCH WATER DISTRICT
Projected Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2012	27.7	1.09%
2013	28.0	1.08
2014	28.6	2.14
2015	29.1	1.75
2016	29.7	2.06

⁽¹⁾ Includes flow treated by OCSD.

Source: The District.

Historic Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the recycled water sales and sewer service charge revenues for the five most recent Fiscal Years.

TABLE 27
IRVINE RANCH WATER DISTRICT
Historic Recycled Water Sales and Sewer Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues</i>	<i>Percentage Change</i>
2007	\$37,649	28.72% ⁽¹⁾
2008	39,811	5.74
2009	41,157	3.38
2010	45,343	10.17 ⁽²⁾
2011	45,375	0.07

⁽¹⁾ Reflects 31% increase in fixed service charges in Fiscal Year 2007 to cover increased operating costs and replacement capital.

⁽²⁾ Reflects 20% increase in fixed service charge in Fiscal Year 2010 to cover increased operating costs, replacements, and capital enhancements and 7% increase in commodity rate in Fiscal Year 2010.

Source: The District.

Projected Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the projected recycled water sales and sewer service charge revenues for the current and next four Fiscal Years.

TABLE 28
IRVINE RANCH WATER DISTRICT
Projected Recycled Water Sales and Sewer Service Charge Revenues
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2012	\$ 47,469	4.61%
2013	49,216	3.68
2014	51,185	4.00
2015	53,232	4.00
2016	55,361	4.00

⁽¹⁾ Reflects increases in projected sewer connections and daily average sewer flow described under the captions “—Projected Sewer and Recycled Water Connections” and “—Projected Sewer Daily Average Flow,” respectively as well as projected increases in recycled water and sewer rates described under the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Sewer Service Customers

The following table sets forth the ten largest sewer service customers in the District for Fiscal Year 2011, as determined by annual payments.

**TABLE 29
IRVINE RANCH WATER DISTRICT
Ten Largest Sewer Service Customers
As of June 30, 2011**

<i>Customer</i>	<i>Fiscal Year 2011 Payment</i>
1. The Irvine Company	\$614,013
2. Royal Carpet Mills	272,714
3. Allergan Sales, LLC	248,544
4. Maruchan Inc.	241,264
5. Villa Sienna Apartments	221,803
6. ERP Operating LP	185,354
7. Newport Bluffs Apartments	159,491
8. Oakley Technical Center	147,291
9. Park West Apartments	134,696
10. Airport Industrial Complex	<u>125,982</u>
TOTAL	<u>\$2,351,152</u>

Source: The District.

The ten customers listed above accounted for approximately 5% of total sewer revenues for Fiscal Year 2011.

Sewer System Rates and Charges

Residential users pay a fixed monthly service charge which ranges from \$12.70 to \$16.90. Commercial and industrial users pay \$16.90 for the first ten ccf and from \$1.94 to \$2.093 per ccf thereafter. Set forth below is a comparison of the District's sewer bills for a typical residential customer as compared to other neighboring communities. Since Fiscal Year 2006, the District has increased its fixed monthly service charge by an average of approximately 12.8% each year.

**TABLE 30
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Sewer Bill**

<i>City</i>	<i>Charge⁽¹⁾</i>
Tustin	\$35.40
Santa Ana	31.94
Newport Beach	29.20
Huntington Beach	28.90
Orange	21.48
Costa Mesa	18.40
Anaheim	18.40
<i>District</i>	<i>16.90</i>

⁽¹⁾ Rates as of July 1, 2011. Excludes *ad valorem* assessments levied by District.
Source: The District.

The projected sewer system and recycled water sales revenues set forth under the captions “—Projected Recycled Water Sales and Sewer Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect projected sewer rate increases of 5% in Fiscal Years 2012 through 2016 and projected recycled water rate increases of between 2% and 5% in Fiscal Years 2012 through 2016. Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

FUTURE CAPITAL IMPROVEMENTS

The District anticipates spending approximately \$592.9 million on future water, recycled water and sewer system improvements during the current and the next four Fiscal Years. The District anticipates financing such improvements through a combination of general obligation bonds, District revenues and fund balances in Fiscal Years 2012 through 2016. The District anticipates that approximately \$444.7 million of such improvements will be financed from proceeds of general obligation bonds and that approximately \$148.2 million of such improvements will be financed from funds on hand and District revenues. The following table sets forth the District’s projected capital improvement projects for the current and next four Fiscal Years:

TABLE 31
IRVINE RANCH WATER DISTRICT
Projected Water and Sewer Systems Capital Improvements
For Fiscal Years 2012 through 2016

<i>Project</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>Total</i>
MWRP and Solids Handling	\$36,746,130	\$18,860,490	\$ 54,027,200	\$ 54,100,920	\$ 59,392,540	\$223,127,280
NTS	645,900	270,610	1,237,500	-	-	2,154,010
OCSD / CORF	11,879,320	9,901,000	5,318,280	3,753,620	3,449,160	34,301,380
Development	13,267,500	9,929,330	15,619,950	18,071,410	23,229,060	80,117,250
Operational Improvements	11,591,310	6,765,650	5,246,050	3,673,220	1,362,010	28,638,240
Replacement and Refurbishment	17,430,710	14,720,290	13,971,680	7,892,630	7,525,000	61,540,310
Water Supply and Reliability	<u>37,252,140</u>	<u>14,184,640</u>	<u>34,837,050</u>	<u>42,507,780</u>	<u>34,207,020</u>	<u>162,988,630</u>
Total	\$128,813,010	\$74,632,010	\$130,257,710	\$129,999,580	\$129,164,790	\$592,867,100

MWRP Improvements. The Phase 2 expansion of the MWRP will increase treatment capacity from 18 to 28 mgd. Primary components of the expansion include new influent sewers; influent flow metering facilities; centralized headworks facilities; primary clarification facilities; primary effluent pumping station; flow equalization basin modifications; nitrification/denitrification membrane bioreactor facilities; high rate clarification facilities; ultra-violet disinfection facilities; rehabilitation of existing chlorine contact chambers; effluent pumping station modifications; chemical storage and feed facilities; associated electrical, instrumentation and controls, and telemetry improvements; demolition work; site work and driven pile foundations; yard piping and grading modifications; and site paving and restoration work. The solids handling capital project includes the design and construction of facilities for thickening, acid-phase anaerobic digestion, dewatering, drying and pelletization, energy generation, and use of pellets as a fertilizer or e-fuel. It also includes a solids receiving station to allow processing of dewatered sludge from the Los Alisos Water Recycled Water Plant for drying and pelletization. In addition, facilities for the receipt and transfer of fats, oil and grease to the digesters is being designed and will be constructed to increase methane and energy production capabilities. The District anticipates that proceeds from the District’s previously issued Series 2010B Bonds will be used to finance a portion of the cost of this project, which is expected to be completed in Fiscal Year 2013.

OCSD CORF. OCSD’s Capital Outlay Revolving Fund (“CORF”) funds OCSD projects such as plant upgrades for secondary treatment and the Groundwater Replenishment System. The District funds its share of the CORF based on the District’s percentage share of OCSD’s total wastewater flow. Wastewater flows from the District presently comprise approximately 5% of OCSD flows and are expected to comprise

approximately 3-4% in future years. The District anticipates that proceeds from the Series 2010B Bonds will be used to finance a portion of this project. See the caption “THE SEWER SYSTEM—General—OCSD” above.

Water Supply Reliability. Water supply reliability projects include the acquisition and construction of water banking facilities in Kern County, the Irvine Desalter Project, improvements to the Baker WTP, expansion of Syphon Reservoir and other projects to increase water supply reliability, including, but not limited to, booster pump stations and interagency pipeline construction. The District anticipates that proceeds from the Series 2010B Bonds will be used to finance a portion of the cost of these projects. See the caption “WATER SUPPLY” above.

Development-Related Expansion. Development-related expansion improvements include construction of new water, recycled water and sewer improvements to serve new developments.

Natural Treatment System Improvements. The Natural Treatment System (“NTS”) includes improvements to the District’s regional urban runoff treatment sites designed to reduce the pollutant load from San Diego Creek before it reaches the environmentally sensitive Upper Newport Bay. The system will consist of 31 wetlands treatment sites located throughout the District’s service area. Each wetland site will use natural processes to remove sediment, nutrients, pathogens and other contaminants from water flows before reaching Upper Newport Bay.

Replacement and Refurbishment. Replacement and refurbishment improvements consist of repairs and restoration to existing water, recycled water and sewer system facilities.

Operational Improvements. Operational improvements consist of optimizing District facilities and include improvements to the District’s water and wastewater Operations Center, adding water quality mixing systems to existing reservoirs, expanding the reliability of the Supervisory Control and Data Acquisition system, and relocating District facilities as required by interagency projects.

WATER AND SEWER SYSTEM FINANCIAL INFORMATION

The following discussion sets forth information related to the District’s historic and projected operating results and resulting debt service coverage on Parity Obligations. Other than the *ad valorem* assessments and 1% Property Tax Revenues, none of the Revenues shown in Tables 32 and 33 are pledged to the payment of debt service on the Series 1989 Bonds. The District does, however, routinely apply such Revenues to the payment of debt service on its *Ad Valorem* Assessment Bonds, including the Series 1989 Bonds. There is no assurance that such alternate sources for debt service payments will be available or continue to be available in succeeding years, or that if they are available, that the District will elect to use them for debt service payments.

Financial Statements

A copy of the most recent financial statements of the District audited by Mayer Hoffman McCann P.C., Certified Public Accountants (the “Auditor”), are included as Appendix B (the “Financial Statements”) and should be read in their entirety. The Auditor’s letter concludes that the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2011, and the changes in financial position and cash flows of the District for the year then ended in conformity with accounting principles generally accepted in the United States of America. The Auditor has not reviewed the contents of this Remarketing Statement, and the District has not sought the Auditor’s consent to the inclusion of the Auditor’s report in the Financial Statements in this Remarketing Statement.

The summary operating results for Fiscal Years 2007 through 2011 contained under the caption “—Historic Operating Results and Debt Service Coverage” are derived from the Financial Statements and audited

financial statements for prior Fiscal Years (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

Historic Operating Results and Debt Service Coverage

The following table is a summary of operating results of the District for the last five Fiscal Years derived from the Financial Statements and audited financial statements of the District for Fiscal Years 2007 through 2011, and include certain adjustments.

TABLE 32
IRVINE RANCH WATER DISTRICT
Historic Operating Results and Debt Service Coverage
Fiscal Years 2007 through 2011
(in Thousands)

	2007	2008	2009	2010	2011
REVENUES					
Water sales and service charges	\$ 45,138	\$ 48,516	\$ 50,940	\$ 51,268	\$ 54,796
Recycled water sales and sewer service charges	37,649	39,811	41,157	45,343	45,375
Connection fees	22,122	6,411	4,535	5,818	10,572
Net real estate income	6,081	7,171	7,010	5,624	5,649
Interest income ⁽¹⁾	8,969	9,859	4,365	2,191	2,599
Net earnings on JPA	3,388	3,238	2,990	4,196	12,444 ⁽¹²⁾
Available 1% Property Tax Revenues ⁽²⁾	216	4,869	17,007	17,213	15,113
Other ⁽³⁾	10,457	11,130	9,918	10,706	7,987
Total Revenues	\$ 134,020	\$ 131,005	\$ 137,922	\$ 142,360	\$ 154,535
OPERATION AND MAINTENANCE EXPENSES					
Water services	\$ 33,281	\$ 37,030	\$ 40,333	\$ 40,103	\$ 42,383
Sewer services	23,439	26,032	27,402	27,804	30,787
Administrative and general	16,595	18,516	20,248	22,904	21,332
Customer accounts	2,829	3,178	3,234	3,772	3,737
Other	884	2,288	1,535	1,286	989
Total Operation & Maintenance Expenses	\$ 77,028	\$ 87,044	\$ 92,752	\$ 95,869	\$ 99,228
NET REVENUES	\$ 56,992	\$ 43,961	\$ 45,170	\$ 46,491	\$ 55,307
ASSESSMENT PROCEEDS⁽⁴⁾	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	\$ 56,992	\$ 43,961	\$ 45,170	\$ 46,491	\$ 55,307
PARITY OBLIGATIONS					
Series 2011A Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35
Series 2010B Bonds ⁽⁵⁾	0	0	0	0	4,080
2010 Installment Sale Agreement ⁽⁶⁾	0	0	0	0	7,680
Certificates of Participation ⁽⁷⁾	2,319	3,564	2,798	2,827	0
1997 State Loan #3	453	0	227	227	226
Prior Reimbursement Agreements	0	0	0	0	0
Total Parity Debt Service	\$ 2,772	\$ 3,564	\$ 3,025	\$ 3,119	\$ 12,021
PARITY OBLIGATION COVERAGE⁽⁸⁾	20.6x	12.3x	14.9x	14.9x	4.4x⁽¹³⁾
Revenue Available For Subordinate Debt Service	\$ 54,220	\$ 40,397	\$ 42,145	\$ 43,372	\$ 43,286
SUBORDINATE OBLIGATIONS					
Swap Payments ⁽⁹⁾	\$ 612	\$ 2,115	\$ 5,694	\$ 7,391	\$ 7,734
State Loans and SCWD Debt ⁽¹⁰⁾	300	559	481	381	1,687
1986 Certificates of Participation ⁽⁷⁾	4,099	3,851	3,391	2,605	-
TOTAL SUBORDINATE DEBT SERVICE	\$ 5,011	\$ 6,525	\$ 9,566	\$ 10,377	\$ 9,421
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 49,209	\$ 33,872	\$ 32,579	\$ 32,995	\$ 33,865
1% Pledged Property Tax Revenues ⁽¹¹⁾	\$ 22,040	\$ 19,861	\$ 9,276	9,935	11,875
Ad valorem Assessments	8,411	9,515	9,959	11,244	11,690
Total Funds Available for Ad Valorem Assessment Bonds	\$ 79,660	\$ 63,248	\$ 51,814	\$ 54,174	\$ 57,430
Ad Valorem Assessment Bond Debt Service	(30,451)	(29,376)	(19,235)	(21,179)	(16,899)
NET REVENUES AVAILABLE FOR OTHER PURPOSES	\$ 49,209	\$ 33,872	\$ 32,579	\$ 32,995	\$ 40,531

⁽¹⁾ Excludes income derived from swap payments. Net swap payment shown below under "Swap Payments."

- (2) Represents 1% Property Tax Revenues available to pay debt service on Parity Obligations after payment of debt service on the Series 1989 Bonds and other bonds of the District secured by a pledge of the District's share of the Orange County 1% general *ad valorem* property tax pursuant to Resolution No. 1992-48, adopted by the Board of Directors of the District on November 23, 1992, or Resolution 2002-10, adopted by the Board of Directors of the District on April 8, 2002 (collectively, the "Secured Bonds") from 1% Property Tax Revenues and *ad valorem* assessments.
 - (3) Other Revenues includes golf course, cell site leases and conservation revenue and Allen-McColloch pipeline income.
 - (4) Assessment Proceeds available to pay debt service on Series 2010B Bonds and Series 2011A Bonds.
 - (5) Debt Service net of Build America Bonds subsidy on Series 2010B Bonds.
 - (6) Entered into in February 2010 in connection with the prepayment of the 2008 Certificates of Participation and the 1986 Certificates of Participation.
 - (7) Prepaid in February 2010.
 - (8) Net Revenues and Assessment Proceeds divided by Debt Service.
 - (9) Net swap payments made.
 - (10) Santiago County Water District was consolidated into the District as of July 1, 2006.
 - (11) Represents District's share of 1% Property Tax Revenues which, together with the *ad valorem* assessments, is sufficient to pay debt service on the Series 1989 Bonds and the other Secured Bonds.
 - (12) Refunding of JPA Bonds in Fiscal Year 2010 resulted in a savings of approximately \$32.0 million, of which a portion was realized in Fiscal Year 2011. The remaining savings are expected to be realized at maturity in 2014.
 - (13) Reduced Parity Obligation coverage in Fiscal Year 2011 reflects scheduled increases in Parity Obligation debt service.
- Source: The District.

Projected Operating Results and Debt Service Coverage

The District's estimated projected operating results for the Fiscal Years 2012 through 2016 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the District's assumptions, including the assumptions in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

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TABLE 33
IRVINE RANCH WATER DISTRICT
Five-Year Debt Service Coverage Forecast
Fiscal Years 2012 through 2016
(in Thousands)

	2012	2013	2014	2015	2016
REVENUES					
Water sales and service charges ⁽¹⁾	\$ 55,892	\$ 59,525	\$ 62,501	\$ 65,626	\$ 68,908
Recycled water sales and sewer service charges ⁽²⁾	47,469	49,216	51,185	53,232	55,361
Connection fees ⁽³⁾	10,572	10,572	11,101	11,656	12,238
Net real estate income ⁽⁴⁾	6,998	7,649	7,856	8,012	8,171
Interest income ⁽⁵⁾	1,427	1,890	3,112	3,844	4,496
Net earnings on JPA ⁽⁶⁾	4,023	2,384	19,246	0	0
Available 1% Property Tax Revenues ⁽⁷⁾	21,844	24,256	21,213	25,072	25,783
Other ⁽⁸⁾	7,987	8,067	8,148	8,229	8,311
Total Revenues	<u>\$ 156,212</u>	<u>\$ 163,559</u>	<u>\$ 184,362</u>	<u>\$ 175,671</u>	<u>\$ 183,268</u>
OPERATION AND MAINTENANCE EXPENSES					
Water services ⁽⁹⁾	\$ 43,231	\$ 45,392	\$ 47,662	\$ 50,045	\$ 52,547
Sewer services ⁽⁹⁾	31,403	32,973	34,622	36,353	38,170
Administrative and general ⁽¹⁰⁾	21,759	22,194	22,638	23,090	23,552
Customer accounts ⁽⁹⁾	3,812	4,002	4,202	4,413	4,633
Other ⁽¹⁰⁾	1,009	1,029	1,050	1,071	1,092
Total Operation & Maintenance Expenses	<u>\$ 101,214</u>	<u>\$ 105,590</u>	<u>\$ 110,174</u>	<u>\$ 114,972</u>	<u>\$ 119,994</u>
NET REVENUES	<u>\$ 54,998</u>	<u>\$ 57,969</u>	<u>\$ 74,188</u>	<u>\$ 60,699</u>	<u>\$ 63,274</u>
ASSESSMENT PROCEEDS⁽¹¹⁾	\$ 6,011	\$ 6,677	\$ 7,487	\$ 8,431	\$ 9,436
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	<u>\$ 61,009</u>	<u>\$ 64,646</u>	<u>\$ 81,675</u>	<u>\$ 69,130</u>	<u>\$ 72,710</u>
PARITY OBLIGATIONS					
Series 2011A Bonds ⁽¹²⁾	\$ 2,604	\$ 3,057	\$ 2,975	\$ 3,576	\$ 4,103
Series 2010B Bonds ⁽¹³⁾	7,533	7,533	7,533	7,533	7,533
2010 Installment Sale Agreement ⁽¹⁴⁾	8,016	8,388	8,753	9,098	9,487
1997 State Loan #3 ⁽¹⁴⁾	227	227	227	227	227
Prior Reimbursement Agreements	0	0	0	0	0
Total Parity Debt Service	<u>\$ 18,380</u>	<u>\$ 19,205</u>	<u>\$ 19,488</u>	<u>\$ 20,434</u>	<u>\$ 21,350</u>
PARITY OBLIGATION COVERAGE⁽¹⁵⁾	3.3x	3.4x	4.2x	3.4x	3.4x
Revenue Available For Subordinate Debt Service	\$ 42,629	\$ 45,441	\$ 62,187	\$ 48,696	\$ 51,360
SUBORDINATE OBLIGATIONS					
Swap Payments ⁽¹⁶⁾	\$ 7,430	\$ 7,150	\$ 6,630	\$ 5,915	\$ 5,193
State Loans and SCWD Debt ⁽¹⁴⁾	1,687	1,687	1,687	1,687	1,687
TOTAL SUBORDINATE DEBT SERVICE	<u>\$ 9,117</u>	<u>\$ 8,837</u>	<u>\$ 8,317</u>	<u>\$ 7,602</u>	<u>\$ 6,880</u>
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 33,512	\$ 36,604	\$ 53,870	\$ 41,094	\$ 44,480
1% Pledged Property Tax Revenues ⁽¹⁷⁾	5,694	5,832	7,438	4,151	4,025
Ad valorem Assessments ⁽¹⁸⁾	6,263	6,825	7,365	7,906	8,535
Total Funds Available for Ad Valorem Assessment Bonds	\$ 45,469	\$ 49,261	\$ 68,673	\$ 53,151	\$ 57,040
Ad Valorem Assessment Bond Debt Service ⁽¹⁹⁾	(15,819)	(14,448)	(17,679)	(18,015)	(18,170)
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 29,650</u>	<u>\$ 34,813</u>	<u>\$ 50,994</u>	<u>\$ 35,136</u>	<u>\$ 38,870</u>

- (1) Projected to increase 2% from Fiscal Year 2011 amount in Fiscal Year 2012, 6.5% from Fiscal Year 2012 amount in Fiscal Year 2013 and 5% per annum thereafter. See the caption “THE WATER SYSTEM—Projected Water Sales and Service Charge Revenues.”
- (2) Projected to increase approximately 4.61% from Fiscal Year 2011 amount in Fiscal Year 2012, 3.68% from Fiscal Year 2012 amount in Fiscal Year 2013 and 4% per annum thereafter. See the caption “THE SEWER SYSTEM—Projected Recycled Water Sales and Sewer Service Charge Revenues.”
- (3) Projected to remain at Fiscal Year 2011 levels in Fiscal Years 2012 and 2013 and to increase 5% per annum thereafter.
- (4) Increase from Fiscal Year 2011 amount in Fiscal Years 2012 and 2013 reflects development of Phase 1 of commercial office complex. See the caption “THE IRVINE RANCH WATER DISTRICT—Projected Net Real Estate Income.” Projected to increase 2% per annum beginning in Fiscal Year 2014.
- (5) Projected at interest rates ranging from 0.40% in Fiscal Year 2012 to 2.20% in Fiscal Year 2016, for an average 5-year return of 1.15% on District reserves. Does not include swap payments.
- (6) Reflects maturity of JPA Bonds in Fiscal Year 2014. The District will realize trust estate assets upon maturity of the JPA Bonds.
- (7) Represents 1% Property Tax Revenues available to pay Debt Service on Parity Obligations after payment of debt service on the Series 1989 Bonds and the other Secured Bonds from 1% Property Tax Revenues and applicable *ad valorem* assessments. Projected fluctuation in 1% Property Tax Revenues is a result of uneven debt service on Secured Bonds. Includes receipt in Fiscal Year 2013 of \$2 million repayment, plus interest, of 1% property tax shifted to the State of California in 2009.
- (8) Includes, golf course, cell site leases, and conservation revenue, grants and Allen-McColloch pipeline income. Projected to remain at Fiscal Year 2011 amount in Fiscal Year 2012 and to increase 1% per annum thereafter.
- (9) Projected to increase 2% from Fiscal Year 2011 amount in Fiscal Year 2012 and 5% per annum thereafter.
- (10) Projected to increase 2% per annum from Fiscal Year 2011 amount.
- (11) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *Ad Valorem* Assessment Bonds. Assessment Proceeds are only available to pay debt service on Series 2010B Bonds and Series 2011A Bonds and not other Parity Obligations which are not general obligation bonds secured by *ad valorem* assessments.
- (12) Projected at SIFMA rates increasing from 0.15% in Fiscal Year 2012 to 1.75% in Fiscal Year 2016, for an average 5-year interest rate of 0.83%. Assumes that the purchase price of Series 2011A Bonds is paid from remarketing proceeds.
- (13) Debt Service net of Build America Bonds subsidy on Series 2010B Bonds.
- (14) Reflects scheduled Debt Service.
- (15) Total Net Revenues and Assessment Proceeds divided by Debt Service.
- (16) Net swap payments. Assumes 5 year average of LIBOR Rate with respect to swaps is 0.97%. Does not include swap agreements authorized by the Board of Directors but not entered into. See the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”
- (17) Represents District’s share of 1% Property Tax Revenues which, together with the applicable *ad valorem* assessments, is sufficient to pay debt service on the Series 1989 Bonds and the other Secured Bonds.
- (18) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *ad valorem* assessment bonds and Series 2010B Bonds, Series 2011A Bonds.
- (19) *Ad Valorem* Assessment Bonds debt projection assumes annual sinking fund payments, SIFMA rates ranging from 0.15% in Fiscal Year 2012 to 1.75% in Fiscal Year 2016 and letter of credit fees equal to 0.65% of principal, for a five-year average interest rate of 1.48%. Does not include Series 2010B Bonds or Series 2011A Bonds, which are Parity Obligations. Assumes \$75 million of new variable rate *ad valorem* assessment bonds issued in 2012 and \$75 million issued in 2014.

Source: The District.

THE IMPROVEMENT DISTRICTS

General

The District contains 16 water Improvement Districts and 17 sewer Improvement Districts covering specific areas within the District’s boundaries, some of them overlapping and each of which is governed by the Act. The District formed the Improvement Districts in order to allocate funding responsibility for capital facilities to the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development so that capital facilities construction can be matched to the development approval decisions of the respective local agency that makes them. Some of the Improvement Districts share in the funding of the District’s regional facilities which the Improvement Districts will use in common, such as major water importation facilities or sewer treatment plants.

Each Improvement District has a respective plan of works and a certain amount of authorized general obligation bonded indebtedness. See Table 4 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness.” The *Ad Valorem* Assessment Bonds issued pursuant to such authorization are sold in each instance by the District on the respective Improvement District’s behalf. The obligation for repayment of bonds issued on behalf of an Improvement

District is secured in each instance by the power of the District to levy and collect within such Improvement District *ad valorem* assessments without limitation as to rate or amount on land only (enforceable by customary rights to foreclose and sell property for delinquent assessments) or, in lieu of assessments, in the District's discretion, charges for water or sewer service, as applicable, all within the subject Improvement District. These powers and functions are exercised for each Improvement District by the Board of Directors of the District. Although the respective funding obligations of each Improvement District are separate and independent, the Improvement Districts are not operated as separate or independent governmental entities nor do they have governing boards or any staff. The Improvement Districts are geographical subdivisions of the District through which the District funds capital improvements.

As a result of the District's discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District vary from year to year and generally do not result in revenues that correspond with debt service requirements on the *Ad Valorem* Assessment Bonds. The annual tax rates set by the District may vary from year to year for other reasons as well. The District has covenanted under the Indenture that to the extent necessary to pay debt service on the Series 1989 Bonds it will impose and collect Bond Assessments and Charges. See the caption "SECURITY FOR THE SERIES 1989 BONDS—General—Covenant to Collect Bond Assessments and Charges" in the forepart of this Remarketing Statement.

The following is a general description of each of the Improvement Districts as to which the Series 1989 Bonds constitute consolidated, several general obligations:

Improvement District No. 186

General. Improvement District No. 186 (water) covers approximately 423 acres located in the northeastern portion of the District in the foothills northeast of the El Toro area in eastern Orange County. Improvement District No. 186 is fully built out and consists of approximately 1,240 residential units. Set forth below is information with respect to Improvement District No. 186.

The *ad valorem* assessments levied by the District in Improvement District No. 186 to pay such Improvement District's Included Amount of debt service on the Series 1989 Bonds will be levied on land only. See Table 4 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness" for a description of the authorized, issued, authorized and unissued and amount outstanding of Improvement District Nos. 186 *Ad Valorem* Assessment Bonds.

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The following table presents the five-year history of assessed valuations of land in Improvement District No. 186 for the Fiscal Years ended June 30, 2008 through June 30, 2012:

TABLE 34
IRVINE RANCH WATER DISTRICT
Improvement District No. 186
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2008	\$250,901,383	\$ 425,016	\$251,326,399
2009	236,802,396	413,250	237,215,646
2010	203,479,516	402,918	203,882,434
2011	204,627,293	537,079	205,164,372
2012	200,113,340	396,559	200,509,899

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land-only local secured assessed valuation in Improvement District No. 186 (excluding utility and unsecured property) by land use for the Fiscal Year ending June 30, 2012:

TABLE 35
IRVINE RANCH WATER DISTRICT
Improvement District No. 186
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2012 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Residential:				
Single Family Residence	\$ 127,031,278	63.48%	689	54.25%
Condominium	<u>73,082,062</u>	<u>36.52</u>	<u>581</u>	<u>45.75</u>
Total	\$ 200,113,340	100.00%	1,270	100.00%

⁽¹⁾ Land Only Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 186 based on land-only local secured assessed valuations for the Fiscal Year ending June 30, 2012:

**TABLE 36
IRVINE RANCH WATER DISTRICT
Improvement District No. 186
Largest Local Secured Taxpayers**

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2012 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Douglas M. Fields	Residence	\$ 722,117	0.36%
2.	Cindy and Claude Henry Miller III	Residence	536,000	0.27
3.	Gina Marie Adamo	Residence	477,671	0.24
4.	Arato Kimura	Residence	467,439	0.23
5.	Carl P. and Carolyn C. Herkes	Residence	443,911	0.22
6.	Tina Bloomer	Residence	431,664	0.22
7.	James E. and Lisa M. Chapman	Residence	423,903	0.21
8.	John and Allyson Faltys	Residence	421,935	0.21
9.	David J. Graham	Residence	415,116	0.21
10.	Gary Trobridge	Residence	413,278	0.21
	TOTAL		<u>\$ 4,753,034</u>	<u>2.38%</u>

⁽¹⁾ Fiscal Year 2012 Local Secured Assessed Valuation (Land Only): \$200,113,340.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is the direct and overlapping debt report (the “Debt Report–I.D. 186”) for Improvement District No. 186, prepared by California Municipal Statistics, Inc. and effective April 1, 2012. The Debt Report–I.D. 186 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 186 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 186 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 186 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 186. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 37
IRVINE RANCH WATER DISTRICT
Improvement District No. 186
Direct and Overlapping Debt Statement

Fiscal Year 2012 Land Only Assessed Valuation: \$200,509,899

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 4/1/12</u>
Metropolitan Water District	0.027%	\$ 53,067
Saddleback Valley Unified School District	1.628	2,147,739
Irvine Ranch Water District, I.D. No. 186	100.	2,238,000⁽²⁾
Trabuco Canyon Water District Community Facilities District No. 2	40.219	1,057,760
Orange County Community Facilities District No. 87-4	79.363	<u>5,199,622</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$10,696,188

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	0.125%	\$ 327,970
Orange County Pension Obligations	0.125	59,407
Orange County Board of Education Certificates of Participation	0.125	23,750
City of Lake Forest Certificates of Participation	4.650	365,723
Municipal Water District of Orange County Water Facilities Corporation	0.148	17,975
Irvine Ranch Water District Certificates of Participation	0.602	<u>464,684</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$1,259,509
Less: City of Lake Forest supported certificates of participation		365,723
MWDOC Water Facilities Corporation (100% supported)		<u>17,975</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$ 875,811

GROSS COMBINED TOTAL DEBT	\$11,955,697 ⁽³⁾
NET COMBINED TOTAL DEBT	\$11,571,999

Ratios to Fiscal Year 2012 Land Only Assessed Valuation:

Direct Debt (\$2,238,000).....1.12%

Total Direct and Overlapping Tax and Assessment Debt5.33%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt2.53%

Net Combined Total Debt.....2.45%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

⁽¹⁾ Based on Fiscal Year 2012 redevelopment-adjusted all property assessed valuation of \$472,851,021.

⁽²⁾ Excludes issuances that have not been sold.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District No. 188

General. Improvement District No. 188 (water) is located in the northeastern portion of the District and is contiguous to the southern boundary of Improvement District No. 186. Improvement District No. 186 is comprised of approximately 216 acres. Improvement District No. 188 is currently largely undeveloped. Future development is anticipated to consist of approximately 1,130 residential units and 38 acres of commercial, public facilities and parks. The Fiscal Year 2012 assessed value of the land in Improvement District No. 188 is \$13,887,854.

The *ad valorem* assessments levied by the District in Improvement District No. 188 to pay such Improvement District's Included Amount of debt service on the Series 1989 Bonds will be levied on land only. See Table 4 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—

Improvement District Indebtedness” for a description of the authorized, issued, authorized and unissued and amount outstanding of Improvement District Nos. 188 *Ad Valorem* Assessment Bonds.

The following table presents the five-year history of assessed valuations of land in Improvement District No. 188 for the Fiscal Years ended June 30, 2008 through June 30, 2012:

TABLE 38
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2008	\$12,410,613	\$0	\$12,410,613
2009	12,658,815	0	12,658,815
2010	12,806,315	0	12,806,315
2011	14,613,156	0	14,613,156
2012	13,887,854	0	13,887,854

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land-only local secured assessed valuation in Improvement District No. 188 (excluding utility and unsecured property) by land use for the Fiscal Year ending June 30, 2012:

TABLE 39
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2012 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Commercial	\$ 0	0.00%	0	0.00%
Industrial	0	0.00	0	0.00
Miscellaneous	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Subtotal Non-Residential	\$ 0	0.00%	0	0.00%
Residential:				
Single Family Residence	\$ 0	0.00%	0	0.00%
Condominium/Townhouse	0	0.00	0	0.00
2+ Residential Units/Apartments	0	0.00	0	0.00
Vacant Residential	<u>13,887,854</u>	<u>100.00</u>	<u>9</u>	<u>100.00</u>
Subtotal Residential	\$13,887,854	100.00%	9	100.00%
Total	<u>\$13,887,854</u>	<u>100.00%</u>	<u>9</u>	100.00%

⁽¹⁾ Land Only Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 188 based on land-only local secured assessed valuations for the Fiscal Year ending June 30, 2012:

**TABLE 40
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Largest Local Secured Taxpayers**

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2012 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Sunranch Capital Partners LLC	Vacant Residential	\$ 7,041,231	50.70%
2.	USA Portola Properties LLC	Vacant Residential	<u>6,846,623</u>	<u>49.30</u>
	TOTAL		<u>\$ 13,887,854</u>	100.00%

⁽¹⁾ Fiscal Year 2012 Local Secured Assessed Valuation (Land Only): \$13,887,854.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is the direct and overlapping debt report (the “Debt Report–I.D. 188”) for Improvement District No. 188, prepared by California Municipal Statistics, Inc. and effective April 1, 2012. The Debt Report–I.D. 188 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 188 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 188 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 188 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 188. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 41
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Direct and Overlapping Debt Statement

Fiscal Year 2012 Land Only Assessed Valuation: \$13,887,854

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 4/1/12</u>
Metropolitan Water District	0.001%	\$ 1,965
Saddleback Valley Unified School District	0.048	63,324
Irvine Ranch Water District, I.D. No. 188	100.	2,156,000⁽²⁾
Trabuco Canyon Water District Community Facilities District No. 2	10.861	285,644
Orange County Community Facilities District No. 87-2	2.331	<u>152,720</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,659,653

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	0.004%	\$10,495
Orange County Pension Obligations	0.004	1,901
Orange County Board of Education Certificates of Participation	0.004	760
City of Lake Forest Certificates of Participation	0.137	10,775
Municipal Water District of Orange County Water Facilities Corporation	0.004	486
Irvine Ranch Water District Certificates of Participation	0.042	<u>32,420</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$56,837
Less: City of Lake Forest supported certificates of participation		10,775
MWDOC Water Facilities Corporation (100% supported)		<u>486</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$45,576

GROSS COMBINED TOTAL DEBT	\$2,716,490 ⁽³⁾
NET COMBINED TOTAL DEBT	\$2,705,229

Ratios to Fiscal Year 2012 Land Only Assessed Valuation:

Direct Debt (\$2,156,000)	15.52%
Total Direct and Overlapping Tax and Assessment Debt	19.15%

Ratios to Adjusted All Property Assessed Valuation:

Gross Combined Total Debt	19.56%
Net Combined Total Debt.....	19.48%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

⁽¹⁾ Based on Fiscal Year 2012 redevelopment-adjusted all property assessed valuation of \$13,887,854.

⁽²⁾ Excludes issuances that have not been sold.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District Nos. 140 and 240

General. Improvement District No. 140 (water) and Improvement District No. 240 (sewer) are coterminous and are located in the western portion of the District. Improvement District Nos. 140 and 240 are comprised of approximately 4,141 acres. The boundaries of Improvement District Nos. 140 and 240 are Crystal Cove State Park to the east, Pacific Coast Highway and the Pacific Ocean to the south, the City of Newport Beach to the west and the San Joaquin Hills Transportation Corridor to the north. Currently, Improvement District Nos. 140 and 240 consist of approximately 5,300 residential units, several apartment buildings and timeshare developments and 36 acres of commercial development and recreational areas. Future development is expected mainly in the Crystal Cove area and includes low density residential development. Set forth below is information with respect to Improvement District Nos. 140 and 240.

The *ad valorem* assessments levied by the District in Improvement District Nos. 140 and 240 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 1989 Bonds will be levied on land only. See Table 4 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness" for a description of the authorized, issued, authorized and unissued and amount outstanding of Improvement District Nos. 140 and 240 *ad valorem* assessment bonds.

The following table presents the five-year history of assessed valuations of land in Improvement District Nos. 140 and 240 for the Fiscal Years ended June 30, 2008 through June 30, 2012.

TABLE 42
IRVINE RANCH WATER DISTRICT
Improvement District No. 140/240
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2008	\$4,642,366,023	\$ 3,337,820	\$4,645,703,843
2009	4,999,061,288	3,193,717	5,002,255,005
2010	4,917,223,682	19,025,851	4,936,249,533
2011	4,867,808,050	3,417,477	4,871,225,527
2012	4,900,980,200	2,761,543	4,903,741,743

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land-only local secured assessed valuation in Improvement District Nos. 140 and 240 (excluding utility and unsecured property) by land use for the Fiscal Year ending June 30, 2012:

TABLE 43
IRVINE RANCH WATER DISTRICT
Improvement District No. 140/240
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2012 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Commercial	\$ 42,301,361	0.86 %	35	0.09 %
Subtotal Non-Residential	\$ 42,301,361	0.86%	35	0.09%
Residential:				
Single Family Residence	\$ 4,039,516,276	82.42%	4,148	10.50%
Timeshares	267,049,728	5.45	34,115	86.32
Condominium/Townhouse	520,934,630	10.63	1,150	2.91
2+ Residential Units/Apartments	12,505,532	0.26	23	0.06
Vacant Residential	18,672,673	0.38	49	0.12
Subtotal Residential	\$ 4,858,678,839	99.14%	39,485	99.91%
Total	\$ 4,900,980,200	100.00%	39,520	100.00%

⁽¹⁾ Land Only Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table lists the major taxpayers in Improvement District Nos. 140 and 240 based on land-only local secured assessed valuations for the Fiscal Year ending June 30, 2012:

**TABLE 44
IRVINE RANCH WATER DISTRICT
Improvement District No. 140/240
Largest Local Secured Taxpayers**

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2012 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Residential/Commercial	\$ 98,132,997	2.00%
2.	Paul P. Merage	Residence	16,146,386	0.33
3.	Thomas L. Phillips	Residence	15,804,416	0.32
4.	Captain-Opus LLC	Residence	15,463,600	0.32
5.	Nabeel Gareeb	Residence	14,496,168	0.30
6.	Canyon Rim Holdings LLC	Residence	13,716,070	0.28
7.	Castillo Velero LLC	Residence	12,012,367	0.25
8.	Frederic A. Rollman	Residence	11,729,711	0.24
9.	William R. Dobkin	Residence	10,833,910	0.22
10.	Oleg Leonov	Residence	<u>10,250,915</u>	<u>0.21</u>
			<u>\$ 218,586,540</u>	4.46%

⁽¹⁾ Fiscal Year 2012 Local Secured Assessed Valuation (Land Only): \$4,900,980,200.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is the direct and overlapping debt report (the “Debt Report–I.D. 140/240”) for Improvement District Nos. 140 and 240, prepared by California Municipal Statistics, Inc. and effective April 1, 2012. The Debt Report–I.D. 140/240 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 140/240 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District Nos. 140 and 240 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District Nos. 140 and 240 (except as indicated) nor are they necessarily obligations secured by land within Improvement District Nos. 140 and 240. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 45
IRVINE RANCH WATER DISTRICT
Improvement District No. 140/240
Direct and Overlapping Debt Statement

Fiscal Year 2012 Land Only Assessed Valuation: \$4,903,741,743

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 4/1/12</u>
Metropolitan Water District	0.449%	\$ 882,487
Coast Community College District	5.520	17,542,773
Laguna Beach Unified School District	14.904	4,542,739
Newport Mesa Unified School District	12.324	30,690,969
Irvine Ranch Water District, I.D. No. 140	100.	12,054,000⁽²⁾
Irvine Ranch Water District, I.D. No. 240	100.	29,073,000⁽²⁾
Irvine Ranch Water District, I.D. No. 261	0.032	8,338
Laguna Beach Unified School District Community Facilities District No. 98-1	100.	9,505,000
Newport Mesa Unified School District Community Facilities District No. 90-1	88.569	10,318,289
Orange County 1915 Act Bonds	100.	<u>93,328,296</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$207,945,891
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	2.124%	\$ 5,572,866
Orange County Pension Obligations	2.124	1,009,438
Orange County Board of Education Certificates of Participation	2.124	403,560
Coast Community College District Certificates of Participation	5.520	1,132,980
City of Newport Beach Certificates of Participation	20.899	26,107,031
Municipal Water District of Orange County Water Facilities Corporation	2.512	305,082
Irvine Ranch Water District Certificates of Participation	8.081	<u>6,237,724</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$40,768,681
Less: MWDOC Water Facilities Corporation (100% supported)		<u>305,082</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$40,463,599
 GROSS COMBINED TOTAL DEBT		\$248,714,572⁽³⁾
NET COMBINED TOTAL DEBT		\$248,409,490

(2) Excludes issues to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Fiscal Year 2012 Land Only Assessed Valuation:

Direct Debt (I.D. No. 140) (\$12,054,000)	0.25%
Direct Debt (I.D. No. 240) (\$29,073,000)	0.59%
Combined Direct Debt (\$41,127,000)	0.84%

Total Direct and Overlapping Tax and Assessment Debt4.24%

Ratios to 2011-12 Adjusted All Property Assessed Valuation:

Gross Combined Total Debt	3.11%
Net Combined Total Debt.....	3.10%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

⁽¹⁾ Based on redevelopment-adjusted all property assessed valuation of \$8,004,375,804.

⁽²⁾ Excludes issuances that have not been sold.

⁽³⁾ Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIID. Article XIID defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIID further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it.

In July 2006, California Supreme Court held, in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (“*Bighorn*”), that the initiative power described in Article XIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIC and XIID. Article XIID defines “fee” or “charge” to mean a levy (other than *ad valorem* or special taxes or assessments) imposed by a local government “upon a parcel or upon a person as an incident of property ownership,” including a user fee for a “property related service.” The Court also found that charges for water delivery are charges for a property-related service and, therefore, constitute “fees” or “charges” within the meaning of both Article XIID and section 3 of Article XIIC. In light of the decision in *Bighorn*, the District determined that it would conduct notice and hearing proceedings to comply with requirements of Article XIID with respect to proposed increases of rates and charges and commenced doing so for the proposed increases for the Fiscal Year ending June 30, 2008, which were adopted in June 2007.

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” In light of *Bighorn* and as discussed above under “Article XIID,” the terms “fee” and “charge” as used in Article XIIC include, at a minimum, all of the fees and charges within the “property related” qualification set forth in Article XIID. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. Therefore, in the absence of other limitations, provisions of Article XIIC could be applicable to the water and sewer rates charged by the District. The District and its general counsel do not believe that Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Series 1989 Bonds. Remedies available to beneficial owners of the Series 1989 Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

Legislation has been enacted and amended to implement Articles XIIC and XIID.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 will affect its ability to levy rates and charges for water or sewer service.

Article XIII A

General. On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution (“Article XIII A”). Article XIII A limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by the voters voting on such indebtedness. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by each California county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon the location of reappraised property and the value of property within each taxing agency. Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on November 6, 1979 thereby adding Article XIII B to the California Constitution ("Article XIII B"). Under Article XIII B state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District is of the opinion that its rates and charges for water, sewer and recycled water services do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B, and that tax revenues and other revenues received by the District which may constitute the "proceeds of taxes" are appropriated for debt service or qualified capital outlay projects and are not subject to the limits of Article XIII B.

Proposition 1 A

Proposition 1A, proposed by the California Legislature in connection with the 2004-05 State Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in fiscal years 2004-05 and 2005-06. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two thirds of both houses and certain other conditions are met. See the caption "THE IRVINE RANCH WATER DISTRICT—1% Property Tax Revenues" above.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218, Proposition 1A and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting ability of the District to collect or expend Revenues.

APPENDIX B
AUDITED FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive, and reference should be made to the Indenture for a full and complete statement of its provisions.

[TO COME FROM BOND COUNSEL]

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 1989 Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to on the Series 1989 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 1989 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 1989 Bonds. The Series 1989 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 1989 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 1989 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 1989 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 1989 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 1989 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 1989 Bonds, except in the event that use of the book-entry system for the Series 1989 Bonds is discontinued.

To facilitate subsequent transfers, all Series 1989 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 1989 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1989 Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Series 1989 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 1989 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 1989 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 1989 Bond documents. For example, Beneficial Owners of Series 1989 Bonds may wish to ascertain that the nominee holding the Series 1989 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 1989 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 1989 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 1989 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Series 1989 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 1989 Bonds purchased or tendered, through its participant, to the Tender Agent, and shall effect delivery of such securities by causing the Direct Participant to transfer the Participant's interest in the Series 1989 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 1989 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 1989 Bonds are transferred by Direct Participants or DTC's records and followed by book-entry credit of tendered Series 1989 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 1989 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 1989 Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 1989 Bonds will be printed and delivered.

APPENDIX E

CO-BOND COUNSEL OPINIONS

Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Kadi, Wiles & Giannone (now known as Bowie, Arneson, Wiles & Giannone), Co-Bond Counsel, rendered final approving opinions dated December 21, 1989 (the "1989 Opinions") in connection with the initial issuance of the Series 1989 Bonds. Co-Bond Counsel have made no attempt to update or reaffirm the 1989 Opinions in connection with this Remarketing Statement or the delivery of the Letter of Credit.

[SEE ATTACHED]

Upon delivery of the Letter of Credit, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel, propose to render their opinions with respect thereto in substantially the following form:

[TO BE UPDATED BY BOND COUNSEL]

April 15, 2011

The Bank of New York Mellon
Trust Company, N.A., as Trustee
Los Angeles, California

Re: Bonds of Irvine Ranch Water District, Consolidated Series 1995
Substitution of Letter of Credit

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Irvine Ranch Water District (the "District") in connection with the delivery of an irrevocable letter of credit dated April 15, 2011 (the "Alternate Letter of Credit"), issued by The Bank of New York Mellon, acting through its New York Branch (the "Bank"), pursuant to a Reimbursement Agreement, dated as of April 1, 2011 (the "Reimbursement Agreement"), between the Bank and the District, in substitution for the letter of credit issued by State Street Bank and Trust Company, relating to the Bonds of Irvine Ranch Water District, Consolidated Series 1995 (the "Bonds"). The Bonds were issued pursuant to an Indenture of Trust, dated as of December 1, 1995 (the "Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Pursuant to Section 9.01(a) of the Indenture, the Indenture is being amended and supplemented by a First Supplemental Indenture of Trust, dated as of April 1, 2011 and effective as of April 15, 2011 (the "First Supplemental Indenture"), by and between the District and the Trustee. In connection with the delivery of the Alternate Letter of Credit and the execution and delivery of the First Supplemental Indenture, we have reviewed the Indenture, the First Supplemental Indenture, the Alternate Letter of Credit, certificates of officers of the District and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur, or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, the parties thereto other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and Tax Certificate (including any supplements or amendments thereto), including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or the exclusion of interest on the Bonds from gross income for

federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner reaffirm any of the matters covered in any prior opinion we rendered with respect to the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated December 13, 1995 or the Remarketing Statement, dated April 13, 2011, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The delivery of the Alternate Letter of Credit to the Trustee is permitted under the Act and the Indenture, complies with the Indenture and will not, in and of itself, impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State of California.

2. The First Supplemental Indenture is authorized by the Indenture.

This letter is furnished by us as Co-Bond Counsel to the District solely for purposes of Sections 4.04(f) and 9.04 of the Indenture. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter, and we disclaim any obligation to update this letter. This letter is delivered to the addressee hereof pursuant to Sections 4.04(f) and 9.04 of the Indenture and is not to be used or relied upon for any other purposes. This letter is not intended to, and may not, be relied upon by owners of Bonds or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Exhibit "B"

Stradling Yocca Carlson & Rauth

Draft of 5/22/12

NOT A NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: See the caption "RATINGS"

On August 28, 1991, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone (formerly known as Bowie, Arneson, Kadi & Dixon), Co-Bond Counsel to the District, delivered their respective opinions in connection with the issuance of the Series 1991 Bonds. Such opinions stated that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 1991 Bonds was excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and was exempt from State of California personal income taxes. In connection with the delivery of the Letter of Credit, Co-Bond Counsel will deliver their opinions that such delivery of the Letter of Credit will not, in and of itself, result in the inclusion of interest on the Series 1991 Bonds in gross income for purposes of federal income taxation. Co-Bond Counsel have not taken and do not intend to take any action to update such opinions or to determine if interest on the Series 1991 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes. See the caption "TAX MATTERS."

\$6,400,000

**BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED SERIES 1991**

**Constituting the Consolidated Several General Obligations of
Improvement District Nos. 105, 230 and 250**

Dated: Date of Initial Delivery

Price: 100%

Due: August 1, 2016

This Remarketing Statement replaces the original Official Statement dated August 26, 1991, as previously amended and supplemented, in its entirety.

The Series 1991 Bonds were issued by the District and constitute the consolidated, several general obligations of Improvement District Nos. 105, 230 and 250 (collectively, the "Improvement Districts"). The Improvement Districts, along with other improvement districts, are geographical subdivisions of the District through which the District funds capital improvements. The Series 1991 Bonds are payable from: (1) the following sources, in each case in an amount proportionate to the principal amount of Series 1991 Bonds allocated to each Improvement District: (i) annual *ad valorem* assessments on taxable land in the Improvement Districts; (ii) water or sewer charges, as applicable, collected in the Improvement Districts in the District's discretion in lieu of assessments; (iii) proceeds from the sale of property in the Improvement Districts for delinquent assessments; and (iv) certain moneys and investment earnings in certain funds and accounts created under the Indenture authorizing the Series 1991 Bonds, as more fully described herein; and (2) proceeds of 1% *ad valorem* property taxes allocated to the District and pledged to payment of the Series 1991 Bonds on a parity with certain outstanding bonds of the District and senior to certain outstanding bonds of the District. See the caption "SECURITY FOR THE SERIES 1991 BONDS—General." The proceeds of the Series 1991 Bonds were used to finance certain capital improvements of the District and to pay the costs of issuance of the Series 1991 Bonds.

The payment of principal and Purchase Price of, and interest on, the Series 1991 Bonds will be supported by an irrevocable, direct-pay letter of credit (the "Letter of Credit") issued by The Bank of New York Mellon.

[BNY MELLON LOGO]

The Letter of Credit will permit The Bank of New York Mellon Trust Company, N.A., as trustee under an Indenture of Trust, dated as of August 1, 1991, by and between the Trustee and the District, to draw up to an amount sufficient to pay: (i) the principal of the Series 1991 Bonds when due; (ii) the Purchase Price of Series 1991 Bonds that are purchased pursuant to tenders and that are not remarketed; and (iii) up to 50 days' interest accrued on the Series 1991 Bonds, all as described more completely in this Remarketing Statement. The Letter of Credit becomes effective on June 6, 2012 and expires on [June 1, 2015], or on the earlier occurrence of certain events described in this Remarketing Statement. See the captions "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" and "THE BANK." On the fifth Business Day prior to the expiration or termination of the Letter of Credit, the Series 1991 Bonds will be subject to mandatory tender for purchase.

The Series 1991 Bonds bear interest in a Weekly Mode at the Weekly Rate, which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 6, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. While the Letter of Credit is in effect, the maximum interest rate on the Series 1991 Bonds (other than Bank-Owned Bonds) is 12% per annum, or such lesser maximum rate as may be specified under applicable law, as described in the Indenture.

The Series 1991 Bonds are subject to mandatory redemption, extraordinary optional redemption and optional redemption by the District before maturity, mandatory purchase under certain circumstances, and purchase on the demand of Owners under certain circumstances, as described in this Remarketing Statement. See the captions "THE SERIES 1991 BONDS—Redemption," "THE SERIES 1991 BONDS—Mandatory Tender for Purchase" and "THE SERIES 1991 BONDS—Optional Tender for Purchase Upon Election of Owner."

While in a Weekly Mode, the Series 1991 Bonds are issuable in Authorized Denominations of \$100,000 and any integral multiple thereof. The Series 1991 Bonds are in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 1991 Bonds will not receive physical certificates representing their beneficial ownership in the Series 1991 Bonds purchased. The principal and Purchase Price of and interest and premium, if any, on the Series 1991 Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 1991 Bonds. Beneficial owners' rights will be governed as to such payments, the receipt of notices (including any notice of redemption and mandatory tender for purchase) and other communications and various other matters by the rules and operating procedures applicable to the DTC book-entry system, as described herein.

This Remarketing Statement describes the Series 1991 Bonds only while bearing interest in the Weekly Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1991 Bonds is changed to a Mode other than the Weekly Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 1991 Bonds. Investors are advised to read the entire Remarketing Statement to obtain information essential to making an informed investment decision.

Certain legal matters in connection with the delivery of the Letter of Credit will be passed upon by Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel. Certain legal matters in connection with the reoffering of the Series 1991 Bonds secured by the Letter of Credit will be passed upon for the District by Bowie, Arneson, Wiles & Giannone, in its capacity as General Counsel to the District, for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation, and for the Bank by its counsel, Pillsbury Winthrop Shaw Pittman LLP. The Series 1991 Bonds are available for delivery through the facilities of the DTC book-entry system.

Goldman, Sachs & Co.

Dated: May __, 2012

No dealer, broker, salesperson or other person has been authorized by the District or the Remarketing Agent to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Remarketing Agent. This Remarketing Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 1991 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Remarketing Statement is not to be construed as a contract with the purchasers of the Series 1991 Bonds. Statements contained in this Remarketing Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Statement:

The Remarketing Agent has reviewed the information in this Remarketing Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The information set forth in this Remarketing Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Remarketing Agent. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Remarketing Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THE OFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1991 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CERTAIN STATEMENTS CONTAINED IN THIS REMARKETING STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS REMARKETING STATEMENT.

THE SERIES 1991 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 1991 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented on the website is neither part of this Remarketing Statement nor incorporated herein by reference and should not be relied upon in making an investment decision with respect to the Series 1991 Bonds.

IRVINE RANCH WATER DISTRICT
Orange County, California

Board of Directors

Mary Aileen Matheis, *President*
John B. Withers, *Vice President*
Steven E. LaMar
Douglas J. Reinhart
Peer A. Swan

Management

Paul A. Cook, *General Manager*
Debby Slack Cherney, *Director of Finance*
Robert Jacobson, *Treasurer*
Leslie Bonkowski, *Secretary*

General Counsel

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Co-Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Trustee, Tender Agent and Paying Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Remarketing Agent

Goldman, Sachs & Co.
New York, New York

[MAPS]

c

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\$6,400,000
BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED SERIES 1991
Constituting the Consolidated Several General Obligations of
Improvement District Nos. 105, 230 and 250

INTRODUCTION

This Remarketing Statement dated May __, 2012 replaces the original Official Statement dated August 26, 1991, as previously amended and supplemented, with respect to the Bonds of Irvine Ranch Water District Consolidated Series 1991 (the "Series 1991 Bonds").

The Series 1991 Bonds were originally issued on August 28, 1991 in the original principal amount of \$19,100,000, of which \$6,400,000 remains outstanding.

This Introduction is subject in all respects to the more complete information contained and referenced elsewhere in this Remarketing Statement. The offering of the Series 1991 Bonds to potential investors is made only by means of the entire Remarketing Statement.

Purpose

The purpose of this Remarketing Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the Irvine Ranch Water District (the "District") and Improvement District Nos. 105, 230 and 250 (collectively, the "Improvement Districts," or each individually, an "Improvement District"), in connection with the remarketing of \$6,400,000 aggregate principal amount of Series 1991 Bonds, which constitute the consolidated several general obligations of the Improvement Districts. The Improvement Districts, along with other improvement districts, are geographical subdivisions of the District through which the District funds capital improvements. The Series 1991 Bonds were issued for the purposes of financing certain capital improvements of the District and paying the costs of issuance of the Series 1991 Bonds. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Irvine Ranch Water District

The District is a California water district, formed in 1961 under the authority of the California Water District Law, constituting Division 13 of the Water Code of the State (the "Act"). Currently, there are 16 water improvement districts and 17 sewer improvement districts formed pursuant to the Act, which water improvement districts and sewer improvement districts are geographical subdivisions of the District through which the District funds capital improvements. See Appendix A—"IRVINE RANCH WATER DISTRICT."

Improvement Districts

Set forth below are brief descriptions of each of the Improvement Districts. For more complete information with respect to the Improvement Districts, see Appendix A—"IRVINE RANCH WATER DISTRICT—The Improvement Districts."

Improvement District Nos. 105 and 250. Improvement District No. 105 (water) and Improvement District No. 250 (sewer) are generally coterminous and cover approximately 26,000 acres of the District including a majority of the area north of the I-5 freeway stretching to near the Riverside County line. Currently, the far western area of Improvement District Nos. 105 and 250 consists of residential development. The District expects future development to be predominantly residential with supporting commercial development. In addition, large portions of Improvement District Nos. 105 and 250, consisting of

approximately 13,400 acres near the Lomas de Santiago ridgeline, are reserved as permanent open space. The District expects development in Improvement District Nos. 105 and 250 to continue through at least 2025. The Fiscal Year 2012 assessed value of the land in Improvement District No. 105 is \$6,316,070,513. The Fiscal Year 2012 assessed value of the land in Improvement District No. 250 is \$6,003,427,629.

Improvement District No. 230. Improvement District No. 230 (sewer) is located in the southeastern portion of the District immediately north of the San Joaquin Hills ridgeline and between Sand Canyon Road and the District's eastern boundary. Improvement District No. 230 is comprised of approximately [] acres within the spheres of influence of the cities of Irvine and Laguna Beach. Improvement District No. 230 is [fully] built out and consists of a mix of residential, commercial and industrial developments. The Fiscal Year 2012 assessed value of the land in Improvement District No. 230 is \$2,238,157,261.

See Appendix A—"IRVINE RANCH WATER DISTRICT."

The Series 1991 Bonds

The Series 1991 Bonds bear interest at a rate (the "Weekly Rate"), which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 6, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. While the Series 1991 Bonds bear interest at a Weekly Rate, interest will be determined as described under the caption "THE SERIES 1991 BONDS—Interest."

The interest rate Mode for the Series 1991 Bonds may be changed at the option of the District in accordance with the terms of the Indenture (as such term is described below), upon notice to the Owners of the Series 1991 Bonds, to a Daily Mode, a Monthly Mode, a Semi-Annual Mode, an Annual Mode, a Fixed Rate Mode, a VIP Pricing Short-Term Mode or a VIP Pricing Long-Term Mode. The Series 1991 Bonds are subject to mandatory tender for purchase upon any such Change in Mode. See the caption "THE SERIES 1991 BONDS—Change in Mode."

This Remarketing Statement describes the Series 1991 Bonds only while bearing interest in the Weekly Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1991 Bonds is changed to a Mode other than the Weekly Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

Security for the Series 1991 Bonds

The Series 1991 Bonds constitute the several general obligations of the Improvement Districts payable from Bond Assessments and Charges (as such term is defined below) as provided in the Indenture of Trust, dated as of August 1, 1991 (the "Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), in Included Amounts (as further described herein) proportionate to each Improvement District's Included Percentage (as further described herein). *Ad valorem* assessments or charges in lieu of *ad valorem* assessments collected in any improvement district of the District other than the Improvement Districts will not be available to make debt service payments on the Series 1991 Bonds. The Series 1991 Bonds are additionally secured by a pledge of proceeds of the Orange County 1% *ad valorem* property taxes allocated to the District as described herein.

As among the Improvement Districts, Bond Assessments and Charges collected in a particular Improvement District will not be available to pay any other Improvement District's share of debt service of the Series 1991 Bonds. Each Improvement District's Included Amount and Included Percentage is as set forth below.

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
105	\$ 1,905,920	29.78%
230	1,070,720	16.73
250	<u>3,423,360</u>	<u>53.49</u>
Total	<u>\$ 6,400,000</u>	100.00%

See the caption “SECURITY FOR THE SERIES 1991 BONDS—General—Several General Obligations.”

The Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the redemption of Series 1991 Bonds allocated to one or more Improvement Districts, pursuant to calculations made by the District pursuant to the Indenture and delivered to the Trustee, without need for any amendment of or supplement to the Indenture. See the caption “THE SERIES 1991 BONDS—Redemption.”

The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount of Outstanding Series 1991 Bonds for each respective Improvement District, the District will: (i) impose and collect or cause the imposition and collection of *ad valorem* assessments on land in each respective Improvement District; (ii) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for delinquent *ad valorem* assessments for such purpose; or (iii) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in each respective Improvement District in lieu of *ad valorem* assessments (collectively, the “Bond Assessments and Charges”). The Bond Assessments and Charges levied upon and collected within any Improvement District may not exceed the amount required to pay such Improvement District’s Included Amount of Outstanding Series 1991 Bonds, premium, if any, and interest thereon. See the caption “SECURITY FOR THE SERIES 1991 BONDS—General—Covenant to Collect Bond Assessments and Charges.”

Pursuant to Resolution No. 1992-48 of the District adopted November 23, 1992 (the “1992 Resolution”), the Series 1991 Bonds are additionally secured by a pledge of proceeds of the Orange County 1% *ad valorem* property taxes allocated to the District, on a parity with certain outstanding bonds of the District and senior to certain outstanding bonds of the District. See the caption “SECURITY FOR THE SERIES 1991 BONDS—General—Pledge of 1% *Ad Valorem* Property Taxes.”

Letter of Credit

On June 6, 2012, an irrevocable direct-pay letter of credit, dated June 6, 2012 (the “Letter of Credit”), provided by The Bank of New York Mellon (the “Bank”), is expected to replace the existing irrevocable, direct-pay letter of credit issued by Bank of America, N.A. to support the payment of the principal and Purchase Price of, and interest on, the Series 1991 Bonds. The Letter of Credit will be issued pursuant to a Reimbursement Agreement, dated as of June 1, 2012 (the “Reimbursement Agreement”), to be entered into by and between the District and the Bank. The Letter of Credit is scheduled to expire on [June 1, 2015] (unless extended by the Bank), or on the earlier occurrence of certain events as described herein. The Letter of Credit may be replaced with another credit facility as described under the caption “SECURITY FOR THE SERIES 1991 BONDS—Alternate Letter of Credit.”

The Letter of Credit will be issued in the total amount of \$6,505,205, which is equal to: (i) the outstanding aggregate principal amount of the Series 1991 Bonds (\$6,400,000); plus (ii) 50 days’ interest thereon at an annual rate of 12% (\$105,205).

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is

qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein, indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture, and all documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture, and each such document, statute, report or instrument, respectively. Forward looking statements in this Remarketing Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material.

No Continuing Disclosure

The Series 1991 Bonds are exempt from the rules of the Securities and Exchange Commission relating to continuing disclosure of annual financial information and certain material events.

Additional Information

Copies of the Indenture and audited financial statements of the District are available for inspection at the offices of the District in Irvine, California, and will be available from the Trustee upon request and payment of duplication costs. Additional information regarding this Remarketing Statement may be obtained by contacting the District or the Trustee, at the following addresses:

Treasurer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
(949) 453-5300

The Bank of New York Mellon Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104
(213) 630-6228

THE SERIES 1991 BONDS

General

This Remarketing Statement describes the Series 1991 Bonds only while bearing interest in the Weekly Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1991 Bonds is changed to a Mode other than the Weekly Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

The Series 1991 Bonds were initially issued in the aggregate principal amount of \$19,100,000, of which \$6,400,000 remains outstanding. The Series 1991 Bonds bear interest at a Weekly Rate, until converted to another interest rate Mode as described herein. The Series 1991 Bonds will mature, subject to prior redemption, on August 1, 2016. Interest on the Series 1991 Bonds bearing interest at the Weekly Rate will be determined as described herein. While bearing interest at the Weekly Rate, the Series 1991 Bonds are issuable in Authorized Denominations of \$100,000 and any integral multiple thereof.

The term "Business Day" is defined in the Indenture to mean a day on which the Trustee, the Paying Agent, Goldman, Sachs & Co. (the "Remarketing Agent"), the Bank or banks or trust companies in New York, New York, or in Los Angeles, California, are not authorized or required to remain closed and on which the /ew York Stock Exchange is not closed. If the date for making any payment on the Series 1991 Bonds is not a

Business Day, the payment will be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

The Series 1991 Bonds are registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 1991 Bonds, all payments of principal of and interest on the Series 1991 Bonds and the Purchase Price of the Series 1991 Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants (as defined below) will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners (as defined below) of the Series 1991 Bonds will be the responsibility of the DTC Participants as more fully described herein. See the caption “—Book-Entry Only System” below and Appendix D—“BOOK-ENTRY ONLY SYSTEM.”

There are a number of provisions in the Indenture relating to the terms of Bank-Owned Bonds (i.e., Series 1991 Bonds purchased by the Bank pursuant to the Reimbursement Agreement) that are not described in this Remarketing Statement. All references to the terms of the Series 1991 Bonds in this Remarketing Statement describe only Series 1991 Bonds that are not owned by the Bank unless expressly indicated herein.

Interest

General. The Series 1991 Bonds will bear interest at the Weekly Rate, which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 6, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. Interest on the Series 1991 Bonds is also payable on any Mandatory Purchase Date.

The Weekly Rate for the Series 1991 Bonds will be a rate determined by 5:00 p.m., New York City time, on each Tuesday or, if Tuesday not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday (each, a “Rate Determination Date”) by the Remarketing Agent to be the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Series 1991 Bonds on such day at a price equal to the principal amount thereof, plus accrued interest, if any.

In the event that: (i) the Remarketing Agent fails to determine the Weekly Rate; or (ii) the method of determining the Weekly Rate is held to be unenforceable by a court of law of competent jurisdiction, the Series 1991 Bonds will thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered an Opinion of Counsel to the effect that the method of determining such rate is enforceable, bear interest from the last date on which interest was legally paid, at the Alternate Rate for the Weekly Mode.

The “Alternate Rate” for the Weekly Mode is, on any Business Day, the rate per annum specified in the SIFMA Index published by the Indexing Agent (as such terms are defined below) and in effect on such Business Day.

“Indexing Agent” means the Securities Industry and Financial Markets Association, its successors and assigns.

“SIFMA Index” means the “SIFMA Municipal Swap Index” (such index previously known as the “BMA Municipal Swap Index”) announced by Municipal Market Data from time to time and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meets specified criteria established by SIFMA. The SIFMA Index will be based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days notice, the interest on which is tax-exempt and not subject to any personal “alternative minimum

tax” or similar tax under the Internal Revenue Code of 1986, as amended (the “Code”), unless all tax-exempt securities are subject to such tax.

Maximum Interest Rate. While the Letter of Credit is in effect, the maximum interest rate on the Series 1991 Bonds (other than Bank-Owned Bonds) is 12% per annum.

Change in Mode

Subject to the provisions of the Indenture, the District may effect a Change in Mode with respect to the Series 1991 Bonds by delivering to the Trustee, with copies to the Remarketing Agent, the Paying Agent and the Bank, not less than 40 days prior to the proposed Change in Mode, a Notice of Change in Mode stating: (i) the election to change the Mode to which the Series 1991 Bonds are then subject (the “Current Mode”) to a different Mode (the “New Mode”), the type of which will be specified; (ii) the date as of which the New Mode takes effect which, in any case where the Current Mode is the Weekly Mode, will be the first day of a calendar month; (iii) the date on which Series 1991 Bonds are required to be purchased pursuant to the Indenture, which will be the date on which the New Mode takes effect; and (iv) a form of notice of mandatory purchase satisfying the requirements of the Indenture. When the Change in Mode is to the Fixed Rate Mode or the VIP Pricing Long-Term Mode, such notice will be accompanied by a letter of Bond Counsel that it expects to be able to give a Favorable Opinion of Bond Counsel with respect to the Change in Mode on the date the New Mode takes effect.

Not less than 15 days prior to a proposed Change in Mode, and in reliance upon a Notice of Change in Mode, the Trustee will give written notice, the form of which will be prepared by the District and approved by the Trustee, to the Owners and the Bank of the Change in Mode and the mandatory purchase of all Series 1991 Bonds as provided in the Indenture. In addition to the information required to be included therein pursuant to the Indenture, such notice will state: (i) the New Mode to which the Series 1991 Bonds are to be subject; (ii) the effective date of the New Mode; (iii) the rights of the Owners to tender Series 1991 Bonds for purchase prior to the effectiveness of the New Mode; (vi) the procedures for such a tender.

The New Mode will take effect only if the following conditions are satisfied by 9:00 a.m. on the date of the proposed Change in Mode: (i) if the Change in Mode is to the Fixed Rate Mode or the VIP Pricing Long-Term Mode, the Trustee has received a Favorable Opinion of Bond Counsel, dated the date that the New Mode is to take effect, with respect to the Change in Mode; (ii) if the Letter of Credit or an Alternate Letter of Credit is to be in effect during the New Mode, the interest portion of the Letter of Credit is in an amount equal to or greater than the Letter of Credit Interest Amount for the applicable Mode; (iii) if the New Mode is the VIP Pricing Short-Term Mode, the Interest Reserve Fund has been funded with Seasoned Funds in an amount equal to or greater than the Interest Reserve Fund Requirement; (iv) if the New Mode is the Fixed Rate Mode, the Trustee and the Remarketing Agent have received a Fixed Rate Term Certificate that specifies the Fixed Rate Reserve Requirement and the Fixed Rate Reserve Account has been funded in an amount equal to the Fixed Rate Reserve Requirement. If such conditions are satisfied, then the New Mode will take effect on the date of the proposed Change in Mode and if the New Mode is the Fixed Rate Mode, the Fixed Rate Reserve Requirement will be as specified in the Fixed Rate Terms Certificate. If such conditions are not satisfied, then: (a) all Outstanding Series 1991 Bonds will be purchased on such date in accordance with the Indenture; (b) all Outstanding Series 1991 Bonds will continue to be subject to the Weekly Mode; and (c) the Trustee will, within five Business Days after the date of the proposed Change in Mode, send notice to the Notice Parties stating that the conditions to the Change in Mode have not all been satisfied and informing them of the consequences thereof, as described in the Indenture.

Notwithstanding any other provision of the Indenture, no Change in Mode will be permitted at any time if the Adjustment Period then applicable to the Series 1991 Bonds extends through the day preceding the Maturity Date.

Mandatory Tender for Purchase

The Series 1991 Bonds are subject to mandatory tender for purchase at the applicable Purchase Price under certain circumstances described below.

Mandatory Purchase on Change in Mode. The Series 1991 Bonds will be subject to mandatory purchase on the effective date of any Change in Mode.

Mandatory Purchase on Substitution of Letter of Credit. The Series 1991 Bonds will be subject to mandatory purchase on the effective date of any substitution of an Alternate Letter of Credit for the Letter of Credit.

Mandatory Purchase on Expiration or Termination of Letter of Credit. The Series 1991 Bonds will be subject to mandatory purchase on the fifth Business Day before the date of the expiration, termination or cancellation of the Letter of Credit.

Notice. Notice of any such mandatory purchase is to be given by the Trustee by first-class mail, postage prepaid, to the Owners not less than 15 days prior to the Mandatory Purchase Date (with copies thereof to be given to the Remarketing Agent, the Paying Agent and the Bank). Each such notice will state: (i) the Mandatory Purchase Date; (ii) unless otherwise provided in a Representation Letter with DTC, that each Series 1991 Bond will be tendered for purchase by delivery of such Series 1991 Bond to the Trustee at its principal corporate trust office on or prior to the Mandatory Purchase Date and that any Series 1991 Bond not so tendered for purchase as required will be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, will be deemed to have been purchased on the Mandatory Purchase Date, after which no interest will accrue thereon for the benefit of the Owners required to so tender such Series 1991 Bonds and such Owners will have no rights under the Indenture as the Owners of such Series 1991 Bonds except the right to receive the Purchase Price thereof; and (iii) that all Series 1991 Bonds subject to such mandatory purchase will be purchased on the applicable Mandatory Purchase Date at the applicable Purchase Price.

Any Series 1991 Bond subject to mandatory purchase in accordance with the Indenture that is not tendered for purchase as required by the Indenture will nonetheless be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, will be deemed to have been purchased on the Mandatory Purchase Date after which no interest will accrue on such Series 1991 Bond for the benefit of the Owner required to tender such Series 1991 Bond from and after such Mandatory Purchase Date, and such Owner will have no rights under the Indenture as the Owner of such Series 1991 Bond except the right to receive the Purchase Price thereof.

Optional Tender for Purchase Upon Election of Owner

The Indenture provides that Series 1991 Bonds will be purchased at the option of the Owners at the applicable Purchase Price under certain circumstances described below, but solely from moneys made available for that purpose under the Indenture. Payment will be made in immediately available funds by the close of business on the date specified by the Owner for purchase, if the conditions described below, which are applicable to Series 1991 Bonds held by DTC or another Bond Depository, have been strictly observed.

Weekly Mode Tender. During the Weekly Mode, any Owner of a Series 1991 Bond may demand that such Series 1991 Bond, or any portion thereof (so long as the principal amount purchased, and the principal amount not purchased, are each in an Authorized Denomination), be purchased on any Business Day (a "Purchase Date") at a price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date. Unless otherwise provided in a Representation Letter with DTC, such demand for purchase will be made as follows: (i) delivery to the Remarketing Agent at its principal office in New York, New York, and to the Paying Agent at its principal corporate trust office, no later than 5:00 p.m. on the Business Day seven days

prior to the Purchase Date stated in the Tender Notice, which notice: (a) states the bond number; (b) states the principal amount of such Series 1991 Bond and the principal amount of such Series 1991 Bond to be purchased; (c) states the Purchase Date on which such Series 1991 Bond is to be purchased; and (d) irrevocably demands such purchase; and (ii) subject to the provisions of the Indenture, delivery of such Series 1991 Bond duly endorsed in blank for transfer at the principal corporate trust office of the Trustee at or prior to 12:00 p.m. on the Purchase Date specified in the Tender Notice.

Notwithstanding the foregoing, the Owners have no right to demand purchase of Series 1991 Bonds pursuant to the above provisions from the third Business Day prior to a Mandatory Purchase Date until after such Mandatory Purchase Date.

Tender Notice Irrevocable. Any Tender Notice by any Owner is irrevocable. If such Owner fails to deliver the Series 1991 Bond referred to in its Tender Notice to the Trustee, such Series 1991 Bond will nonetheless be deemed to have been tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, no interest will accrue on such Series 1991 Bond for the benefit of such Owner from and after such Purchase Date and such Owner will have no rights under the Indenture as the Owner of such Series 1991 Bond except the right to receive the Purchase Price thereof.

Notices in respect of optional tenders must be delivered as follows:

To the Paying Agent:

First Class/Registered/Certified

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
P.O. Box 396
East Syracuse, NY 13057
Telephone: (800) 254-2826

To the Remarketing Agent:

Goldman, Sachs & Co.
200 West Street, 6th Floor
New York, NY 10282
Telephone: (212) 902-6633

Express Delivery Only

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
111 Sanders Creek Parkway
East Syracuse, NY 13057
Telephone: (800) 254-2826

Tenders of the Series 1991 Bonds Are Subject to DTC Procedures. As long as the book-entry system is in effect with respect to the Series 1991 Bonds, all tenders for purchase and deliveries of Series 1991 Bonds optionally tendered for purchase upon election of the Owner or subject to mandatory tender under the provisions of the Indenture will be made pursuant to DTC's procedures as in effect from time to time, and none of the District, the Trustee or the Remarketing Agent have any responsibility for or liability with respect to the implementation of such procedures. For a description of the tender procedures through DTC, see Appendix D—"BOOK-ENTRY ONLY SYSTEM."

Redemption

Mandatory Sinking Fund Redemption. The Series 1991 Bonds are subject to mandatory redemption on each August 1, at a redemption price equal to 100% of the principal amount of the Series 1991 Bonds to be redeemed, plus accrued and unpaid interest thereon to the date of redemption, without premium, from mandatory sinking fund payments in the years and principal amounts as follows:

**Mandatory Redemption Dates
(August 1)**

Mandatory Sinking Fund Payments

2012	\$1,100,000
2013	1,200,000
2014	1,300,000
2015	1,400,000
2016 [†]	1,400,000

[†] Final Maturity.

The principal amount of any Series 1991 Bonds purchased or optionally redeemed by the District will be credited toward a part or all of any one or more yearly mandatory redemptions as directed in writing by the District, provided that such direction is received at least 75 days before the date of such mandatory redemption. Any such direction must state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts have been credited toward the same) will constitute the unsatisfied balance of such mandatory redemption for the purpose of the calculation of principal payments due on any future Principal Payment Date.

The principal amount of any Series 1991 Bonds that are redeemed due to extraordinary optional redemption to delete any Improvement District will be credited proportionally to all remaining yearly mandatory redemption amounts that are scheduled to occur at least 75 days after the date of such redemption.

Optional Redemption. While in the Weekly Mode, the Series 1991 Bonds are subject to optional redemption by the District, in whole, or in part in Authorized Denominations, on the first day of any calendar month, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued and unpaid interest to the redemption date, without premium. If such redemption is in part, Series 1991 Bonds owned by the Bank will be redeemed first and all other Series 1991 Bonds will be redeemed by lot as determined by the Trustee.

Except as otherwise provided in the Indenture, the principal amount of Series 1991 Bonds optionally redeemed will be credited proportionally to all Improvement Districts and the Included Amount for each Improvement District will be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Series 1991 Bonds.

Subject to the Indenture, whenever less than all Outstanding Series 1991 Bonds are to be optionally redeemed and sufficient moneys are available for such purpose from or for the account of any Improvement District a portion of the Included Amount of which is to be so redeemed, the District may elect to redeem all or any portion of any such Improvement District's Included Amount. The Included Percentages for all Improvement Districts will be recomputed for all purposes relative to the Outstanding Series 1991 Bonds after such redemption as follows:

$$\frac{\text{Improvement District's Included Amount after redemption}}{\text{Total Amount of Outstanding Series 1991 Bonds after redemption}} = \text{Included Percentage, as adjusted}$$

In the event that following such a redemption, the Included Amount of the Outstanding Series 1991 Bonds for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture will be withdrawn as directed in writing by the District and applied by the District as permitted by law; provided, however, that the Trustee has no responsibility for determining whether such application is permitted by law. The District will deliver a certificate to the Trustee (the "Included Amount Certificate") specifying: (i) the Improvement District for which all or any portion of the Included Amount is to be redeemed; (ii) the portion of the Included Amount to

be redeemed for such Improvement District; (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture which are to be withdrawn and paid to the District.

Extraordinary Optional Redemption of Series 1991 Bonds to Delete Improvement District. In the event that the District determines that based on the rate of collection of assessments and charges, and on the amounts held in any Fund or account for the account of any Improvement District, the District will be unable to pay the principal of and interest on the Included Amount of the Outstanding Series 1991 Bonds for such Improvement District, the District may, at its option, redeem on any Business Day the Included Amount of such Improvement District plus any additional amount necessary to cause the amount redeemed to equal an Authorized Denomination, at a price equal to the principal amount thereof to be redeemed plus accrued interest to such redemption date, if any, without premium. The Included Percentages of all other Improvement Districts as specified in the Indenture will be recomputed for all purposes relative to the Outstanding Series 1991 Bonds after such redemption according to the same formula set forth under the caption “—Optional Redemption,” and the District will deliver a certificate as to the Included Amount and Included Percentages of the Improvement Districts:

Upon such a redemption, the amounts in the Funds and accounts established under the Indenture and attributable to the Improvement District the Included Amount of Outstanding Series 1991 Bonds of which has been redeemed will be withdrawn as directed in writing by the District and applied by the District as permitted by law; provided, however, that the Trustee has no responsibility for determining if such application is as permitted by law.

Notice of Redemption. Notice of redemption of the Series 1991 Bonds will be given by mail by the Trustee to the Remarketing Agent, the Paying Agent, the Bank, the Owners of any Series 1991 Bonds designated for redemption in whole or in part and to the Information Services and to the Securities Depositories no less than 30 nor more than 60 days prior to the Redemption Date. Each notice of redemption will state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Series 1991 Bonds to be redeemed and will designate the numbers of the Series 1991 Bonds to be redeemed if less than all of the Outstanding Series 1991 Bonds of a maturity are to be redeemed, will (in the case of any Series 1991 Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and will state that the interest thereon or portions thereof designated for redemption will cease to accrue from and after such Redemption Date and that on such Redemption Date there will be due and payable on each of the Series 1991 Bonds or portions thereof designated for redemption the redemption price thereof. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Series 1991 Bonds.

Any notice mailed as provided above will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the Remarketing Agent, the Paying Agent, the Bank, the Information Services or the Securities Depositories, or the insufficiency of any such notice, will not affect the sufficiency of the proceedings for redemption.

Book-Entry Only System

The Series 1991 Bonds have been issued in fully registered form in the name of Cede & Co., as nominee of DTC. Purchasers of the Series 1991 Bonds will not receive physical certificates representing their beneficial ownership in the Series 1991 Bonds purchased. The principal of and interest and premium, if any, on the Series 1991 Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 1991 Bonds. Beneficial owners' rights will be governed as to such payments, the receipt of notices (including any notice of redemption) and other communications and various other matters by the rules and operating procedures

applicable to the DTC book-entry system. See Appendix D hereto for additional information concerning DTC and its rules and operating procedures.

The District cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Series 1991 Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Remarketing Statement.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 1991 Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "CONDITIONS AND TERMS OF BONDS."

SPECIAL CONSIDERATIONS RELATING TO THE SERIES 1991 BONDS SUBJECT TO OPTIONAL TENDER AND REMARKETING

The Remarketing Agent Is Paid by the District

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series 1991 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement (as such term is defined herein)), as further described in this Remarketing Statement. The Remarketing Agent is appointed by the District and is paid by the District for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 1991 Bonds.

The Remarketing Agent Routinely Purchases Series 1991 Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 1991 Bonds for its own account and, in its sole discretion, routinely acquires such tendered Series 1991 Bonds in order to achieve a successful remarketing of the Series 1991 Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 1991 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 1991 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 1991 Bonds by routinely purchasing and selling Series 1991 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 1991 Bonds. The Remarketing Agent may also sell any Series 1991 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 1991 Bonds. The purchase of Series 1991 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 1991 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 1991 Bonds being tendered for remarketing.

Series 1991 Bonds May Be Offered at Different Prices on Any Date Including a Rate Determination Date

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 1991 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Series 1991 Bonds (including whether the Remarketing Agent is willing to purchase Series 1991 Bonds for its own account). There may or may not be Series 1991 Bonds tendered and remarketed on a

Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 1991 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 1991 Bonds at varying prices to different investors on such date or any other date, the Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 1991 Bonds at the remarketing price. In the event that the Remarketing Agent owns any Series 1991 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 1991 Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The Ability to Sell the Series 1991 Bonds Other Than through Tender Process May Be Limited

The Remarketing Agent may buy and sell Series 1991 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 1991 Bonds to do so through the Paying Agent with appropriate notice. Thus, investors who purchase the Series 1991 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 1991 Bonds other than by tendering the Series 1991 Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Series 1991 Bonds, Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event that there is no Remarketing Agent, the Trustee may assume such duties as described in the Indenture.

SECURITY FOR THE SERIES 1991 BONDS

General

Authority for Issuance. Pursuant to Resolution Nos. 1978-62 adopted April 17, 1978 and 1978-69 adopted April 17, 1978, a special election was conducted in Improvement District Nos. 105 and 250 on June 19, 1978, and pursuant to Resolution No. 1978-71 adopted April 17, 1978, a special election was conducted in Improvement District No. 290 (the predecessor to Improvement District No. 230) on June 19, 1978, at each of which the qualified voters within each Improvement District authorized the District to incur an indebtedness and issue general obligation bonds for each respective Improvement District. See Appendix A—“IRVINE RANCH WATER DISTRICT” for a discussion of the bond authorization, amount of outstanding Series 1991 Bonds and remaining bond authorization for each of the Improvement Districts. The Series 1991 Bonds are authorized for issuance pursuant to the Act and Section 53541 of the Government Code of the State and all laws of the State amendatory thereof or supplemental thereto.

Several General Obligations. The Series 1991 Bonds constitute the several, general obligations of the Improvement Districts payable from Bond Assessments and Charges (as such term is defined above under the caption “INTRODUCTION—Security for the Series 1991 Bonds”) as provided in the Indenture, in amounts proportionate to each Improvement District’s Included Percentage, as defined below. *Ad valorem* assessments or charges in lieu of *ad valorem* assessments collected in any improvement district of the District other than the Improvement Districts will not be available to make debt service payments on the Series 1991 Bonds.

Under the Indenture, each Improvement District’s “Included Percentage” is defined as a fraction: (i) the numerator of which is equal to the Included Amount for such Improvement District; and (ii) the denominator of which is equal to the par value of all Outstanding Series 1991 Bonds, calculated to the second decimal place; provided, however, that on any date, the total of the Included Percentages for all Improvement Districts having Included Amounts of Outstanding Series 1991 Bonds on such date will equal 100%. The

Indenture defines “Included Amount” for an Improvement District as the principal amount of Outstanding Series 1991 Bonds allocable to such Improvement District.

As among the Improvement Districts, Bond Assessments and Charges collected in a particular Improvement District will not be available to pay any other Improvement District’s share of debt service of the Series 1991 Bonds. Each Improvement District’s Included Amount and Included Percentage will be as set forth below.

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
105	\$ 1,905,920	29.78%
230	1,070,720	16.73
250	<u>3,423,360</u>	<u>53.49</u>
Total	<u>\$ 6,400,000</u>	100.00%

The Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the redemption of Series 1991 Bonds allocated to one or more Improvement Districts or otherwise, pursuant to calculations made by the District pursuant to the Indenture and delivered to the Trustee, without need for any amendment of or supplement to the Indenture. See the caption “THE SERIES 1991 BONDS—Redemption.”

Covenant to Collect Bond Assessments and Charges. The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (i) impose and collect or cause the imposition and collection of *ad valorem* assessments on land in each respective Improvement District; (ii) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for delinquent *ad valorem* assessments for such purpose; or (iii) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in each respective Improvement District in lieu of *ad valorem* assessments. The Bond Assessments and Charges levied upon and collected within any Improvement District may not exceed the amount required to pay such Improvement District’s Included Amount of Outstanding Series 1991 Bonds, premium, if any, and interest thereon. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the caption “COVENANTS.”

Pursuant to Section 35975 of the Act and as reflected in clause (iii) of the covenant described above, the District may levy certain charges in lieu of *ad valorem* assessments to pay the Series 1991 Bonds; however, the District does not currently levy any such in-lieu charges for outstanding *ad valorem* assessment bonds.

The Bond Assessments and Charges collected by the District, along with bond assessments and charges collected by the District and allocable to other outstanding (or authorized, but not yet issued) *ad valorem* assessment bonds of the District issued on behalf of the Improvement Districts are (or, with respect to such bonds to be issued in the future, will be) parity obligations of such Improvement Districts, secured by *ad valorem* assessments on land (including the Bond Assessments and Charges) within such Improvement Districts. For information regarding the current debt structures of the Improvement Districts, see Appendix A—“IRVINE RANCH WATER DISTRICT” under the caption “The Improvement Districts.” See also the caption “—Several General Obligations” above.

Although the Series 1991 Bonds are secured by the Bond Assessments and Charges, the District may elect, and from time to time has elected in the past in connection with other outstanding *ad valorem* assessment bonds, also to apply other available sources to the payment of such debt service. As a result of the District’s discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District will vary from year to year and generally will not result in revenues from Bond Assessments and Charges that correspond with debt service requirements on the Series 1991 Bonds.

There is no assurance that such alternate sources for debt service payments will be available or continue to be available in succeeding years, or that if they are available, the District will elect to use them for debt service payments. See Appendix A—"IRVINE RANCH WATER DISTRICT."

Pledge of 1% Ad Valorem Property Taxes. Pursuant to the 1992 Resolution, the Series 1991 Bonds are additionally secured by a pledge of the District's allocated share of 1% *ad valorem* property taxes collected by the County of Orange (the "1% Property Tax Revenues"). Such pledge is: (i) on a parity with the pledge of 1% Property Tax Revenues pursuant to the 1992 Resolution for the benefit of the District's bonds that were outstanding as of June 30, 1992, of which the Bonds of Irvine Ranch Water District, Consolidated Series 1989, currently outstanding in the aggregate principal amount of \$7,300,000, are the only bonds currently outstanding; and (ii) senior to the pledge of 1% Property Tax Revenues pursuant to Resolution No. 2002-10 of the District adopted April 8, 2002 for the benefit of the Bonds of Irvine Ranch Water District, Consolidated Series 1993, currently outstanding in the aggregate principal amount of \$37,500,000, and the Bonds of Irvine Ranch Water District, Consolidated Series 1995, currently outstanding in the aggregate principal amount of \$19,900,000.

See Appendix A—"IRVINE RANCH WATER DISTRICT" under the caption "THE IRVINE RANCH WATER DISTRICT—1 % Property Tax Revenues" for further information with respect to 1% *ad valorem* property taxes allocated to the District.

Allocation of Bond Assessments and Charges Under the Indenture

In accordance with the Indenture, all Bond Assessments and Charges and certain 1% Property Tax Revenues, when and as received by the District, will be deposited into a fund to be established and maintained by the Trustee designated as the "Bond Payment Fund." There is to be established in the Bond Payment Fund an Interest Account, a Principal Account, a Redemption Account and a Letter of Credit Account and within each such Account is to be established a subaccount for each Improvement District. The Trustee will transfer money contained in the Bond Payment Fund to the accounts and subaccounts described below at the respective times set forth below.

Interest Account. When a Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will withdraw and apply moneys in the Interest Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account, will be sufficient to pay interest payable on the Outstanding Series 1991 Bonds on such Interest Payment Date. Money in the Interest Account will be used and withdrawn by the Trustee on each Interest Payment Date solely for the payment of interest on the Outstanding Series 1991 Bonds or reimbursement of the Bank for such payment.

Principal Account. When a Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will withdraw and apply moneys in the Principal Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will deposit in the Principal Account from money in the Bond Payment Fund an amount which will be sufficient to pay principal payable on the Outstanding Series 1991 Bonds on such Principal Payment Date. Money in the Principal Account will be used and withdrawn by the Trustee on each Principal Payment Date solely for the payment of the principal of Outstanding Series 1991 Bonds or reimbursement of the Bank for such payment.

Redemption Account. When a Letter of Credit is in effect, the Trustee will deposit in the Redemption Account amounts received from the District to pay the premium on the Series 1991 Bonds to be redeemed pursuant to the Indenture. The Trustee will apply such amounts to pay the premium on Series 1991 Bonds to be redeemed only if and to the extent that such amounts constitute Seasoned Funds on the date of application. When no Letter of Credit is in effect, the Trustee will deposit in the Redemption Account amounts received

from the District to pay the principal of and premium on Series 1991 Bonds to be redeemed pursuant to the Indenture. When no Letter of Credit is in effect, money in the Redemption Account will be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the principal of and premium, if any, on Outstanding Series 1991 Bonds upon the redemption thereof pursuant to the Indenture. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "FUNDS AND ACCOUNTS."

Letter of Credit

On June 6, 2012, the Letter of Credit is expected to replace the existing irrevocable, direct-pay letter of credit dated issued by Bank of America, N.A. The Letter of Credit is issued for the benefit of the Series 1991 Bonds to provide the payment of principal and Purchase Price of, and interest on, the Series 1991 Bonds as described under the caption "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT." Prior to the expiration date of the Letter of Credit, the Series 1991 Bonds will be subject to mandatory purchase. See the caption "THE SERIES 1991 BONDS—Mandatory Tender for Purchase—Mandatory Purchase on Expiration or Termination of Letter of Credit."

Alternate Letter of Credit

The Indenture provides that if at any time there has been delivered to the Trustee: (i) an Alternate Letter of Credit in substitution for the Letter of Credit then in effect; (ii) a Favorable Opinion of Bond Counsel; (iii) written evidence satisfactory to the Bank of the provision for purchase from the Bank of all Bank-Owned Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Reimbursement Agreement on or before the effective date of such Alternate Letter of Credit, then the Trustee will accept such Alternate Letter of Credit on the Substitution Date and surrender the Letter of Credit then in effect to the Bank on the fifth Business Day after the Substitution Date. The District will give the Trustee and the Bank written notice of the proposed substitution of an Alternate Letter of Credit for the Letter of Credit then in effect no less than 40 days prior to the proposed Substitution Date. The Series 1991 Bonds will be subject to mandatory tender for purchase on the Substitution Date. See the caption "THE SERIES 1991 BONDS—Mandatory Tender for Purchase—Mandatory Purchase on Substitution of Letter of Credit."

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The following information has been provided by the Bank for use in this Remarketing Statement. Such information has not been confirmed or verified by the District or the Remarketing Agent. Neither the District nor the Remarketing Agent make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Further, no representation is made herein that the information contained or incorporated herein by reference is correct as of any time subsequent to the date hereof.

[TO COME FROM BANK COUNSEL].

THE BANK

The following information has been provided by the Bank for use in this Remarketing Statement. Such information has not been confirmed or verified by the District or the Remarketing Agent. Neither the District nor the Remarketing Agent make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Further, no representation is made herein that the information contained or incorporated herein by reference is correct as of any time subsequent to the date hereof.

[TO COME FROM BANK].

LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the District in the execution or delivery of, or in any way contesting or affecting the validity of, the Series 1991 Bonds. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the District's water and sewer systems and related activities. In the view of the District's management and of the General Counsel to the District, there is no litigation, present or pending, which will individually or in the aggregate materially impair the District's ability to service its indebtedness or which will have a material adverse effect on the business operations of the District.

RATINGS

In connection with the substitution of the Letter of Credit, the District expects that Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, will assign the Series 1991 Bonds a short term rating of "___" and a long term rating of "___", with the understanding that the Letter of Credit will be issued by the Bank on June 6, 2012.

In connection with the substitution of the Letter of Credit, the District expects that Moody's Investor's Service, Inc. will assign the Series 1991 Bonds a short term rating of "___" and a long term rating of "___", with the understanding that the Letter of Credit will be issued by the Bank on June 6, 2012.

Each such rating should be evaluated independently of any other rating. No application has been made to any other rating agency in order to obtain additional ratings on the Series 1991 Bonds. The credit enhanced ratings on the Series 1991 Bonds reflect the respective rating agency's current assessment of the creditworthiness of the Bank and its ability to pay draws under the Letter of Credit. Any further explanation as to the significance of the above ratings may be obtained from the applicable rating agency.

The above described ratings are not recommendations to buy, sell or hold the Series 1991 Bonds, and such ratings may be subject to revision or withdrawal at any time by one or both of the rating agencies. The Remarketing Agent undertakes no responsibility either to bring to the attention of the owners of the Series 1991 Bonds the downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Series 1991 Bonds.

TAX MATTERS

Original Opinions

On August 28, 1991, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone (formerly known as Bowie, Arneson, Kadi & Dixon), Co-Bond Counsel to the District in connection with the issuance of the Series 1991 Bonds, delivered their respective opinions to the effect that, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 1991 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. It was further the opinion of Co-Bond Counsel, as of August 28, 1991, that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Complete copies of the opinions of Co-Bond Counsel delivered at the original issuance of the Series 1991 Bonds are set forth in Appendix E hereto.

No Updated Co-Bond Counsel Opinions

Co-Bond Counsel have not taken, and do not intend to take, any action to update their respective original opinions or to determine if interest on the Series 1991 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes.

General Considerations

Notwithstanding the foregoing, investors should be aware of the following information.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 1991 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 1991 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 1991 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 1991 Bonds. The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1991 Bonds assumed the accuracy of these representations and compliance with these covenants. Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel's attention after the date of issuance of the Series 1991 Bonds may adversely affect the value of, or the tax status of interest on, the Series 1991 Bonds. Accordingly, the opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1991 Bonds are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel have rendered opinions that interest on the Series 1991 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 1991 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 1991 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Series 1991 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 1991 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 1991 Bonds. Prospective purchasers of the remarketed Series 1991 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1991 Bonds were based on current legal authority existing as of August 28, 1991, covered certain matters not directly addressed by such authorities, and represented Co-Bond Counsel's judgment as to the proper treatment of the Series 1991 Bonds for federal income tax purposes. They are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and has not given any opinion

or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the Series 1991 Bonds ended on August 28, 1991 with the original issuance of the Series 1991 Bonds. Unless separately engaged, Co-Bond Counsel are not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 1991 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 1991 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 1991 Bonds and may cause the District or the Beneficial Owners to incur significant expense.

REMARKETING AGENT

Goldman, Sachs & Co. has been appointed to serve as Remarketing Agent for the Series 1991 Bonds. The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent under and in accordance with the provisions of the Indenture and the Remarketing Agreement, dated as of September 26, 2008, as amended by the First Amendment to Remarketing Agreement, dated as of May 1, 2010, each by and between the District and the Remarketing Agent (collectively, the "Remarketing Agreement"), executed in connection with the Series 1991 Bonds. The principal office of the Remarketing Agent (for purposes of its responsibilities as Remarketing Agent) is located in New York, New York.

RELATED PARTIES

The Bank of New York Mellon Trust Company, N.A., which is acting as Trustee under the Indenture, is an affiliate of The Bank of New York Mellon, which is issuing the Letter of Credit in its capacity as the Bank under the Reimbursement Agreement.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters in connection with the delivery of the Letter of Credit will be passed upon by Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel. Certain legal matters in connection with the reoffering of the Series 1991 Bonds secured by the Letter of Credit will be passed upon for the District by Bowie, Arneson, Wiles & Giannone, in its capacity as General Counsel to the District, for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation, and for the Bank by its counsel, Pillsbury Winthrop Shaw Pittman LLP.

INDEPENDENT ACCOUNTANTS

The financial statements of the District as of and for the fiscal year ended June 30, 2011 included in Appendix B to this Remarketing Statement have been audited by Mayer Hoffman McCann P.C., independent accountants (the "Auditor"), as set forth in their report dated December 8, 2011, which also appears in Appendix B. The District has not requested, nor has the Auditor given, the Auditor's consent to the inclusion in Appendix B of its report on such financial statements. The Auditor's review in connection with the audited financial statements included in Appendix B included events only as of June 30, 2011, and no review or investigation with respect to subsequent events has been undertaken in connection with such financial statements by the Auditor.

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MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Remarketing Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Remarketing Statement is not to be construed as a contract or agreement between the District and the purchasers or registered owners of any of the Series 1991 Bonds. The delivery and distribution of this Remarketing Statement have been duly authorized by the District.

IRVINE RANCH WATER DISTRICT

By _____ /s/ Robert Jacobson
Treasurer

APPENDIX A
IRVINE RANCH WATER DISTRICT

[TO COME]

APPENDIX B
AUDITED FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive, and reference should be made to the Indenture for a full and complete statement of its provisions.

[TO COME FROM BOND COUNSEL]

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 1991 Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to on the Series 1991 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 1991 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 1991 Bonds. The Series 1991 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 1991 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 1991 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 1991 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 1991 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 1991 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 1991 Bonds, except in the event that use of the book-entry system for the Series 1991 Bonds is discontinued.

To facilitate subsequent transfers, all Series 1991 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 1991 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1991 Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Series 1991 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 1991 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 1991 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 1991 Bond documents. For example, Beneficial Owners of Series 1991 Bonds may wish to ascertain that the nominee holding the Series 1991 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 1991 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 1991 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 1991 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Series 1991 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 1991 Bonds purchased or tendered, through its participant, to the Tender Agent, and shall effect delivery of such securities by causing the Direct Participant to transfer the Participant's interest in the Series 1991 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 1991 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 1991 Bonds are transferred by Direct Participants or DTC's records and followed by book-entry credit of tendered Series 1991 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 1991 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 1991 Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 1991 Bonds will be printed and delivered.

APPENDIX E

CO-BOND COUNSEL OPINIONS

Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Kadi, Wiles & Giannone (now known as Bowie, Arneson, Wiles & Giannone), Co-Bond Counsel, rendered final approving opinions dated August 28, 1991 (the "1991 Opinions") in connection with the initial issuance of the Series 1991 Bonds. Co-Bond Counsel have made no attempt to update or reaffirm the 1991 Opinions in connection with this Remarketing Statement or the delivery of the Letter of Credit.

[SEE ATTACHED]

Upon delivery of the Letter of Credit, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel, propose to render their opinions with respect thereto in substantially the following form:

[TO BE UPDATED BY BOND COUNSEL]

April 15, 2011

The Bank of New York Mellon
Trust Company, N.A., as Trustee
Los Angeles, California

Re: Bonds of Irvine Ranch Water District, Consolidated Series 1995
Substitution of Letter of Credit

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Irvine Ranch Water District (the "District") in connection with the delivery of an irrevocable letter of credit dated April 15, 2011 (the "Alternate Letter of Credit"), issued by The Bank of New York Mellon, acting through its New York Branch (the "Bank"), pursuant to a Reimbursement Agreement, dated as of April 1, 2011 (the "Reimbursement Agreement"), between the Bank and the District, in substitution for the letter of credit issued by State Street Bank and Trust Company, relating to the Bonds of Irvine Ranch Water District, Consolidated Series 1995 (the "Bonds"). The Bonds were issued pursuant to an Indenture of Trust, dated as of December 1, 1995 (the "Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Pursuant to Section 9.01(a) of the Indenture, the Indenture is being amended and supplemented by a First Supplemental Indenture of Trust, dated as of April 1, 2011 and effective as of April 15, 2011 (the "First Supplemental Indenture"), by and between the District and the Trustee. In connection with the delivery of the Alternate Letter of Credit and the execution and delivery of the First Supplemental Indenture, we have reviewed the Indenture, the First Supplemental Indenture, the Alternate Letter of Credit, certificates of officers of the District and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur, or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, the parties thereto other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and Tax Certificate (including any supplements or amendments thereto), including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or the exclusion of interest on the Bonds from gross income for

federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner reaffirm any of the matters covered in any prior opinion we rendered with respect to the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated December 13, 1995 or the Remarketing Statement, dated April 13, 2011, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The delivery of the Alternate Letter of Credit to the Trustee is permitted under the Act and the Indenture, complies with the Indenture and will not, in and of itself, impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State of California.

2. The First Supplemental Indenture is authorized by the Indenture.

This letter is furnished by us as Co-Bond Counsel to the District solely for purposes of Sections 4.04(f) and 9.04 of the Indenture. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter, and we disclaim any obligation to update this letter. This letter is delivered to the addressee hereof pursuant to Sections 4.04(f) and 9.04 of the Indenture and is not to be used or relied upon for any other purposes. This letter is not intended to, and may not, be relied upon by owners of Bonds or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Exhibit "C"

Stradling Yocca Carlson & Rauth

Draft of 5/22/12

NOT A NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: See the caption "RATINGS"

On May 20, 1993, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone (formerly known as Bowie, Arneson, Kadi, Wiles & Giannone), Co-Bond Counsel to the District, delivered their respective opinions in connection with the issuance of the Series 1993 Bonds. Such opinions stated that, based upon an analysis of then existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 1993 Bonds was excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and was exempt from State of California personal income taxes. In connection with the delivery of the Letter of Credit, Co-Bond Counsel will deliver their opinions that such delivery of the Letter of Credit will not, in and of itself, result in the inclusion of interest on the Series 1993 Bonds in gross income for purposes of federal income taxation. Co-Bond Counsel have not taken and do not intend to take any action to update such opinions or to determine if interest on the Series 1993 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes. See the caption "TAX MATTERS."

\$37,500,000

**BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED SERIES 1993
Constituting the Consolidated Several General Obligations of
Improvement District Nos. 105, 140, 240 and 250**

Dated: Date of Initial Delivery

Price: 100%

Due: April 1, 2033

This Remarketing Statement replaces the original Official Statement dated May 19, 1993 in its entirety.

The Series 1993 Bonds were issued by the District and constitute the consolidated, several general obligations of Improvement District Nos. 105, 140, 240 and 250 (collectively, the "Improvement Districts"). The Improvement Districts, along with other improvement districts, are geographical subdivisions of the District through which the District funds capital improvements. The Series 1993 Bonds are payable from: (1) the following sources, in each case in an amount proportionate to the principal amount of Series 1993 Bonds allocated to each Improvement District: (i) annual *ad valorem* assessments on taxable land in the Improvement Districts; (ii) water or sewer charges, as applicable, collected in the Improvement Districts in the District's discretion in lieu of assessments; (iii) proceeds from the sale of property in the Improvement Districts for delinquent assessments; and (iv) certain moneys and investment earnings in certain funds and accounts created under the Indenture authorizing the Series 1993 Bonds, as more fully described herein; and (2) proceeds of 1% *ad valorem* property taxes allocated to the District and pledged to payment of the Series 1993 Bonds subordinate to certain outstanding bonds of the District and on a parity with certain outstanding bonds of the District. See the caption "SECURITY FOR THE SERIES 1993 BONDS—General." The proceeds of the Series 1993 Bonds were used to finance certain capital improvements of the District and to pay the costs of issuance of the Series 1993 Bonds.

The payment of principal and Purchase Price of, and interest on, the Series 1993 Bonds will be supported by an irrevocable, direct-pay letter of credit (the "Letter of Credit") issued by The Bank of New York Mellon.

[BNY MELLON LOGO]

The Letter of Credit will permit The Bank of New York Mellon Trust Company, N.A., as trustee under an Indenture of Trust, dated as of May 1, 1993, by and between the Trustee and the District, to draw up to an amount sufficient to pay: (i) the principal of the Series 1993 Bonds when due; (ii) the Purchase Price of Series 1993 Bonds that are purchased pursuant to tenders and that are not remarketed; and (iii) up to 39 days' interest accrued on the Series 1993 Bonds, all as described more completely in this Remarketing Statement. The Letter of Credit becomes effective on June 13, 2012 and expires on [June 1, 2015], or on the earlier occurrence of certain events described in this Remarketing Statement. See the captions "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" and "THE BANK." On the fifth Business Day prior to the expiration or termination of the Letter of Credit, the Series 1993 Bonds will be subject to mandatory tender for purchase.

The Series 1993 Bonds bear interest in a Daily Mode at the Daily Rate, which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 13, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. While the Letter of Credit is in effect, the maximum interest rate on the Series 1993 Bonds (other than Bank-Owned Bonds) is 12% per annum.

The Series 1993 Bonds are subject to mandatory redemption, extraordinary optional redemption and optional redemption by the District before maturity, mandatory purchase under certain circumstances, and purchase on the demand of Owners under certain circumstances, as described in this Remarketing Statement. See the captions "THE SERIES 1993 BONDS—Redemption," "THE SERIES 1993 BONDS—Mandatory Tender for Purchase" and "THE SERIES 1993 BONDS—Optional Tender for Purchase Upon Election of Owner."

While in a Daily Mode, the Series 1993 Bonds are issuable in Authorized Denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Series 1993 Bonds are in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 1993 Bonds will not receive physical certificates representing their beneficial ownership in the Series 1993 Bonds purchased. The principal and Purchase Price of and interest and premium, if any, on the Series 1993 Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 1993 Bonds. Beneficial owners' rights will be governed as to such payments, the receipt of notices (including any notice of redemption and mandatory tender for purchase) and other communications and various other matters by the rules and operating procedures applicable to the DTC book-entry system, as described herein.

This Remarketing Statement describes the Series 1993 Bonds only while bearing interest in the Daily Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1993 Bonds is changed to a Mode other than the Daily Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 1993 Bonds. Investors are advised to read the entire Remarketing Statement to obtain information essential to making an informed investment decision.

Certain legal matters in connection with the delivery of the Letter of Credit will be passed upon by Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel. Certain legal matters in connection with the reoffering of the Series 1993 Bonds secured by the Letter of Credit will be passed upon for the District by Bowie, Arneson, Wiles & Giannone, in its capacity as General Counsel to the District, for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation, and for the Bank by its counsel, Pillsbury Winthrop Shaw Pittman LLP. The Series 1993 Bonds are available for delivery through the facilities of the DTC book-entry system.

BofA Merrill Lynch

Dated: June __, 2012

DOCSOC/1556501v3/200313-0006

No dealer, broker, salesperson or other person has been authorized by the District or the Remarketing Agent to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Remarketing Agent. This Remarketing Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 1993 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Remarketing Statement is not to be construed as a contract with the purchasers of the Series 1993 Bonds. Statements contained in this Remarketing Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Statement:

The Remarketing Agent has reviewed the information in this Remarketing Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The information set forth in this Remarketing Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Remarketing Agent. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Remarketing Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THE OFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1993 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CERTAIN STATEMENTS CONTAINED IN THIS REMARKETING STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS REMARKETING STATEMENT.

THE SERIES 1993 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 1993 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented on the website is neither part of this Remarketing Statement nor incorporated herein by reference and should not be relied upon in making an investment decision with respect to the Series 1993 Bonds.

IRVINE RANCH WATER DISTRICT
Orange County, California

Board of Directors

Mary Aileen Matheis, *President*
John B. Withers, *Vice President*
Steven E. LaMar
Douglas J. Reinhart
Peer A. Swan

Management

Paul A. Cook, *General Manager*
Debby Slack Cherney, *Director of Finance*
Robert Jacobson, *Treasurer*
Leslie Bonkowski, *Secretary*

General Counsel

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Co-Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Trustee, Tender Agent and Paying Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Remarketing Agent

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

[MAPS]

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\$37,500,000
BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED SERIES 1993
Constituting the Consolidated Several General Obligations of
Improvement District Nos. 105, 140, 240 and 250

INTRODUCTION

This Remarketing Statement dated June __, 2012 replaces the original Official Statement dated May 19, 1993 with respect to the Bonds of Irvine Ranch Water District Consolidated Series 1993 (the "Series 1993 Bonds").

The Series 1993 Bonds were originally issued on May 20, 1993 in the original principal amount of \$38,300,000, of which \$37,500,000 remains outstanding.

This Introduction is subject in all respects to the more complete information contained and referenced elsewhere in this Remarketing Statement. The offering of the Series 1993 Bonds to potential investors is made only by means of the entire Remarketing Statement.

Purpose

The purpose of this Remarketing Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the Irvine Ranch Water District (the "District") and Improvement District Nos. 105, 140, 240 and 250 (collectively, the "Improvement Districts," or each individually, an "Improvement District"), in connection with the remarketing of \$37,500,000 aggregate principal amount of Series 1993 Bonds, which constitute the consolidated several general obligations of the Improvement Districts. The Improvement Districts, along with other improvement districts, are geographical subdivisions of the District through which the District funds capital improvements. The Series 1993 Bonds were issued for the purposes of financing certain capital improvements of the District and paying the costs of issuance of the Series 1993 Bonds. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Irvine Ranch Water District

The District is a California water district, formed in 1961 under the authority of the California Water District Law, constituting Division 13 of the Water Code of the State (the "Act"). Currently, there are 16 water improvement districts and 17 sewer improvement districts formed pursuant to the Act, which water improvement districts and sewer improvement districts are geographical subdivisions of the District through which the District funds capital improvements. See Appendix A—"IRVINE RANCH WATER DISTRICT."

Improvement Districts

Set forth below are brief descriptions of each of the Improvement Districts. For more complete information with respect to the Improvement Districts, see Appendix A—"IRVINE RANCH WATER DISTRICT—The Improvement Districts."

Improvement District Nos. 105 and 250. Improvement District No. 105 (water) and Improvement District No. 250 (sewer) are generally coterminous and cover approximately 26,000 acres of the District including a majority of the area north of the I-5 freeway stretching to near the Riverside County line. Currently, the far western area of Improvement District Nos. 105 and 250 consists of residential development. The District expects future development to be predominantly residential with supporting commercial development. In addition, large portions of Improvement District Nos. 105 and 250, consisting of

approximately 13,400 acres near the Lomas de Santiago ridgeline, are reserved as permanent open space. The District expects development in Improvement District Nos. 105 and 250 to continue through at least 2025. The Fiscal Year 2012 assessed value of the land in Improvement District No. 105 is \$6,316,070,513. The Fiscal Year 2012 assessed value of the land in Improvement District No. 250 is \$6,003,427,629.

Improvement District Nos. 140 and 240. Improvement District No. 140 (water) and Improvement District No. 240 (sewer) are coterminous and are located in the western portion of the District. Improvement District Nos. 140 and 240 are comprised of approximately 4,141 acres. The boundaries of Improvement District Nos. 140 and 240 are Crystal Cove State Park to the east, Pacific Coast Highway and the Pacific Ocean to the south, the City of Newport Beach to the west and the San Joaquin Hills Transportation Corridor to the north. Currently, Improvement District Nos. 140 and 240 consist of approximately 5,300 residential units, several apartment buildings and timeshare developments and 36 acres of commercial development and recreational areas. Future development is expected mainly in the Crystal Cove area and includes low density residential development. The Fiscal Year 2012 assessed value of the land in Improvement District Nos. 140 and 240 is \$4,900,980,200.

See Appendix A—"IRVINE RANCH WATER DISTRICT."

The Series 1993 Bonds

The Series 1993 Bonds bear interest at a rate (the "Daily Rate"), which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 13, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. While the Series 1993 Bonds bear interest at a Daily Rate, interest will be determined as described under the caption "THE SERIES 1993 BONDS—Interest."

The interest rate Mode for the Series 1993 Bonds may be changed at the option of the District in accordance with the terms of the Indenture (as such term is defined below), upon notice to the Owners of the Series 1993 Bonds, to a Weekly Mode, a Term Rate Mode, a Fixed Rate Mode or a Unit Pricing Mode. The Series 1993 Bonds are subject to mandatory tender for purchase upon any such Change in Mode. See the caption "THE SERIES 1993 BONDS—Change in Mode."

This Remarketing Statement describes the Series 1993 Bonds only while bearing interest in the Daily Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1993 Bonds is changed to a Mode other than the Daily Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

Security for the Series 1993 Bonds

The Series 1993 Bonds constitute the several general obligations of the Improvement Districts payable from Bond Assessments and Charges (as such term is defined below) as provided in the Indenture of Trust, dated as of May 1, 1993 (the "Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), in Included Amounts (as further described herein) proportionate to each Improvement District's Included Percentage (as further described herein). *Ad valorem* assessments or charges in lieu of *ad valorem* assessments collected in any improvement district of the District other than the Improvement Districts will not be available to make debt service payments on the Series 1993 Bonds. The Series 1993 Bonds are additionally secured by a pledge of proceeds of the Orange County 1% *ad valorem* property taxes allocated to the District as described herein.

As among the Improvement Districts, Bond Assessments and Charges collected in a particular Improvement District will not be available to pay any other Improvement District's share of debt service of the

Series 1993 Bonds. Each Improvement District's Included Amount and Included Percentage is as set forth below.

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
105	\$ 5,482,500	14.62%
140	5,876,250	15.67
240	16,447,500	43.86
250	<u>9,693,750</u>	<u>25.85</u>
Total	<u>\$ 37,500,000</u>	100.00%

See the caption "SECURITY FOR THE SERIES 1993 BONDS—General—Several General Obligations."

The Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the redemption of Series 1993 Bonds allocated to one or more Improvement Districts, pursuant to calculations made by the District pursuant to the Indenture and delivered to the Trustee, without need for any amendment of or supplement to the Indenture. See the caption "THE SERIES 1993 BONDS—Redemption."

The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (i) impose and collect or cause the imposition and collection of *ad valorem* assessments on land in each respective Improvement District; (ii) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for delinquent *ad valorem* assessments for such purpose; or (iii) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in each respective Improvement District in lieu of *ad valorem* assessments (collectively, the "Bond Assessments and Charges"). The Bond Assessments and Charges levied upon and collected within any Improvement District may not exceed the amount required to pay such Improvement District's Included Amount of Outstanding Series 1993 Bonds, premium, if any, and interest thereon. See the caption "SECURITY FOR THE SERIES 1993 BONDS—General—Covenant to Collect Bond Assessments and Charges."

Pursuant to Resolution No. 2002-10 of the District adopted April 8, 2002 (the "2002 Resolution"), the Series 1993 Bonds are additionally secured by a pledge of proceeds of the Orange County 1% *ad valorem* property taxes allocated to the District, subordinate to certain outstanding bonds of the District and on a parity with certain outstanding bonds of the District. See the caption "SECURITY FOR THE SERIES 1993 BONDS—General—Pledge of 1% *Ad Valorem* Property Taxes."

Letter of Credit

On June 13, 2012, an irrevocable direct-pay letter of credit, dated June 13, 2012 (the "Letter of Credit"), provided by The Bank of New York Mellon (the "Bank"), is expected to replace the existing irrevocable, direct-pay letter of credit issued by Bank of America, N.A. to support the payment of the principal and Purchase Price of, and interest on, the Series 1993 Bonds. The Letter of Credit will be issued pursuant to a Reimbursement Agreement, dated as of June 1, 2012 (the "Reimbursement Agreement"), to be entered into by and between the District and the Bank. The Letter of Credit is scheduled expire on [June 1, 2015] (unless extended by the Bank), or on the earlier occurrence of certain events as described herein. The Letter of Credit may be replaced with another credit facility as described under the caption "SECURITY FOR THE SERIES 1993 BONDS—Alternate Letter of Credit."

The Letter of Credit will be issued in the total amount of \$37,987,500, which is equal to: (i) the outstanding aggregate principal amount of the Series 1993 Bonds (\$37,500,000); plus (ii) 39 days' interest thereon at an annual rate of 12% (\$487,500).

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein, indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture, and all documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture, and each such document, statute, report or instrument, respectively. Forward looking statements in this Remarketing Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material.

No Continuing Disclosure

The Series 1993 Bonds are exempt from the rules of the Securities and Exchange Commission relating to continuing disclosure of annual financial information and certain material events.

Additional Information

Copies of the Indenture and audited financial statements of the District are available for inspection at the offices of the District in Irvine, California, and will be available from the Trustee upon request and payment of duplication costs. Additional information regarding this Remarketing Statement may be obtained by contacting the District or the Trustee, at the following addresses:

Treasurer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
(949) 453-5300

The Bank of New York Mellon Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104
(213) 630-6228

THE SERIES 1993 BONDS

General

This Remarketing Statement describes the Series 1993 Bonds only while bearing interest in the Daily Mode. Investors should not rely upon the information in this Remarketing Statement in the event that the method of determining the interest rate on the Series 1993 Bonds is changed to a Mode other than the Daily Mode. Rather, investors should rely upon the offering document used in connection with any such Change in Mode.

The Series 1993 Bonds were initially issued in the aggregate principal amount of \$38,300,000, of which \$37,500,000 remains outstanding. The Series 1993 Bonds bear interest at a Daily Rate, until converted to another interest rate Mode as described herein. The Series 1993 Bonds will mature, subject to prior redemption, on April 1, 2033. Interest on the Series 1993 Bonds bearing interest at the Daily Rate will be determined as described herein.

Interest will be determined as described herein. While bearing interest at the Daily Rate, the Series 1993 Bonds are issuable in Authorized Denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

The term “Business Day” is defined in the Indenture to mean a day on which the Trustee, the Paying Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Remarketing Agent”), the Bank or banks or trust companies in New York, New York, or in Los Angeles, California, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed. If the date for making any payment on the Series 1993 Bonds is not a Business Day, the payment will be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

The Series 1993 Bonds are registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 1993 Bonds, all payments of principal of and interest on the Series 1993 Bonds and the Purchase Price of the Series 1993 Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants (as defined below) will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners (as defined below) of the Series 1993 Bonds will be the responsibility of the DTC Participants as more fully described herein. See the caption “—Book-Entry Only System” below and Appendix D—“BOOK-ENTRY ONLY SYSTEM.”

There are a number of provisions in the Indenture relating to the terms of Bank-Owned Bonds (i.e., Series 1993 Bonds purchased by the Bank pursuant to the Reimbursement Agreement) that are not described in this Remarketing Statement. All references to the terms of the Series 1993 Bonds in this Remarketing Statement describe only Series 1993 Bonds that are not owned by the Bank unless expressly indicated herein.

Interest

General. The Series 1993 Bonds bear interest at the Daily Rate, which will be computed on the basis of a year of 365 days (366 days in leap years) and the actual days elapsed and will accrue from and including the first day of each calendar month through the last day of such month (except that the interest period for June 2012 will commence on June 13, 2012). Such interest will be paid on the fifth Business Day of the following month, commencing July 9, 2012. Interest on the Series 1993 Bonds is also payable on any Mandatory Purchase Date.

The Daily Rate for the Series 1993 Bonds will be a rate determined by 10:00 a.m., New York City time, on each Business Day (each, a “Rate Determination Date”) by the Remarketing Agent to be the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Series 1993 Bonds on such day at a price equal to the principal amount thereof, plus accrued interest, if any. The rate of interest for any day during the Daily Mode that is not a Business Day will be the Daily Rate established on the immediately preceding Business Day. The Daily Rate so determined will be in effect during the period from and including the first day that the Series 1993 Bonds become subject to the Daily Mode to and including the following Business Day.

In the event that: (i) the Remarketing Agent fails to determine the Daily Rate; or (ii) the method of determining the Daily Rate is held to be unenforceable by a court of law of competent jurisdiction, the Series 1993 Bonds will thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered an Opinion of Counsel to the effect that the method of determining such rate is enforceable, bear interest from the last date on which interest was legally paid, at the Alternate Rate for the Daily Mode.

The “Alternate Rate” for the Daily Mode is, on any Business Day, the rate per annum specified in the SIFMA Index published by the Indexing Agent (as such terms are defined below) and in effect on such Business Day.

“Indexing Agent” means the Securities Industry and Financial Markets Association, its successors and assigns.

“SIFMA Index” means the “SIFMA Municipal Swap Index” (such index previously known as the “BMA Municipal Swap Index”) announced by Municipal Market Data from time to time and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meets specified criteria established by SIFMA. The SIFMA Index will be based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days notice, the interest on which is tax-exempt and not subject to any personal “alternative minimum tax” or similar tax under the Internal Revenue Code of 1986, as amended (the “Code”) unless all tax-exempt securities are subject to such tax.

Maximum Interest Rate. While the Letter of Credit is in effect, the maximum interest rate on the Series 1993 Bonds (other than Bank-Owned Bonds) is 12% per annum.

Change in Mode

Subject to the provisions of the Indenture, the District may effect a Change in Mode with respect to the Series 1993 Bonds by delivering to the Trustee, with copies to the Remarketing Agent, the Paying Agent and the Bank, not less than 45 days prior to the proposed Change in Mode (or such shorter time as may be agreed to be the District, the Trustee, the Paying Agent and the Remarketing Agent), a Mode Change Notice stating: (i) the election to change the Mode to which the Series 1993 Bonds are then subject (the “Current Mode”) to a different Mode (the “New Mode”), the type of which will be specified; (ii) the date as of which the New Mode takes effect; (iii) the date on which Series 1993 Bonds are required to be purchased pursuant to the Indenture, which will be the date as of which the New Mode takes effect; and (iv) a form of notice of mandatory purchase satisfying the requirements of the Indenture. When the New Mode is the Fixed Rate Mode, the Term Mode or the Unit Pricing Mode with an Interest Period greater than one year as determined by the Remarketing Agent (each, a “Long-Term Mode”), such notice will be accompanied by a letter of Bond Counsel that it expects to be able to give a Favorable Opinion of Bond Counsel with respect to the Change in Mode on the Mode Change Date.

Not less than 30 days prior to a proposed Change in Mode, and in reliance upon a Mode Change Notice, the Trustee will give written notice, the form of which will be prepared by the District and approved by the Trustee, to the Owners and the Bank of the Change in Mode and the mandatory purchase of all Series 1993 Bonds as provided in the Indenture. In addition to the information required to be included therein pursuant to the Indenture, such notice will state: (i) the New Mode to which the Series 1993 Bonds are to be subject; (ii) the Mode Change Date; (iii) the rights of the Owners to tender Series 1993 Bonds for purchase prior to the effectiveness of the New Mode; and (iv) the procedures for such a tender.

The New Mode will take effect only if the following conditions are satisfied on the date of the proposed Change in Mode: (i) if the Change in Mode is to a Long-Term Mode, the Trustee has received a Favorable Opinion of Bond Counsel, dated the Mode Change Date; (ii) if the Letter of Credit or an Alternate Letter of Credit is to be in effect during the New Mode, the interest portion of the Letter of Credit is in an amount equal to or greater than the Letter of Credit Interest Amount for the applicable Mode; (iii) if the New Mode is the Unit Pricing Mode, the Interest Reserve Fund has been funded with Seasoned Funds in an amount equal to or greater than the Interest Reserve Fund Requirement; (iv) each rating agency then rating the Series 1993 Bonds issues a Rating Confirmation Notice; and (v) if the New Mode is the Fixed Rate Mode, the Trustee and the Remarketing Agent have received a Fixed Rate Terms Certificate that specifies the Fixed Rate Reserve Requirement and the Fixed Rate Reserve Account has been funded in an amount equal to the Fixed Rate Reserve Requirement. If such conditions are satisfied, then the New Mode will take effect on the Mode Change Date and, if the New Mode is the Fixed Rate Mode, the Fixed Rate Reserve Requirement will be as specified in the Fixed Rate Terms Certificate.

If such conditions are not satisfied on the Mode Change Date, then: (a) all Outstanding Series 1993 Bonds will be purchased on such date in accordance with the Indenture; (b) all Outstanding Series 1993 Bonds will be changed to the Unit Pricing Mode and the initial Interest Period for all Outstanding Series 1993 Bonds will extend from and include the date on which the New Mode was to have taken effect to but not including the next succeeding Business Day; and (c) the Trustee will, within five Business Days after the date of the proposed Change in Mode, send notice to the District, the Remarketing Agent, the Paying Agent and the Bank stating that the conditions to the Change in Mode have not all been satisfied and informing them of the consequences thereof, as described in the Indenture.

Upon conversion of all Outstanding Series 1993 Bonds to the Fixed Rate Mode, all or a portion of such Series 1993 Bonds will become Serial Bonds as set forth in the Indenture. If the Mode Change Date is after April 1, 2023, all of the Series 1993 Bonds will become Serial Bonds and the Serial Maturity Dates will be April 1 in each year commencing with the April 1 next succeeding the Mode Change Date and continuing to the Maturity Date. If the Mode Change Date is before April 1, 2023, a portion of the Series 1993 Bonds, as to which a notice of redemption of Series 1993 Bonds pursuant to the Indenture has not been given, will become Serial Bonds and the Serial Maturity Dates will be April 1 in each year commencing with the April 1 next succeeding the Mode Change Date, and continuing for the number of years determined by the District so as to achieve the lowest net interest cost. The Series 1993 Bonds to become Serial Bonds on the Mode Change Date will be selected by lot from all Outstanding Series 1993 Bonds, or determined in such other manner as the Trustee deems fair. The aggregate principal amount of Serial Bonds for each Serial Maturity Date will be the amount specified under the caption “—Redemption—Mandatory Sinking Fund Redemption” for the year which corresponds to such Serial Maturity Date, as such amount has been adjusted pursuant to the Indenture. Upon conversion to the Fixed Rate Mode, new forms of Series 1993 Bonds will be prepared pursuant to the Indenture, which Series 1993 Bonds will indicate the Serial Maturity Dates, if any.

Notwithstanding any other provision of the Indenture, no Change in Mode will be permitted at any time if the Adjustment Period then applicable to the Series 1993 Bonds extends through the day preceding the Maturity Date.

Mandatory Tender for Purchase

The Series 1993 Bonds are subject to mandatory tender for purchase at the applicable Purchase Price under certain circumstances described below.

Mandatory Purchase on Change in Mode. The Series 1993 Bonds will be subject to mandatory purchase on the effective date of any Change in Mode.

Mandatory Purchase on Substitution of Letter of Credit. The Series 1993 Bonds will be subject to mandatory purchase on the effective date of any substitution of an Alternate Letter of Credit for the Letter of Credit.

Mandatory Purchase on Expiration or Termination of Letter of Credit. The Series 1993 Bonds will be subject to mandatory purchase on the fifth Business Day before the date of the expiration, termination or cancellation of the Letter of Credit.

Notice. Notice of any such mandatory purchase is to be given by the Trustee by first-class mail, postage prepaid, to the Owners not less than 30 days prior to the Mandatory Purchase Date (with copies thereof to be given to the District, the Remarketing Agent, the Paying Agent and the Bank). Each such notice will state: (i) the Mandatory Purchase Date; (ii) unless otherwise provided in a Representation Letter with DTC, that each Series 1993 Bond will be tendered for purchase by delivery of such Series 1993 Bond to the Trustee at its principal corporate trust office on or prior to the Mandatory Purchase Date and that any Series 1993 Bond not so tendered for purchase as required will be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, will be deemed to have been

purchased on the Mandatory Purchase Date, after which no interest will accrue for the benefit of the Owner required to so tender such Series 1993 Bond, and such Owner will have no rights under the Indenture as the Owner of such Series 1993 Bond except the right to receive the Purchase Price thereof; and (iii) that all Series 1993 Bonds subject to such mandatory purchase will be purchased on the applicable Mandatory Purchase date at the applicable Purchase Price.

Any Series 1993 Bond subject to mandatory purchase in accordance with the Indenture that is not tendered for purchase as required by the Indenture will nonetheless be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, will be deemed to have been purchased on the Mandatory Purchase Date after which no interest will accrue on such Series 1993 Bond for the benefit of the Owner required to tender such Series 1993 Bond from and after such Mandatory Purchase Date, and such Owner will have no rights under the Indenture as the Owner of such Series 1993 Bond except the right to receive the Purchase Price thereof.

Optional Tender for Purchase Upon Election of Owner

The Indenture provides that Series 1993 Bonds will be purchased at the option of the Owners at the applicable Purchase Price under certain circumstances described below, but solely from moneys made available for that purpose under the Indenture. Payment will be made in immediately available funds by the close of business on the date specified by the Owner for purchase, if the conditions described below, which are applicable to Series 1993 Bonds held by DTC or another Bond Depository, have been strictly observed.

Daily Mode Tender. During the Daily Mode, any Owner of a Series 1993 Bond may demand that such Series 1993 Bond, or any portion thereof (so long as the principal amount purchased, and the principal amount not purchased, are each in an Authorized Denomination), be purchased on any Business Day (a "Purchase Date") at a price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date. Unless otherwise provided in a Representation Letter with DTC, such demand for purchase will be made as follows: (i) irrevocable telephonic notice, promptly confirmed in writing to the Remarketing Agent at its principal office in New York, New York, and to the Paying Agent at its office, no later than 10:30 a.m. on any Business Day, which notice: (a) states the bond number; (b) states the principal amount of such Series 1993 Bond and the principal amount of such Series 1993 Bond to be purchased; (c) states the Purchase Date on which such Series 1993 Bond is to be purchased; and (d) irrevocably demands such purchase; and (ii) delivery of such Series 1993 Bond duly endorsed in blank for transfer at the principal corporate trust office of the Trustee at or prior to 12:00 Noon on the Purchase Date specified in the Tender Notice.

Notwithstanding the foregoing, the Owners have no right to demand purchase of Series 1993 Bonds from the third Business Day prior to a Mandatory Purchase Date until after such Mandatory Purchase Date.

Tender Notice Irrevocable. Any Tender Notice by any Owner is irrevocable. If such Owner fails to deliver the Series 1993 Bond referred to in its Tender Notice to the Trustee, such Series 1993 Bond will nonetheless be deemed to have been tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, no interest will accrue on such Series 1993 Bond for the benefit of such Owner from and after such Purchase Date and such Owner will have no rights under the Indenture as the Owner of such Series 1993 Bond except the right to receive the Purchase Price thereof.

Notices in respect of optional tenders must be delivered as follows:

To the Paying Agent:

First Class/Registered/Certified

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
P.O. Box 396
East Syracuse, NY 13057
Telephone: (800) 254-2826

To the Remarketing Agent:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
250 Vesey Street
4 World Financial Center
North Tower, 11th Floor
New York, NY 10080
Telephone: (212) 449-4997
Fax: (212) 449-6440

Express Delivery Only

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
111 Sanders Creek Parkway
East Syracuse, NY 13057
Telephone: (800) 254-2826

Tenders of the Series 1993 Bonds Are Subject to DTC Procedures. As long as the book-entry system is in effect with respect to the Series 1993 Bonds, all tenders for purchase and deliveries of Series 1993 Bonds optionally tendered for purchase upon election of the Owner or subject to mandatory tender under the provisions of the Indenture will be made pursuant to DTC's procedures as in effect from time to time, and none of the District, the Trustee or the Remarketing Agent have any responsibility for or liability with respect to the implementation of such procedures. For a description of the tender procedures through DTC, see Appendix D—"BOOK-ENTRY ONLY SYSTEM."

Redemption

Mandatory Sinking Fund Redemption. The Series 1993 Bonds are subject to mandatory redemption on April 1, 2014 and each April 1 thereafter, at a redemption price equal to 100% of the principal amount of the Series 1993 Bonds to be redeemed, plus accrued and unpaid interest thereon to the date of redemption, without premium, from mandatory sinking fund payments in the years and principal amounts as follows:

**Mandatory Redemption Dates
(April 1)**

Mandatory Sinking Fund Payments

2014	\$1,400,000
2015	1,500,000
2016	1,500,000
2017	1,600,000
2018	1,600,000
2019	1,600,000
2020	1,700,000
2021	1,800,000
2022	1,800,000
2023	1,800,000
2024	2,000,000
2025	1,900,000
2026	2,100,000
2027	2,100,000
2028	2,100,000
2029	2,200,000
2030	2,300,000
2031	2,400,000
2032	2,400,000
2033 [†]	2,500,000

[†] Final Maturity.

The principal amount of any Series 1993 Bonds purchased or optionally redeemed by the District will be credited toward a part or all of any one or more yearly mandatory redemptions as directed in writing by the District, provided that such direction is received at least 75 days before the date of such mandatory redemption. Any such direction must state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts have been credited toward the same) will constitute the unsatisfied balance of such mandatory redemption for the purpose of the calculation of principal payments due on any future Principal Payment Date.

The principal amount of any Series 1993 Bonds that are redeemed due to extraordinary optional redemption to delete any Improvement District will be credited proportionally to all remaining yearly mandatory redemption amounts that are scheduled to occur at least 75 days after the date of such redemption.

Optional Redemption. While in the Daily Mode, the Series 1993 Bonds are subject to optional redemption by the District, with the prior consent of the Bank, in whole, or in part in Authorized Denominations, on the fifth day of any calendar month, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued and unpaid interest to the redemption date, without premium. If such redemption is in part, Series 1993 Bonds owned by the Bank will be redeemed first and all other Series 1993 Bonds will be redeemed by lot as determined by the Trustee.

Except as otherwise provided in the Indenture, the principal amount of Series 1993 Bonds optionally redeemed will be credited proportionally to all Improvement Districts and the Included Amount for each Improvement District will be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Series 1993 Bonds.

Subject to the Indenture, whenever less than all Outstanding Series 1993 Bonds are to be optionally redeemed and sufficient moneys are available for such purpose from or for the account of any Improvement District a portion of the Included Amount of which is to be so redeemed, the District may elect to redeem all or any portion of any such Improvement District's Included Amount. The Included Percentages for all Improvement Districts will be recomputed for all purposes relative to the Outstanding Series 1993 Bonds after such redemption as follows:

$$\frac{\text{Improvement District's Included Amount after redemption}}{\text{Total Amount of Outstanding Series 1993 Bonds after redemption}} = \text{Included Percentage, as adjusted}$$

In the event that following such a redemption, the Included Amount of the Outstanding Series 1993 Bonds for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture will be withdrawn as directed in writing by the District and applied by the District as permitted by law; provided, however, that the Trustee has no responsibility for determining whether such application is permitted by law. The District will deliver a certificate to the Trustee (the "Included Amount Certificate") specifying: (i) the Improvement District for which all or any portion of the Included Amount is to be redeemed; (ii) the portion of the Included Amount to be redeemed for such Improvement District; (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture which are to be withdrawn and paid to the District.

Extraordinary Optional Redemption of Series 1993 Bonds to Delete Improvement District. In the event that the District determines that based on the rate of collection of assessments and charges, and on the amounts held in any Fund or account for the account of any Improvement District, the District will be unable to pay the principal of and interest on the Included Amount of the Outstanding Series 1993 Bonds for such Improvement District, the District may, at its option and from Seasoned Funds, redeem on any Business Day the Included Amount of such Improvement District plus any additional amount necessary to cause the amount redeemed to equal an Authorized Denomination, at a price equal to the principal amount thereof to be redeemed plus accrued interest to such redemption date, if any, without premium. The Included Percentages of all other Improvement Districts as specified in the Indenture will be recomputed for all purposes relative to the Outstanding Series 1993 Bonds after such redemption according to the same formula set forth under the caption "—Optional Redemption," and the District will deliver a certificate as to the Included Amount and Included Percentages of the Improvement Districts.

Upon such a redemption, the amounts in the Funds and accounts established under the Indenture and attributable to the Improvement District the Included Amount of Outstanding Series 1993 Bonds of which has been redeemed will be withdrawn as directed in writing by the District and applied by the District as permitted by law; provided, however, that the Trustee has no responsibility for determining if such application is as permitted by law.

Notice of Redemption. Notice of redemption of the Series 1993 Bonds will be given by mail by the Trustee to the Remarketing Agent, the Paying Agent, the Bank, the Owners of any Series 1993 Bonds designated for redemption in whole or in part and to the Information Services and to the Securities Depositories no less than 30 nor more than 60 days prior to the Redemption Date. Each notice of redemption will state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Series 1993 Bonds to be redeemed and will designate the numbers of the Series 1993 Bonds to be redeemed if less than all of the Outstanding Series 1993 Bonds of a maturity are to be redeemed, will (in the case of any Series 1993 Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and will state that the interest thereon or portions thereof designated for redemption will cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Series 1993 Bonds or portions thereof designated for redemption the redemption price thereof. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Series 1993 Bonds.

Any notice mailed as provided above will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the Remarketing Agent, the Paying Agent, the Bank, the Information Services or the Securities

Depositories, or the insufficiency of any such notice, will not affect the sufficiency of the proceedings for redemption.

Book-Entry Only System

The Series 1993 Bonds have been issued in fully registered form in the name of Cede & Co., as nominee of DTC. Purchasers of the Series 1993 Bonds will not receive physical certificates representing their beneficial ownership in the Series 1993 Bonds purchased. The principal of and interest and premium, if any, on the Series 1993 Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 1993 Bonds. Beneficial owners' rights will be governed as to such payments, the receipt of notices (including any notice of redemption) and other communications and various other matters by the rules and operating procedures applicable to the DTC book-entry system. See Appendix D hereto for additional information concerning DTC and its rules and operating procedures.

The District cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Series 1993 Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Remarketing Statement.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 1993 Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "CONDITIONS AND TERMS OF BONDS."

SPECIAL CONSIDERATIONS RELATING TO THE SERIES 1993 BONDS SUBJECT TO OPTIONAL TENDER AND REMARKETING

The Remarketing Agent Is Paid by the District

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series 1993 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement (as such term is defined herein)), as further described in this Remarketing Statement. The Remarketing Agent is appointed by the District and is paid by the District for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 1993 Bonds.

The Remarketing Agent Routinely Purchases Series 1993 Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 1993 Bonds for its own account and, in its sole discretion, routinely acquires such tendered Series 1993 Bonds in order to achieve a successful remarketing of the Series 1993 Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 1993 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 1993 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 1993 Bonds by routinely purchasing and selling Series 1993 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 1993 Bonds. The Remarketing Agent may also sell any Series 1993 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 1993 Bonds. The purchase of Series 1993 Bonds by the Remarketing Agent may create the appearance

that there is greater third party demand for the Series 1993 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 1993 Bonds being tendered for remarketing.

Series 1993 Bonds May Be Offered at Different Prices on Any Date Including a Rate Determination Date

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 1993 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Series 1993 Bonds (including whether the Remarketing Agent is willing to purchase Series 1993 Bonds for its own account). There may or may not be Series 1993 Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 1993 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 1993 Bonds at varying prices to different investors on such date or any other date, the Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 1993 Bonds at the remarketing price. In the event that the Remarketing Agent owns any Series 1993 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 1993 Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The Ability to Sell the Series 1993 Bonds Other Than through Tender Process May Be Limited

The Remarketing Agent may buy and sell Series 1993 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 1993 Bonds to do so through the Paying Agent with appropriate notice. Thus, investors who purchase the Series 1993 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 1993 Bonds other than by tendering the Series 1993 Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 1993 Bonds, Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event that there is no Remarketing Agent, the Trustee may assume such duties as described in the Indenture.

SECURITY FOR THE SERIES 1993 BONDS

General

Authority for Issuance. Pursuant to Resolution Nos. 1978-62 adopted April 17, 1978 and 1978-69 adopted April 17, 1978, a special election was conducted in Improvement District Nos. 105 and 250 on June 19, 1978, and pursuant to Resolution Nos. 1989-59 adopted August 28, 1989 and 1989-67 adopted October 23, 1989, a special election was conducted in Improvement District Nos. 140 and 240 on November 28, 1989, at each of which the qualified voters within each Improvement District authorized the District to incur an indebtedness and issue general obligation bonds for each respective Improvement District. See Appendix A—“IRVINE RANCH WATER DISTRICT” for a discussion of the bond authorization, amount of outstanding Series 1993 Bonds and remaining bond authorization for each of the Improvement Districts. The Series 1993 Bonds are authorized for issuance pursuant to the Act and Section 53541 of the Government Code of the State and all laws of the State amendatory thereof or supplemental thereto.

Several General Obligations. The Series 1993 Bonds constitute the several, general obligations of the Improvement Districts payable from Bond Assessments and Charges (as such term is defined above under the caption “INTRODUCTION—Security for the Series 1993 Bonds”) as provided in the Indenture, in amounts proportionate to each Improvement District’s Included Percentage, as defined below. *Ad valorem* assessments or charges in lieu of *ad valorem* assessments collected in any improvement district of the District other than the Improvement Districts will not be available to make debt service payments on the Series 1993 Bonds.

Under the Indenture, each Improvement District’s “Included Percentage” is defined as a fraction: (i) the numerator of which is equal to the Included Amount for such Improvement District; and (ii) the denominator of which is equal to the par value of all Outstanding Series 1993 Bonds, calculated to the second decimal place; provided, however, that on any date, the total of the Included Percentages for all Improvement Districts having Included Amounts of Outstanding Series 1993 Bonds on such date will equal 100%. The Indenture defines “Included Amount” for an Improvement District as the principal amount of Outstanding Series 1993 Bonds allocable to such Improvement District.

As among the Improvement Districts, Bond Assessments and Charges collected in a particular Improvement District will not be available to pay any other Improvement District’s share of debt service of the Series 1993 Bonds. Each Improvement District’s Included Amount and Included Percentage will be as set forth below.

<i>Improvement District No.</i>	<i>Included Amount</i>	<i>Included Percentage</i>
105	\$ 5,482,500	14.62%
140	5,876,250	15.67
240	16,447,500	43.86
250	<u>9,693,750</u>	<u>25.85</u>
Total	<u>\$ 37,500,000</u>	100.00%

The Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the redemption of Series 1993 Bonds allocated to one or more Improvement Districts or otherwise, pursuant to calculations made by the District pursuant to the Indenture and delivered to the Trustee, without need for any amendment of or supplement to the Indenture. See the caption “THE SERIES 1993 BONDS—Redemption.”

Covenant to Collect Bond Assessments and Charges. The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (i) impose and collect or cause the imposition and collection of *ad valorem* assessments on land in each respective Improvement District; (ii) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for delinquent *ad valorem* assessments for such purpose; or (iii) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in each respective Improvement District in lieu of *ad valorem* assessments. The Bond Assessments and Charges levied upon and collected within any Improvement District may not exceed the amount required to pay such Improvement District’s Included Amount of Outstanding Series 1993 Bonds, premium, if any, and interest thereon. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the caption “COVENANTS.”

Pursuant to Section 35975 of the Act and as reflected in clause (iii) of the covenant described above, the District may levy certain charges in lieu of *ad valorem* assessments to pay the Series 1993 Bonds; however, the District does not currently levy any such in-lieu charges for outstanding *ad valorem* assessment bonds.

The Bond Assessments and Charges collected by the District, along with bond assessments and charges collected by the District and allocable to other outstanding (or authorized, but not yet issued)

ad valorem assessment bonds of the District issued on behalf of the Improvement Districts are (or, with respect to such bonds to be issued in the future, will be) parity obligations of such Improvement Districts, secured by *ad valorem* assessments on land (including the Bond Assessments and Charges) within such Improvement Districts. For information regarding the current debt structures of the Improvement Districts, see Appendix A—"IRVINE RANCH WATER DISTRICT" under the caption "The Improvement Districts." See also the caption "—Several General Obligations" above.

Although the Series 1993 Bonds are secured by the Bond Assessments and Charges, the District may elect, and from time to time has elected in the past in connection with other outstanding *ad valorem* assessment bonds, also to apply other available sources to the payment of such debt service. As a result of the District's discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District will vary from year to year and generally will not result in revenues from Bond Assessments and Charges that correspond with debt service requirements on the Series 1993 Bonds. There is no assurance that such alternate sources for debt service payments will be available or continue to be available in succeeding years, or that if they are available, the District will elect to use them for debt service payments. See Appendix A—"IRVINE RANCH WATER DISTRICT."

Pledge of 1% Ad Valorem Property Taxes. Pursuant to the 2002 Resolution, the Series 1993 Bonds are additionally secured by a pledge of the District's allocated share of 1% *ad valorem* property taxes collected by the County of Orange (the "1% Property Tax Revenues"). Such pledge is: (i) subordinate to the pledge of 1% Property Tax Revenues pursuant to Resolution No. 1992-48 of the District adopted November 23, 1992 for the benefit of the District's bonds that were outstanding as of June 30, 1992, of which the Bonds of Irvine Ranch Water District, Consolidated Series 1989, currently outstanding in the aggregate principal amount of \$7,300,000, and the Bonds of Irvine Ranch Water District, Consolidated Series 1991, currently outstanding in the aggregate principal amount of \$6,400,000, are the only bonds currently outstanding; and (ii) on a parity with the pledge of 1% Property Tax Revenues pursuant to the 2002 Resolution for the benefit of the Bonds of Irvine Ranch Water District, Consolidated Series 1995, currently outstanding in the aggregate principal amount of \$19,900,000.

See Appendix A—"IRVINE RANCH WATER DISTRICT" under the caption "THE IRVINE RANCH WATER DISTRICT—1 % Property Tax Revenues" for further information with respect to 1% *ad valorem* property taxes allocated to the District.

Allocation of Bond Assessments and Charges Under the Indenture

In accordance with the Indenture, all Bond Assessments and Charges and certain 1% Property Tax Revenues, when and as received by the District, will be deposited into a fund to be established and maintained by the Trustee designated as the "Bond Payment Fund." There is to be established in the Bond Payment Fund an Interest Account, a Principal Account, a Redemption Account and a Letter of Credit Account and within each such Account is to be established a subaccount for each Improvement District. The Trustee will transfer money contained in the Bond Payment Fund to the accounts and subaccounts described below at the respective times set forth below.

Interest Account. When a Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will withdraw and apply moneys in the Interest Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account, will be sufficient to pay interest payable on the Outstanding Series 1993 Bonds on such Interest Payment Date. Money in the Interest Account will be used and withdrawn by the Trustee on each Interest Payment Date for the payment of interest on the Outstanding Series 1993 Bonds or reimbursement of the Bank for such payment.

Principal Account. When a Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will withdraw and apply moneys in the Principal Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will deposit in the Principal Account from money in the Bond Payment Fund an amount which will be sufficient to pay principal payable on the Outstanding Series 1993 Bonds on such Principal Payment Date. Money in the Principal Account will be used and withdrawn by the Trustee on each Principal Payment Date for the payment of the principal of Outstanding Series 1993 Bonds or reimbursement of the Bank for such payment.

Redemption Account. When a Letter of Credit is in effect, the Trustee will deposit in the Redemption Account amounts received from the District to pay the premium on the Series 1993 Bonds to be redeemed pursuant to the Indenture. The Trustee will apply amounts received from the District, which amounts will not be commingled with other amounts in the Redemption Account, to pay the premium on Series 1993 Bonds to be redeemed only if and to the extent that such amounts constitute Seasoned Funds on the date of application. When no Letter of Credit is in effect, the Trustee will deposit in the Redemption Account amounts received from the District to pay the principal of and premium on Series 1993 Bonds to be redeemed pursuant to the Indenture. When no Letter of Credit is in effect, money in the Redemption Account will be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the principal of and premium, if any, on Outstanding Series 1993 Bonds upon the redemption thereof pursuant to the Indenture. See Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" under the caption "FUNDS AND ACCOUNTS."

Letter of Credit

On June 13, 2012, the Letter of Credit is expected to replace the existing irrevocable, direct-pay letter of credit dated issued by Bank of America, N.A. The Letter of Credit is issued for the benefit of the Series 1993 Bonds to provide the payment of principal and Purchase Price of, and interest on, the Series 1993 Bonds as described under the caption "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT." Prior to the expiration date of the Letter of Credit, the Series 1993 Bonds will be subject to mandatory purchase. See the caption "THE SERIES 1993 BONDS—Mandatory Tender for Purchase—Mandatory Purchase on Expiration or Termination of Letter of Credit."

Alternate Letter of Credit

The Indenture provides that if at any time there has been delivered to the Trustee: (i) an Alternate Letter of Credit in substitution for the Letter of Credit then in effect; (ii) a Favorable Opinion of Bond Counsel; and (iii) written evidence satisfactory to the Bank of the provision for purchase from the Bank of all Bank-Owned Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Reimbursement Agreement on or before the effective date of such Alternate Letter of Credit, then the Trustee will accept such Alternate Letter of Credit on the Substitution Tender Date and surrender the Letter of Credit then in effect to the Bank on the fifth Business Day after the Substitution Date. The District will give the Trustee and the Bank written notice of the proposed substitution of an Alternate Letter of Credit for the Letter of Credit then in effect no less than 40 days prior to the proposed Substitution Date. The Series 1993 Bonds will be subject to mandatory tender for purchase on the Substitution Date. See the caption "THE SERIES 1993 BONDS—Mandatory Tender for Purchase—Mandatory Purchase on Substitution of Letter of Credit."

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The following information has been provided by the Bank for use in this Remarketing Statement. Such information has not been confirmed or verified by the District or the Remarketing Agent. Neither the District nor the Remarketing Agent make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Further, no

representation is made herein that the information contained or incorporated herein by reference is correct as of any time subsequent to the date hereof.

[TO COME FROM BANK COUNSEL].

THE BANK

The following information has been provided by the Bank for use in this Remarketing Statement. Such information has not been confirmed or verified by the District or the Remarketing Agent. Neither the District nor the Remarketing Agent make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Further, no representation is made herein that the information contained or incorporated herein by reference is correct as of any time subsequent to the date hereof.

[TO COME FROM BANK].

LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the District in the execution or delivery of, or in any way contesting or affecting the validity of, the Series 1993 Bonds. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the District's water and sewer systems and related activities. In the view of the District's management and of the General Counsel to the District, there is no litigation, present or pending, which will individually or in the aggregate materially impair the District's ability to service its indebtedness or which will have a material adverse effect on the business operations of the District.

RATINGS

In connection with the substitution of the Letter of Credit, the District expects that Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, will assign the Series 1993 Bonds a short term rating of "___" and a long term rating of "___", with the understanding that the Letter of Credit will be issued by the Bank on June 13, 2012.

In connection with the substitution of the Letter of Credit, the District expects that Moody's Investor's Service, Inc. will assign the Series 1993 Bonds a short term rating of "___" and a long term rating of "___", with the understanding that the Letter of Credit will be issued by the Bank on June 13, 2012.

Each such rating should be evaluated independently of any other rating. No application has been made to any other rating agency in order to obtain additional ratings on the Series 1993 Bonds. The credit enhanced ratings on the Series 1993 Bonds reflect the respective rating agency's current assessment of the creditworthiness of the Bank and its ability to pay draws under the Letter of Credit. Any further explanation as to the significance of the above ratings may be obtained from the applicable rating agency.

The above described ratings are not recommendations to buy, sell or hold the Series 1993 Bonds, and such ratings may be subject to revision or withdrawal at any time by one or both of the rating agencies. The Remarketing Agent undertakes no responsibility either to bring to the attention of the owners of the Series 1993 Bonds the downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Series 1993 Bonds.

TAX MATTERS

Original Opinions

On May 20, 1993, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone (formerly known as Bowie, Arneson, Kadi, Wiles & Giannone), Co-Bond Counsel to the District in connection with the issuance of the Series 1993 Bonds, delivered their respective opinions to the effect that, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 1993 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. It was further the opinion of Co-Bond Counsel, as of May 20, 1993, that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observed that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Complete copies of the opinions of Co-Bond Counsel delivered at the original issuance of the Series 1993 Bonds are set forth in Appendix E hereto.

No Updated Co-Bond Counsel Opinions

Co-Bond Counsel have not taken, and do not intend to take, any action to update their respective original opinions or to determine if interest on the Series 1993 Bonds is presently excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes.

General Considerations

Notwithstanding the foregoing, investors should be aware of the following information.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 1993 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 1993 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 1993 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 1993 Bonds. The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1993 Bonds assumed the accuracy of these representations and compliance with these covenants. Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel's attention after the date of issuance of the Series 1993 Bonds may adversely affect the value of, or the tax status of interest on, the Series 1993 Bonds. Accordingly, the opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1993 Bonds are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel have rendered opinions that interest on the Series 1993 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 1993 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 1993 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners

from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Series 1993 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 1993 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 1993 Bonds. Prospective purchasers of the remarketed Series 1993 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The opinions of Co-Bond Counsel delivered in connection with the initial issuance of the Series 1993 Bonds were based on current legal authority existing as of May 20, 1993, covered certain matters not directly addressed by such authorities, and represented Co-Bond Counsel's judgment as to the proper treatment of the Series 1993 Bonds for federal income tax purposes. They are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the Series 1993 Bonds ended on May 20, 1993 with the original issuance of the Series 1993 Bonds. Unless separately engaged, Co-Bond Counsel are not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 1993 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 1993 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 1993 Bonds and may cause the District or the Beneficial Owners to incur significant expense.

REMARKETING AGENT

Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed to serve as Remarketing Agent for the Series 1993 Bonds. The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent under and in accordance with the provisions of the Indenture and the Remarketing Agreement, dated as of February 1, 2009 (the "Remarketing Agreement"), by and between the District and the Remarketing Agent, executed in connection with the Series 1993 Bonds. The principal office of the Remarketing Agent (for purposes of its responsibilities as Remarketing Agent) is located in New York, New York.

RELATED PARTIES

The Bank of New York Mellon Trust Company, N.A., which is acting as Trustee under the Indenture, is an affiliate of The Bank of New York Mellon, which is issuing the Letter of Credit in its capacity as the Bank under the Reimbursement Agreement.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, the Remarketing Agent, is an affiliate of Bank of America, N.A., a letter of credit provider with respect to certain outstanding obligations of the District, and an affiliate of Merrill Lynch Capital Services, Inc., an interest rate swap counterparty of the District. All of

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of America, N.A. and Merrill Lynch Capital Services, Inc. are subsidiaries of Bank of America Corporation.

The District's financings, including the remarketing of the Series 1993 Bonds, have been made possible, in part, by hiring underwriters, remarketing agents, bond insurers, reserve surety providers, liquidity providers, letter of credit providers, trustees and interest rate swap counterparties to assist the District. Certain of these entities or their affiliates have and continue to participate in more than one capacity in financings for, and contractual relationships with, the District.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters in connection with the delivery of the Letter of Credit will be passed upon by Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, as Co-Bond Counsel. Certain legal matters in connection with the reoffering of the Series 1993 Bonds secured by the Letter of Credit will be passed upon for the District by Bowie, Arneson, Wiles & Giannone, in its capacity as General Counsel to the District, for the Remarketing Agent by Stradling Yocca Carlson & Rauth, a Professional Corporation, and for the Bank by its counsel, Pillsbury Winthrop Shaw Pittman LLP. The Series 1993 Bonds are available for delivery through the DTC book-entry system.

INDEPENDENT ACCOUNTANTS

The financial statements of the District as of and for the fiscal year ended June 30, 2011 included in Appendix B to this Remarketing Statement have been audited by Mayer Hoffman McCann P.C., independent accountants (the "Auditor"), as set forth in their report dated December 8, 2011, which also appears in Appendix B. The District has not requested, nor has the Auditor given, the Auditor's consent to the inclusion in Appendix B of its report on such financial statements. The Auditor's review in connection with the audited financial statements included in Appendix B included events only as of June 30, 2011, and no review or investigation with respect to subsequent events has been undertaken in connection with such financial statements by the Auditor.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Remarketing Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Remarketing Statement is not to be construed as a contract or agreement between the District and the purchasers or registered owners of any of the Series 1993 Bonds. The delivery and distribution of this Remarketing Statement have been duly authorized by the District.

IRVINE RANCH WATER DISTRICT

By _____ /s/ Robert Jacobson _____
Treasurer

APPENDIX A
IRVINE RANCH WATER DISTRICT

[TO COME]

APPENDIX B
AUDITED FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive, and reference should be made to the Indenture for a full and complete statement of its provisions.

[TO COME FROM BOND COUNSEL]

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 1993 Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to on the Series 1993 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 1993 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 1993 Bonds. The Series 1993 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 1993 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 1993 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 1993 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 1993 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 1993 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 1993 Bonds, except in the event that use of the book-entry system for the Series 1993 Bonds is discontinued.

To facilitate subsequent transfers, all Series 1993 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 1993 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1993 Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Series 1993 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 1993 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 1993 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 1993 Bond documents. For example, Beneficial Owners of Series 1993 Bonds may wish to ascertain that the nominee holding the Series 1993 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 1993 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 1993 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 1993 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Series 1993 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 1993 Bonds purchased or tendered, through its participant, to the Tender Agent, and shall effect delivery of such securities by causing the Direct Participant to transfer the Participant's interest in the Series 1993 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 1993 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 1993 Bonds are transferred by Direct Participants or DTC's records and followed by book-entry credit of tendered Series 1993 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 1993 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 1993 Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 1993 Bonds will be printed and delivered.

APPENDIX E

CO-BOND COUNSEL OPINIONS

Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Kadi, Wiles & Giannone (now known as Bowie, Arneson, Wiles & Giannone), Co-Bond Counsel, rendered final approving opinions dated May 20, 1993 (the "1993 Opinions") in connection with the initial issuance of the Series 1993 Bonds. Co-Bond Counsel have made no attempt to update or reaffirm the 1993 Opinions in connection with this Remarketing Statement or the delivery of the Letter of Credit.

[SEE ATTACHED]

Upon delivery of the Letter of Credit, Orrick, Herrington & Sutcliffe LLP and Bowie, Arneson, Wiles & Giannone, Co-Bond Counsel, propose to render their opinions with respect thereto in substantially the following form:

[TO BE UPDATED BY BOND COUNSEL]

April 15, 2011

The Bank of New York Mellon
Trust Company, N.A., as Trustee
Los Angeles, California

Re: Bonds of Irvine Ranch Water District, Consolidated Series 1995
Substitution of Letter of Credit

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Irvine Ranch Water District (the "District") in connection with the delivery of an irrevocable letter of credit dated April 15, 2011 (the "Alternate Letter of Credit"), issued by The Bank of New York Mellon, acting through its New York Branch (the "Bank"), pursuant to a Reimbursement Agreement, dated as of April 1, 2011 (the "Reimbursement Agreement"), between the Bank and the District, in substitution for the letter of credit issued by State Street Bank and Trust Company, relating to the Bonds of Irvine Ranch Water District, Consolidated Series 1995 (the "Bonds"). The Bonds were issued pursuant to an Indenture of Trust, dated as of December 1, 1995 (the "Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Pursuant to Section 9.01(a) of the Indenture, the Indenture is being amended and supplemented by a First Supplemental Indenture of Trust, dated as of April 1, 2011 and effective as of April 15, 2011 (the "First Supplemental Indenture"), by and between the District and the Trustee. In connection with the delivery of the Alternate Letter of Credit and the execution and delivery of the First Supplemental Indenture, we have reviewed the Indenture, the First Supplemental Indenture, the Alternate Letter of Credit, certificates of officers of the District and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur, or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, the parties thereto other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and Tax Certificate (including any supplements or amendments thereto), including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or the exclusion of interest on the Bonds from gross income for

federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner reaffirm any of the matters covered in any prior opinion we rendered with respect to the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated December 13, 1995 or the Remarketing Statement, dated April 13, 2011, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The delivery of the Alternate Letter of Credit to the Trustee is permitted under the Act and the Indenture, complies with the Indenture and will not, in and of itself, impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State of California.

2. The First Supplemental Indenture is authorized by the Indenture.

This letter is furnished by us as Co-Bond Counsel to the District solely for purposes of Sections 4.04(f) and 9.04 of the Indenture. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter, and we disclaim any obligation to update this letter. This letter is delivered to the addressee hereof pursuant to Sections 4.04(f) and 9.04 of the Indenture and is not to be used or relied upon for any other purposes. This letter is not intended to, and may not, be relied upon by owners of Bonds or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT "D"

RESOLUTION NO. 2012-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT APPROVING
REMARKETING STATEMENTS AND CERTAIN OTHER
ACTIONS IN CONNECTION WITH REPLACEMENT
OF LETTERS OF CREDIT (CONSOLIDATED SERIES 1989,
CONSOLIDATED SERIES 1991, CONSOLIDATED SERIES 1993)**

WHEREAS, the Irvine Ranch Water District ("IRWD") has issued the following series of its Bonds: Bonds of Irvine Ranch Water District, Consolidated Series 1989 (the "1989 Bonds"), Bonds of Irvine Ranch Water District, Consolidated Series 1991 (the "1991 Bonds") and Bonds of Irvine Ranch Water District, Consolidated Series 1993 (the "1993 Bonds" and, together with the 1989 Bonds and the 1991 Bonds, the "Bonds"); and

WHEREAS, Bank of America, N.A., has issued an irrevocable letter of credit relating to each of the above-listed series of the Bonds (each, a Letter of Credit and collectively, the "Letters of Credit"); and

WHEREAS, the Board of Directors has adopted Resolution No. 2012-17 to authorize the termination of the Letters of Credit and substitution of new letters of credit to be provided by The Bank of New York Mellon relating to the Bonds (the "Substitutions"); and

WHEREAS, this Board of Directors desires to approve the forms of remarketing statements to be used in connection with the remarketing of the Bonds as supported by the new letters of credit to be provided by The Bank of New York Mellon relating to the Bonds; and

WHEREAS, this Board of Directors desires to approve the forms of reimbursement agreements [and supplemental indentures] relating to the Bonds;

NOW THEREFORE, the Board of Directors of IRWD DOES HEREBY RESOLVE, DETERMINE and ORDER as follows:

Section 1. The Board of Directors hereby approves the remarketing statements relating to the respective series of the Bonds (the "Remarketing Statements"), each such Remarketing Statement to be dated the date determined by the Treasurer of IRWD (the "Treasurer") and in substantially the form presented to the Board at this meeting, with such changes thereto as the Treasurer with the concurrence of the President shall approve (such approval and concurrence to be conclusively evidenced by execution and delivery thereof). The Board hereby approves the use of each of the Remarketing Statements by the respective remarketing agent for the related series of the Bonds, including delivery of the Remarketing Statements in electronic form, and the Board hereby further approves the use by each remarketing agent of any supplements or amendments to the respective Remarketing Statement, including delivery of any such supplements or amendments to the Remarketing Statement in electronic form, which the Treasurer shall determine are necessary so that such Remarketing Statement does not include any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein not misleading. The Treasurer of IRWD is hereby authorized and directed to execute the Remarketing Statements and any amendments or supplements thereto, in the name and on behalf

of IRWD and thereupon to cause the Remarketing Statements and any such amendments or supplements to be delivered to the respective remarketing agents.

Section 2. The distribution of the Remarketing Statements, inclusive of the above-authorized changes, is hereby authorized in connection with the remarketing of the Bonds.

[Section 3. The President and Secretary of IRWD are authorized and directed to execute and deliver supplemental indentures amending and supplementing the respective original indentures entered into by and between IRWD and the trustee for the series of the Bonds, in substantially the form presented to the Board with this resolution, and the President and Secretary are authorized and directed to execute each such supplemental indenture in the form so presented with such changes therein as are approved by, and on the date for delivery established by, the Treasurer with the concurrence of the President of IRWD, which approval will be conclusively evidenced by execution and delivery thereof.]

Section 4. Reimbursement agreements to be entered into with The Bank of New York Mellon (each inclusive of the form of the new letter of credit to be substituted for the existing letter of credit) are hereby approved in substantially the form presented to the Board with this resolution, and the President and Secretary are authorized and directed to execute each such agreement in the form so presented with such changes therein as are approved by, and on the date for delivery established by, the Treasurer with the concurrence of the President, which approval will be conclusively evidenced by execution and delivery thereof.

Section 5. The President, Secretary and each other officer of IRWD hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution.

ADOPTED, SIGNED AND APPROVED this 29th day of May, 2012.

President
IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

Secretary
IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM:

BOWIE, ARNESON, WILES & GIANNONE
Legal Counsel - IRWD

By _____

May 29, 2012

Prepared by: T. Bonkowski

Submitted by: D. Pedersen *D.P.*

Approved by: Paul Cook *P. Cook*

ACTION CALENDAR

RECONCILIATION OF CHARGES FOR EMERGENCY REPAIR AND PROTECTION OF 39-INCH IRVINE LAKE PIPELINE – BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

SUMMARY:

The purpose of this item is to reconcile the final charges for the emergency repair and protection of the 39-inch Irvine Lake Pipeline (ILP) that washed out in Santiago Creek at Irvine Park during the severe December 2010 storm events. The reconciliation of the charges will support the preparation of a final accounting for the project that is necessary to receive Federal Emergency Management Agency (FEMA) reimbursement of eligible costs for the work. Staff recommends that the Board:

- Authorize a budget increase to the Fiscal Year 2011-12 Capital Budget for Project 11571 (1231) for \$149,256, from \$350,000 to \$499,256; and
- Approve an Expenditure Authorization for Project 11571 (1231) in the amount of \$149,256.

BACKGROUND:

The intense rainstorms that swept through Orange County from December 20 through 22, 2010 caused Irvine Lake to spill and erode the banks of Santiago Creek, downstream of the dam. Approximately 200 feet of the 39-inch ILP washed out in Santiago Creek downstream of the Fremont Diversion, including one entire segment of the pipeline that was carried a short distance downstream.- Additionally, the Santiago Creek Dam access road washed out immediately upstream of the Eastern Transportation Corridor overcrossing.

On December 28, 2010, Irvine Ranch Water District (IRWD) and Serrano Water District (SWD) staff discussed the damages and mutually agreed that IRWD would take the lead to administer the necessary emergency repairs and seek FEMA reimbursement for the eligible work. The net cost of the work after FEMA reimbursements would be allocated to IRWD and SWD pursuant to the terms of 1928 Agreement and its amendments.

Award of the Emergency Repair Contract:

IRWD staff secured two bids for the emergency repair work: one from Paulus Engineering, Inc. for \$172,101.17 and the other from J. R. Filanc Construction Company, Inc, for \$209,450. On January 4, 2011, the General Manager authorized the low bidder, Paulus Engineering, Inc., to begin the emergency repair work. The Board ratified the General Manager's execution of an emergency repair contract with Paulus Engineering, Inc. on January 10, 2011 and authorized the addition of Project 11571 to the Fiscal Year 2010-11 Capital Budget for the associated charges.

Contract Change Order No. 1:

Following the diversion of water in Santiago Creek to allow for the repair work, it was discovered that a larger than originally estimated segment of the ILP had been exposed during the storms and was vulnerable to future storm damage. A cost proposal was requested from Paulus Engineering, Inc. for the additional work, which consisted of importing backfill and installing one ton rip-rap for an additional 325 feet of the ILP. Contract Change Order No. 1 was awarded by the Board on February 14, 2011 for Paulus Engineering, Inc. to complete the additional work.

Remaining Charges to be Transferred to Project 11571:

In conjunction with the major work performed by Paulus Engineering, a number of smaller contracts were awarded under the General Manager's authority to complete the project. These contracts included work to re-grade and pave approximately 11,000 square feet of the Santiago Creek Dam access road, place one ton rip-rap along the access road immediately upstream of the Eastern Transportation Corridor overcrossing, perform a biological assessment of the work areas, complete construction staking and re-vegetate the work areas to restore them to their original condition. The total amount for this work was \$149,256, which was charged to a temporary billable project number and Operating Budget. A budget increase and Expenditure Authorization in the amount of \$149,256 is required to transfer these charges to Project 11571.

Status of FEMA Reimbursement for Project 11571:

FEMA initially obligated \$341,018 in funds to reimburse IRWD for the costs associated with Project 11571. This amount excluded the cost of the repairs associated with the Santiago Creek Dam access road because FEMA cited that IRWD had not provided sufficient documentation demonstrating its legal responsibility to perform those repairs. IRWD submitted a formal appeal to FEMA with additional documentation; FEMA subsequently approved the appeal and increased the obligated amount to \$399,541. To date, IRWD has received reimbursements totaling \$385,000 for Project 11571. Upon completion of a final accounting for the project, IRWD will request reimbursement for the remaining eligible costs, including those that are proposed for transfer to Project 11571.

FISCAL IMPACTS:

Project 11571 (1231) is included in the approved Fiscal Year 2011-12 Capital Budget. A budget increase and Expenditure Authorization is requested as shown in the table below and attached as Exhibit "A". The project is funded from the Replacement Fund.

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
11571	\$350,000	\$149,256	\$499,256	\$350,000	\$149,256	\$499,256

ENVIRONMENTAL COMPLIANCE:

This activity is categorically exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Sections 15301 and 15302, replacement or reconstruction of existing structures.

COMMITTEE STATUS:

This item was reviewed at the Engineering and Operations Committee on May 15, 2012.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE A BUDGET INCREASE TO THE FISCAL YEAR 2011-12 CAPITAL BUDGET FOR PROJECT 11571 (1231) FOR \$149,256, FROM \$350,000 TO \$499,256; AND APPROVE AN EXPENDITURE AUTHORIZATION FOR PROJECT 11571 (1231) IN THE AMOUNT OF \$149,256 TO RECONCILE THE FINAL CHARGES FOR THE EMERGENCY REPAIR AND PROTECTION OF THE 39-INCH IRVINE LAKE PIPELINE.

LIST OF EXHIBITS:

Exhibit “A” – Expenditure Authorization

IRVINE RANCH WATER DISTRICT

Expenditure Authorization

Project Name: ILP REPAIR AT IRVINE PARK
 EPMS Project No: 11571 EA No: 3
 Oracle Project No: 1231
 Project Manager: PEDERSEN, DAVID
 Project Engineer: PEDERSEN, DAVID
 Request Date: May 1, 2012

ID Split: Miscellaneous

Improvement District (ID) Allocations

ID No. Allocation % Source of Funds

101	100.0	REPLACEMENT FUND**
Total	100.0%	

Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$350,000
This Request:	\$149,200
Total EA Requests:	\$499,200
Previously Approved Budget:	\$350,000
Budget Adjustment Requested this EA:	\$149,200
Updated Budget:	\$499,200
Budget Remaining After This EA	\$0

Comments:

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - CA&I IRWD	20,000	10,000	30,000	20,000	10,000	30,000	1/11	2/11
ENGINEERING - CA&I OUTSIDE	0	15,000	15,000	0	15,000	15,000	1/11	2/11
CONSTRUCTION	115,600	293,200	408,800	115,600	293,200	408,800	1/11	2/11
Contingency - 10.00% Subtotal	\$13,600	\$31,800	\$45,400	\$13,600	\$31,800	\$45,400		
Subtotal (Direct Costs)	\$149,200	\$350,000	\$499,200	\$149,200	\$350,000	\$499,200		
Estimated G/A - 195.00% of direct labor*	\$39,000	\$19,500	\$58,500	\$39,000	\$19,500	\$58,500		
Total	\$188,200	\$369,500	\$557,700	\$188,200	\$369,500	\$557,700		
Direct Labor	\$20,000	\$10,000	\$30,000	\$20,000	\$10,000	\$30,000		

*EA includes estimated G&A. Actual G&A will be applied based on the current ratio of direct labor to general and administrative costs.

EA Originator: David W. Pedersen 05/02/12
 Department Director: David W. Pedersen 05/02/12
 Finance: _____
 Board/General Manager: _____

** IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$569,000. The above-captioned project is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This declaration of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.150-2.

May 29, 2012 JM
Prepared by: J. McGehee/R. Mori RKM
Submitted by: K. Burton (K.B.)
Approved by: Paul Cook / [Signature]

ACTION CALENDAR

BAKER WATER TREATMENT PLANT DESIGN VARIANCE

SUMMARY:

Staff recommends that the Board authorize the General Manager to execute Variance No. 7 in the amount of \$710,000 with RBF Consulting (RBF) for additional design tasks necessary to implement on-site residual handling facilities at the Baker Water Treatment Plant (Baker WTP).

BACKGROUND:

At the onset of the Baker WTP project, residuals were planned to be transported to the Los Alisos Water Recycling Plant (LAWRP) for processing. Due to emerging issues associated with the Michelson Water Recycling Plant (MWRP) biosolids project and planned changes for the delivery of LAWRP solids to the MWRP plant, staff identified concerns with delivering the Baker residuals to LAWRP. Since the dewatered LAWRP solids will be trucked to the proposed MWRP biosolids facilities, staff has been working with Black & Veatch (B&V), the District's consultant, to determine what impacts the Baker residuals would have on the proposed biosolids facilities. B&V has identified several significant impacts and risks associated with processing Baker residuals through the proposed solids handling facilities at MWRP. To avoid the multiple risks and negative impacts of the Baker residuals on the proposed biosolids facilities, staff recommended developing on-site residuals handling facilities at the Baker WTP.

At the February 27, 2012 Board Meeting, staff proposed to proceed with the implementation of on-site residuals handling facilities in a two-phased approach. The first phase, which was addressed by Variance No. 6 and is now complete, identified the recommended residuals handling process and associated facilities, defined the design criteria, sited the facilities, identified the impacts of those facilities on the current design, and updated the overall capital and operations and maintenance (O&M) costs for the project. The second phase, which is addressed by Variance No. 7 presented herein, will provide for the development of the final design of the residuals handling facilities and incorporation into the overall project.

Selected Residuals Handling Process and Associated Facilities:

The recommended residuals handling process includes retaining the currently designed membrane waste washwater facilities and adding new residuals thickening and mechanical dewatering facilities at the Baker WTP. The proposed new facilities include a sludge pumping station, primary and secondary thickeners, thickened sludge pumping station, decant return pumping station, polymer storage and feed facility, mechanical dewatering with centrifuges, and a truck loading facility. Additionally, a new building is proposed to enclose the centrifuges, thickened sludge pump station, and polymer facilities.

RBF developed construction and O&M cost estimates for the recommended residuals handling facilities. The construction cost is estimated at \$5.2 million with annual O&M costs estimated at \$256,000. Due to the preliminary level of the analysis, the construction cost estimate includes a 30 percent contingency. Using these cost estimates, along with the recently updated cost estimates for the overall project, the unit cost of treated water from the Baker WTP is projected to increase by \$7/AF with the implementation of on-site residuals handling facilities. As a result, the overall unit cost of treated water for the project will increase from \$891/AF to \$898/AF, which equates to an increase of less than 1%.

RBF Design Variance for Second Phase of the Residuals Handling Facilities Implementation:

The second phase of this process includes the development of the final design of the residuals handling facilities and the incorporation of the facilities into the overall project. The work will include the design of the newly proposed facilities as well as the redesign of some currently designed facilities. Redesign efforts are generally limited to modification of underground utilities including yard piping, process piping, chemical piping, and electrical duct banks. The recommended residuals handling facilities were sited in a manner that eliminates the need for redesign of major process facilities and structures.

RBF submitted Variance No. 7 in the amount of \$710,000 to complete the second phase of the work. The fee includes \$485,000 for design of the new residuals handling facilities; \$125,000 for revisions to currently completed drawings and specifications necessary to incorporate the residuals handling facilities; \$36,000 for project management and administration; and \$44,000 for an updated noise analysis, OCFA and CEQA coordination, field survey, updated engineer's estimates, and miscellaneous direct costs. The fee also includes a reimbursable budget of \$20,000 for multiple permit fees associated with the project.

RBF initially submitted a fee of \$964,000 for this work, but after extensive negotiations with staff, RBF reduced its fee by more than 25 percent to \$710,000. Staff has reviewed the variance and finds it to be acceptable as shown in Exhibit "A".

Stakeholder Coordination:

Throughout this entire process, staff has closely coordinated with the Baker Project Committee Stakeholders. At a meeting held on January 26, 2012 to present the two-phased approach for including on-site residuals handling facilities, the stakeholders concurred and approved the residuals handling alternatives evaluation effort conducted under Variance No. 6. Staff transmitted Variance No. 7 to the stakeholders for their concurrence, which will be discussed at the next Baker Project Committee meeting on May 10, 2012. Staff anticipates that the stakeholders will recommend variance approval to their respective Boards in May and June.

Schedule:

RBF has indicated that an additional six months is required to develop the final design of the residuals handling facilities and to incorporate the facilities into the overall project. The revised completion schedule for the project is presented below.

Initiate Final Design for Residuals Handling Facilities	May 29, 2012
Final Design Complete	November 28, 2012
Advertise for Bids	December 2012
Bid Opening	February 2013
Stakeholder Go/No-Go Decisions Complete	April 2013
Construction Award	April 2013
Construction Complete	March 2015
Startup and Commissioning Complete	July 2015

FISCAL IMPACTS:

Project 11218 (1417) is included in the FY 2011-12 Capital Budget. The existing budget and Expenditure Authorization are sufficient to fund Variance No. 7.

ENVIRONMENTAL COMPLIANCE:

This project is subject to the California Environmental Quality Act (CEQA) and an Environmental Impact Report (EIR) was prepared in conformance with California Code of Regulations Title 14, Chapter 3, Article 7. The Final EIR was certified and adopted by the Board in April 2011. Addendum No. 1 to the EIR was prepared in accordance with Section 15164 of the CEQA Guidelines and was approved by the Board in February 2012.

Staff is working with ESA, the project CEQA consultant, to prepare an EIR addendum for the evaluation of the proposed residuals handling facilities. The addendum will be presented to the Board for approval later this year.

COMMITTEE STATUS:

This item was reviewed at the Engineering and Operations Committee on May 15, 2012.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 7 IN THE AMOUNT OF \$710,000 WITH RBF CONSULTING FOR THE BAKER WATER TREATMENT PLANT, PROJECT 11218 (1417).

LIST OF EXHIBITS:

Exhibit "A" – Professional Services Variance No. 7

EXHIBIT "A"



April 26, 2012

JN 10-106232

Mr. Richard Mori, P.E.
Senior Project Manager
IRVINE RANCH WATER DISTRICT
15600 Sand Canyon Avenue
Irvine, CA 92618

Subject: Baker Water Treatment Plant, Solids Dewatering Design Phase – Variance No. 7

Dear Rich:

RBF/Carollo appreciates the opportunity to provide this proposal to IRWD and the Stakeholders for final design of solids dewatering facilities at the Baker Water Treatment Plant (WTP). We have completed our technical report preparation, which identified the preferred solids dewatering facility alternative. The basis of this scope of work and fee estimate is alternative 3, site layout 5 as identified in the technical report, which includes the two currently designed membrane filter waste washwater basins, two 20-foot diameter sludge thickeners, two 500 pound per hour centrifuges, a polymer storage and feed system, and two sludge transfer pump stations. A new building will be needed to enclose the centrifuges, polymer system, thickened sludge pump station, and electrical room.

What follows is our proposed scope of work, schedule, and budget that outlines the level of effort needed to complete final design of the solids dewatering facilities, and integrate these changes into the Baker WTP 100% design bid set. In summary, we anticipate completing final design in November 2012, and our estimated fee for solids handling design services is \$690,000. In addition, RBF is requesting a reimbursement budget for permit fees in the amount of \$20,000 for various project permits.

SCOPE OF WORK

The Scope of Work is for incorporating design of mechanical dewatering facilities into the current (100%) design of the WTP. This Scope is not intended to produce a final stand-alone bid package. Individual scope items are defined below.

Task 1: Meetings, Workshops, Project Management, QC, and Administration

A project kickoff meeting, two four-hour workshops, and bi-weekly coordination meetings will be conducted for the project. One workshop will occur at 75 percent completion and the other will occur at 100 percent completion. The total number of coordination meetings is estimated to be eight (8), Carollo will prepare agendas, handouts, and minutes for each meeting and workshop. RBF will provide input to Carollo for preparation of agendas, handouts and minutes. This task also includes day-to-day design coordination with IRWD and subconsultants, QC, and Project Management.

Task 2: Noise Analysis

Wieland Acoustics will update the Baker WTP noise model to include the new solids dewatering facilities. For the study, it is assumed that the solids dewatering building will have acoustic design elements similar to the other Baker WTP buildings, including those for doors, louvers, building materials,

etc. This task item includes coordination required between the design team and Wieland Acoustics to accurately model the proposed future conditions.

Task 3: New Mechanical Dewatering Facilities Design Drawings and Specifications

RBF/Carollo will prepare design drawings and specifications for mechanical dewatering facilities and equipment. The drawings and specifications will be prepared to integrate into the WTP final design package. This task will include preparation of new civil, architectural, structural, mechanical, electrical, instrumentation, HVAC and plumbing drawings to produce a single biddable design package for the Baker Water Treatment Plant.

It is assumed that the design will be based upon treatment alternative 3 and site layout option 5 as recommended in the draft technical memorandum entitled "Mechanical Dewatering Facilities for the Baker Water Treatment Plant" (Carollo Engineers, April 2012). The recommended alternative includes the following elements:

- a. Treatment of membrane process residuals (non-chemical cleaning wastes) through sedimentation in the currently designed plate settler basins.
- b. Delivery of membrane process residuals through a gravity line from the currently designed sludge blowdown room to the new thickeners.
- c. Re-orient the CT basin.
- d. Two circular, concrete, 20 foot diameter, 12-foot water depth, solids thickeners.
- e. A new solids dewatering building (approximately 2,400 square feet). (Demolition of vehicle port on existing storage building may be required to provide sufficient clearances for utilities.)
- f. Facility sized for full redundancy at a daily solids production of 3,500 dry lbs.
- g. Two 500 lb/hour centrifuges for solids dewatering.
- h. Dewatered solids handling – solids conveyed (via screwless conveyor) to a loading station sized for end dumps.
- i. Pump Stations (3) – A thickened sludge transfer pump station (located in a vault); a centrifuge feed pump station (located in the dewatering building); and a thickener decant return pump station (located in a vault).
- j. Polymer storage and feed system.
- k. Flow equalization tank for sewer discharge.

It is anticipated that design of the mechanical dewatering facilities will require the development of the following drawings:

General	43	Dewatering Building Plan 2
1 Dewatering Process Flow Diagram	44	Dewatering Building Sections 1
2 Dewatering Hydraulic Profile	45	Dewatering Building Sections 2
Civil	46	Dewatering Building Sections 3

3	Decant Return and Sludge Line Plan	47	Dewatering Building Pump Station
4	Decant Return and Sludge Line Profile	48	Dewatering Bldg Pump Station Sections
Architecture		49	Details 1
5	Dewatering Building Plan and Exiting	50	Details 2
6	Dewatering Building Roof Plan	Plumbing	
7	Dewatering Building Exterior Elevations I	51	Dewatering Building Foundation Plan
8	Dewatering Building Exterior Elevations II	52	Dewatering Building Schematic
9	Dewatering Building Sections	Electrical	
10	Door, Opening, and Finish Schedules	53	Single Line Diagram
Structural		54	MCC Elevations
11	Thickeners Foundation Plan	55	Power Plan (Building)
12	Thickeners Top Plan	56	Lighting and Grounding Plan
13	Thickeners Sections	57	HVAC Power and Control Plan
14	Thickener Sections	58	Power Plan (Thickened Sludge Pumps)
15	Details 1	59	Power Plan (Decant Return)
16	Details 2	60	Conduit, Cable and Panelboard Schedules
17	Dewatering Building Foundation Plan	61	Schematic Control Diagram 1 (Thickened Sludge Pumps)
18	Dewatering Building Roof Plan	62	Schematic Control Diagram 2 (Centrifuge Feed Pumps)
19	Dewatering Building Floor Plan	63	Schematic Control Diagram 3 (Centrifuge)
20	Dewatering Building Section 1	64	Schematic Control Diagram 4 (Conveyor)
21	Dewatering Building Section 2	65	Schematic Control Diagram 5 (Polymer Pumps)
22	Dewatering Building Section 3	66	Schematic Control Diagram 6 (Decant Pumps)
23	Details 1	67	Schematic Control Diagram 7
24	Details 2	68	Elevations
25	Thickened Sludge Transfer Pump Vault Top and Bottom Plan	69	Door Access Block Diagram
26	Thickened Sludge Transfer Pump Vault Sections	Instrumentation	
27	Decant Water Return Pump Vault Top and Bottom Plan	70	Instrument Typical Details
28	Decant Water Return Pump Vault Sections	71	Thickener P&ID
29	Equalization Tank Top and Bottom Plan	72	Thickener P&ID

30	Equalization Tank Sections and Details	73	Thickened Sludge Pump Station P&ID
	HVAC	74	Thickened Sludge Pump Station P&ID
31	Dewatering Building HVAC Plan	75	Thickener Decant Pump Station P&ID
32	Dewatering Building HVAC Sections	76	Thickener Decant Pump Station P&ID
33	Dewatering Building HVAC Details	77	Polymer Feed P&ID
	Mechanical	78	Polymer Feed P&ID
34	Polymer Schematic	79	Polymer Feed P&ID
35	Thickened Sludge Pump Station Plan	80	Solids Pump Station P&ID
36	Thickened Sludge Pump Station Sections	81	Solids Pump Station P&ID
37	Thickened Sludge Pump Station Details	82	Dewatering Equipment P&ID
38	Decant Water Return Pump Station Plan	83	Dewatering Equipment P&ID
39	Decant Water Return Pump Station Sections	84	Dewatering Equipment P&ID
40	Decant Water Return Pump Station Details	85	Conveyor P&ID
41	Dewatering Building Key Plan	86	Dewatering Building Miscellaneous P&ID
42	Dewatering Building Plan 1		

This task also includes preparation of new technical specifications, which are anticipated as follows:

New Equipment Specification

- 11246 - Polymer Blending and Feed Equipment
- 11312 - Progressive Cavity Pumps
- 11358 - Centrifuge Thickening Equipment
- 11353 - Circular Sludge Collector
- 14555 - Shaftless Screw Conveyors

Task 4: Submittals and Engineer's Cost Estimates

Two submittals, one at 75% completion and the other at 100% completion, will be provided to the District for review. Ten bound copies (half size drawings) and a single full size bond set of drawings will be submitted to the District for each submittal, as well as technical specifications sections. It is assumed that the submittals will only include new drawings for the solids dewatering facilities, as well as drawings from the Baker WTP 100% submittal that have been significantly impacted by the new design.

Task 5: Design-Related Services

This task establishes a budget for miscellaneous design-related items that are anticipated to be required during final design. The basis for this budget is summarized below:

- Survey: A budget of \$2,000 has been established for field survey that may be required for design (estimated based upon 6 hours for 2-person survey crew, 3 hours for engineer's coordination).
- OCFA Coordination: Twenty (20) hours has been established for revising the Fire Master Plan (FMP), submitting the revised FMP and coordination with OCFA.
- CEQA Coordination: Twelve (12) hours has been established to assist with development of the project description for an Addendum EIR, to be prepared by others.

Task 6: Current Design Drawings and Specifications Modifications

To accommodate the new solids dewatering facilities, current design drawings will be modified. Attachment A includes a list of drawings that will require updating. The number of drawings requiring revisions is seventy nine (79), which is approximately 12% of the 100% submittal drawings. Specifications sections will require schedule updates and technical requirement review. A list of technical specifications that are anticipated to require updates is provided in Attachment B. Front-end documents will also require modifications due to the addition of the solids handling facilities.

SCHEDULE

The proposed project schedule is shown in Attachment C. The project duration is estimated to be approximately six months. The Project duration reflects our intent to complete design of the project November 2012.

SOLIDS HANDLING BUDGET

Projected labor hours and fee for Tasks 1 through 6 are shown in the table below.

	Labor Hours (Carollo & RBF)	Carollo Estimated Fee	RBF Estimated Fee	Other Subconsultants' Estimated Fee	Total Estimated Fee
Task 1 - Project Management/ Administration/QC/Meetings	250	\$16,000	\$20,000	\$0	\$36,000
Task 2 - Noise Analysis	20	\$0	\$3,000	\$7,000	\$10,000
Task 3 - New Plans and Technical Specifications	2,310	\$245,000	\$90,000	\$150,000	\$485,000
Task 4 - Submittals and Engineer's Cost Estimates	110	\$10,000	\$8,000	\$4,000	\$22,000
Task 5 - Design-Related Services	47	\$0	\$7,000	\$0	\$7,000
Task 6 - Current Design Drawings and Specifications Modifications	790	\$30,000	\$85,000	\$10,000	\$125,000
Direct Costs			\$5,000		\$5,000
TOTALS SOLIDS HANDLING:	3,527	\$301,000	\$218,000	\$171,000	\$690,000

PERMIT FEES

As part of the overall Baker WTP Project, RBF is requesting a budget for permit fee reimbursement. The estimated permit fees are identified in the table below. These fees are pass-through costs to the District without mark-up. Fees already paid by RBF are identified.

Item	Location	Permit	Agency	Status	Estimated Fee
1	Baker WTP	Fire Master Plan	OCFA	Paid	\$915
2	Serrano Creek Trail	Encroachment Potholing by Kana Pipeline	OC Parks	Paid	\$200
3	Serrano Creek Trail	Encroachment Potholing	City of Lake Forest	Paid	\$1,500
4	Serrano Creek Trail	Geotechnical Investigations by GMU	OC Parks	Paid	\$200 (2)
5	Serrano Creek Trail	Encroachment PWP	OC Parks	Not Yet Paid	\$200
6	Serrano Creek Trail	Expanded Easement for PWP	OC Parks	Not Yet Paid	\$5,000
7	Irvine Reg'l Park	Encroachment Dewatering	OC Parks	Not Yet Paid	\$200
8	Peters Cyn. Reg'l Park?	Encroachment Dewatering	OC Parks	Not Yet Paid	\$200
9	Serrano Creek	Encroachment Emergency Overflow Facility	City of Lake Forest	Not Yet Paid	\$2,500
10	Consent/Grant Out Agreement	Emergency Overflow SD across Easement	SCE	Not Yet Paid	\$5,000 (Estimated)
11	Other Miscellaneous	TBD	TBD	Not Yet Paid	\$3,885 (Budget)
Total Estimated Permit Fees Budget:					\$20,000

Mr. Rich Mori, PE
Baker Water Treatment Plant Project
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April 26, 2012
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We appreciate your consideration of this request for variance and look forward to the opportunity to provide ongoing service to the District and Project Stakeholders for the Baker WTP project. Should you require additional information or have any questions, please do not hesitate to contact me at 949.855.3616.

Sincerely,



Cindy L. Miller, P. E.
Vice President
Water Resources

cc: Joseph McGehee, IRWD
Jim Meyerhofer, Carollo

**IRVINE RANCH WATER DISTRICT
PROFESSIONAL SERVICES VARIANCE**

Project Title: Baker Water Treatment Plant File No.: _____
 Date: April 26, 2012
 Variance No.: 7
 Project Purchase Order No.: 503424 Project No.: PR 11218 (1417)
 Originator: IRWD ENGINEER/CONSULTANT Other (Explain) _____

Description of Variance (attach any back-up material):

Variance No.7 is for final design of mechanical dewatering facilities. Variance No. 7 also establishes a budget for paying permit fees required for the overall Baker WTP project.

Engineering & Management Cost Impact:

Classification	Man Hours	Billing Rate	Labor \$	Direct Costs \$	Subcon. \$	Total \$
Task 1 – Mtgs, Workshops, PM, QC, Admin	250	Varies	\$36,000	\$0	\$0	\$36,000
Task 2 – Noise Analysis	20	Varies	\$3,000	\$0	\$7,000	\$10,000
Task 3 – New Plans and Technical Specs	2,310	Varies	\$335,000	\$0	\$150,000	\$485,000
Task 4 – Submittals & Cost Estimate	110	Varies	\$18,000	\$0	\$4,000	\$22,000
Task 5 – Design-Related Services	47	Varies	\$7,000	\$0	\$0	\$7,000
Task 6 – Current Design Drawings and Specs	790	Varies	\$115,000	\$0	\$10,000	\$125,000
Task 7 – Direct Costs	0	na	\$0	\$5,000	\$0	\$5,000
Task 8 – Permit Fees	0	na	\$0	\$20,000	\$0	\$20,000
Total \$ =						\$710,000

Schedule Impact:

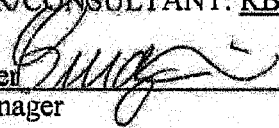
Task No.	Task Description	Original Schedule	Schedule Variance	New Schedule
1 thru 8	See attached Scope & Fee Table	Final Design by Sept 2012	2 months	Final Design by Nov 2012

Required Approval Determination:

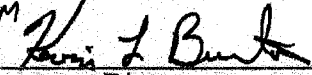
Total Original Contract	\$4,047,164	<input type="checkbox"/> General Manager: Single Variance less than or equal to \$30,000. <input type="checkbox"/> Committee: Single Variance greater than \$30,000, and less than or equal to \$60,000. <input type="checkbox"/> Board: Single Variance greater than \$60,000. <input checked="" type="checkbox"/> Board: Cumulative total of Variances greater than \$60,000, or 30% of the original contract, whichever is higher.
Previous Variances \$	1,278,755	
This Variance \$	710,000	
Total Sum of Variances	\$ 1,988,755	
New Contract Amount	\$ 6,035,919	
Percentage of Total Variances to Original Contract	49%	

ENGINEER/CONSULTANT: RBF Consulting

IRVINE RANCH WATER DISTRICT

Cindy Miller 
Project Manager

04/30/2012
Date


Department Director 5/2/12
Date

Engineer's/Consultant's Management _____ Date _____

General Manager/Comm./Board _____ Date _____

IRVINE RANCH WATER DISTRICT

PROFESSIONAL SERVICES VARIANCE REGISTER

Project Title: <u>Baker Water Treatment Plant</u>				
Project No.: <u>PR 11218 (1417)</u> Project Manager: <u>Richard K. Mori</u>				
Variance No.	Description	Dates		Variance Amount
		Initiated	Approved	
1	Baker Pipeline Flow Test	12/11/08	1/15/09	\$29,974
2	- Forebay - Feedwater PS - TCWD PS - Hazardous Material Inspection Testing	01/26/10	02/11/10	\$361,000
3	-MWD / TCWD Surge Analysis - SWPPP & WQMP - Potholing	01/13/11	01/24/11	\$95,370
4	- Add'l Design Effort - Air Valves - Legal Descriptions - Membrane & UV - MWD Coordination - Project Mgmt - South County Pipeline	06/24/2011	07/25/11	\$710,096
5	- Potholing- Design / Engineering Coordination - Field Survey	12/28/2011	01/3/2012	\$9,315
6	- Mechanical Dewatering Facilities Study	02/01/2012	02/27/2012	\$73,000
7	-Mechanical Dewatering Facilities Final Design - Permit Fees	04/26/2012		\$710,000

May 29, 2012

Prepared by: Gretchen Maswadeh

Submitted by: Janet Wells

Approved by: Paul Cook 

ACTION CALENDAR

PROPOSED SALARY GRADE SCHEDULE CHANGES FOR FY 2012-13

SUMMARY:

As a follow-up item to the adoption of the FY 2012-13 Operating Budget, staff requests that the Board:

- Approve the recommended changes in budgeted positions for FY 2012-13, and
- Adopt the revised salary grade schedule, effective July 1, 2012.

The estimated net annual cost to implement the recommended changes is an increase in the salary budget of \$998,800, or 3.8%. This increase was included in the FY 2012-13 Operating Budget adopted by the Board of Directors on April 23, 2012.

BACKGROUND:

Each year during the process of developing the Operating Budget, staff reviews the current budgeted positions, salaries, and benefits to determine the necessary staffing levels and to maintain a competitive compensation package within our industry. The District's benefits package is currently under review and any proposed changes would be presented at future meetings. Staff efforts for the operating budget were focused on current and future staffing needs. The justifications for staffing and organizational changes and the associated costs and cost savings have been incorporated in the adopted Operating Budget.

Budgeted Position and Salary Grade Schedule Changes:

Staff recommends several changes to existing budgeted positions, including the upgrade of five positions to higher levels, the downgrade of two positions to lower levels, transfer of one position, and elimination of three positions. Staff also recommends the addition of eight new positions and title changes for six positions. The recommended changes are as follows:

Department 120 (Public Affairs)

- Change title of two Government Affairs Specialist position (salary grade 29.N) to Public Affairs Specialist.

Department 210 (Finance/Treasury)

- Upgrade one Accountant position (salary grade 27.N) to a Senior Accountant position (salary grade 11.E).
- Transfer Oracle Business Analyst position (salary grade 14.E) to Information Services (Department 250) and change title to Business Analyst (Oracle).

Department 220 (Customer Service)

- Add one Customer Service Field Technician position (salary grade 16.N).

Department 250 (Information Services)

- Add one Application & Support Manager position (salary grade 20.E).

Department 300 (Engineering & Planning)

- Add one Automation Technician position (salary grade 28.N).
- Eliminate one Executive Secretary position (22.N). This position is vacant. There is no anticipated need to fill this position and it can be eliminated at this time.
- Eliminate one Engineering Technician III position (29.N). This position is vacant. There is no anticipated need to fill this position and it can be eliminated at this time.
- Upgrade Assistant Engineer position (salary grade 10.E) to a GIS Supervisor position (salary grade 12.E).
- Upgrade one Executive Secretary position (salary grade 22.N) to an Executive Assistant position (salary grade 26.N).
- Downgrade Electrical & Controls Project Manager position (salary grade 16.E) to an Automation Programmer position (salary grade 13.E).
- Downgrade one Construction Inspector III position (salary grade 31.N) to a Construction Inspector II position (salary grade 28.N).
- Change title of Right of Way Agent position (salary grade 13.E) to Right of Way & Real Property Manager.

Department 425 (Preventive Maintenance)

- Change title of one Metering Systems Technician III position (salary grade 26.N) to Water Maintenance Technician III.
- Change title of one Water Maintenance Technician II (salary grade 22.N) to Metering Systems Technician II.

Department 463 (Water Quality Analysis)

- Add two Scientist positions (26.N).

Department 520 (Electrical Maintenance)

- Add one Instrumentation Technician position (salary grade 28.N).

Department 540 (Mechanical Maintenance)

- Eliminate Mechanical Maintenance Manager position (salary grade 17.E). This position is vacant. There is no anticipated need to fill this position and it can be eliminated at this time.
- Change title of Maintenance Technician position (salary grade 20.N) to Maintenance Mechanic.

Department 550 (MWRP Operations)

- Add one Operator III position (salary grade 29.N).
- Add one Operator I position (salary grade 20.N).

Department 570 (Collection Systems)

- Upgrade one Collection Systems Technician I (salary grade 15.N) to a Senior Collection Systems Technician (salary grade 25.N).

Department 720 (Water Resources & Environmental Compliance)

- Reclassify Water Resources Manager from salary grade 17.E to salary grade 18.E.

Staff further recommends that five job titles be removed from the Salary Grade Schedule, that five job titles be added for new or re-titled positions, that one job title be moved, and that two job titles be changed to correspond with the changes adopted operating budget. Staff also recommends three additional title changes in the Engineer/Planner job series to better align titles with current job duties. All of the proposed changes to the Salary Grade Schedule are presented in redlined form in Exhibit "A".

FISCAL IMPACTS:

The estimated net annual cost to implement the recommended changes is an increase in the salary budget of \$998,800, or 3.8%. This increase was included in the FY 2012-13 Operating Budget adopted by the Board of Directors on April 23, 2012.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item is a follow-up to the adoption of the FY2012-13 Operating Budget, adopted by the Board of Directors on April 23, 2012.

RECOMMENDATIONS:

THAT THE BOARD APPROVE THE PROPOSED CHANGES IN THE DISTRICT'S BUDGETED POSITIONS AS OUTLINED IN THE ADOPTED OPERATING BUDGET; AND RECOMMEND APPROVAL OF THE SALARY GRADE SCHEDULE CHANGES AS OUTLINED IN EXHIBIT "A" EFFECTIVE WITH THE APPROVED FY 2012-13 OPERATING BUDGET ON JULY 1, 2012; AND ADOPTION OF THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2012 - _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT RESCINDING
RESOLUTION NO. 2011-52 AND ESTABLISHING
REVISED SCHEDULE OF POSITIONS AND SALARY
RATE RANGES

Action Calendar: Proposed Personnel Changes for FY 2012-13

May 29, 2012

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LIST OF EXHIBITS:

Exhibit "A" – Resolution and Proposed IRWD Salary Grade Schedule

IRVINE RANCH WATER DISTRICT

SALARY GRADE SCHEDULE

January-July 1, 2012

<u>NON-EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE I (1.N)	\$2533	\$3140	\$3296
SALARY GRADE II (2.N)	\$2588	\$3226	\$3387
SALARY GRADE III (3.N)	\$2642	\$3315	\$3481
SALARY GRADE IV (4.N)	\$2690	\$3411	\$3581
SALARY GRADE V (5.N)	\$2750	\$3505	\$3681
SALARY GRADE VI (6.N) Office Assistant Mail Coordinator	\$2806	\$3607	\$3787
SALARY GRADE VII (7.N)	\$2862	\$3707	\$3893
SALARY GRADE VIII (8.N)	\$2924	\$3814	\$4005
SALARY GRADE IX (9.N)	\$2981	\$3919	\$4115
SALARY GRADE X (10.N)	\$3041	\$4025	\$4226
SALARY GRADE XI (11.N) Material Control Clerk I Maintenance Apprentice Utility Worker	\$3100	\$4129	\$4334
SALARY GRADE XII (12.N)	\$3162	\$4250	\$4463
SALARY GRADE XIII (13.N) Customer Service Specialist I Computer Operator	\$3221	\$4372	\$4591
SALARY GRADE XIV (14.N)	\$3293	\$4495	\$4720

<u>NON-EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE XV (15.N) Office Specialist Collection Systems Technician I	\$3364	\$4614	\$4845
SALARY GRADE XVI (16.N) Accounting Clerk Customer Service Field Technician Metering Systems Technician I Water Maintenance Technician I Laboratory Analyst	\$3443	\$4743	\$4980
SALARY GRADE XVII (17.N) Customer Service Specialist II	\$3516	\$4862	\$5105
SALARY GRADE XVIII (18.N) Material Control Clerk II Senior Computer Operator	\$3594	\$4993	\$5243
SALARY GRADE XIX (19.N) Senior Office Specialist Purchasing Coordinator	\$3675	\$5119	\$5376
SALARY GRADE XX (20.N) Senior Accounting Clerk Engineering Technician I Operator I Maintenance Mechanic Maintenance Technician Collection Systems Technician II	\$3774	\$5284	\$5549
SALARY GRADE XXI (21.N) Customer Service Specialist III Senior Customer Service Field Technician Collection Systems CCTV Technician II	\$3880	\$5444	\$5717
SALARY GRADE XXII (22.N) Executive Secretary Government Affairs Assistant Sr. Purchasing Coordinator Metering Systems Tech. II Water Maintenance Technician II Facilities Services Technician Vehicle/Equipment Mechanic Recycled Water Specialist	\$3987	\$5616	\$5897

<u>NON-EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE XXIII (23.N) Construction Inspector I	\$4093	\$5786	\$6075
SALARY GRADE XXIV (24.N) Buyer Cross Connection Specialist Wetlands Specialist Water Use Efficiency Specialist	\$4208	\$5967	\$6265
SALARY GRADE XXV (25.N) Engineering Technician II <u>Senior Collection Systems Technician</u> Senior Collection Systems CCTV Technician	\$4319	\$6150	\$6458
SALARY GRADE XXVI (26.N) Executive Assistant Safety and Security Specialist Metering Systems Tech. III Water Maintenance Technician III Scientist	\$4452	\$6333	\$6649
SALARY GRADE XXVII (27.N) Accountant Risk Analyst Senior Vehicle/Equipment Maintenance Mechanic Operator II Senior Maintenance Mechanic Senior Recycled Water Specialist	\$4582	\$6519	\$6845
SALARY GRADE XXVIII (28.N) Construction Inspector II <u>Automation Technician</u> Landscape Contracts Administrator Electrical Technician Instrumentation Technician	\$4716	\$6713	\$7049
SALARY GRADE XXIX (29.N) Public Affairs Specialist <u>Government Affairs Specialist</u> Payroll Administrator Senior Buyer Engineering Technician III Senior Wetlands Specialist Operator III Lead Maintenance Mechanic Recycled Water Project Specialist Senior Water Use Efficiency Specialist	\$4856	\$6908	\$7253

<u>NON-EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE XXX (30.N) Facilities Services Supervisor Fleet Supervisor Senior Electrical Technician Senior Instrumentation Technician Collection Systems Supervisor	\$5003	\$7112	\$7468
SALARY GRADE XXXI (31.N) Human Resources Analyst Treasury Analyst Information Services Coordinator Construction Inspector III Cross Connection Supervisor Water Maintenance Supervisor Senior Scientist Water Use Efficiency Analyst	\$5151	\$7326	\$7691
SALARY GRADE XXXII (32.N) Automation Specialist Network Administrator Mechanical Maintenance Supervisor	\$5299	\$7543	\$7920
SALARY GRADE XXXIII (33.N) Supervising Wetlands//Wildlife Biologist Operations Coordinator	\$5454	\$7762	\$8150
SALARY GRADE XXXIV (34.N) Electrical/Instrumentation Designer Electrical Supervisor Instrumentation Supervisor	\$5616	\$7977	\$8376
SALARY GRADE XXXV (35.N) Operations Supervisor	\$5785	\$8216	\$8627

| *Effective Date* 07/01/12

IRVINE RANCH WATER DISTRICT
SALARY GRADE SCHEDULE

January-July 1, 2012

<u>EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE 1 (1.E)	\$4072	\$5232	\$5493
SALARY GRADE 2 (2.E)	\$4207	\$5435	\$5707
SALARY GRADE 3 (3.E)	\$4343	\$5638	\$5920
SALARY GRADE 4 (4.E)	\$4478	\$5853	\$6146
SALARY GRADE 5 (5.E)	\$4614	\$6071	\$6375
SALARY GRADE 6 (6.E)	\$4773	\$6306	\$6622
SALARY GRADE 7 (7.E)	\$4927	\$6539	\$6865
SALARY GRADE 8 (8.E)	\$5086	\$6794	\$7134
SALARY GRADE 9 (9.E)	\$5241	\$7043	\$7395
SALARY GRADE 10 (10.E) Customer Service Supervisor Assistant Engineer/ Planner Administrative Assistant Analyst	\$5417	\$7311	\$7677
SALARY GRADE 11 (11.E) Senior Accountant Laboratory QA/QC Recycled Water Supervisor	\$5590	\$7581	\$7960
SALARY GRADE 12 (12.E) Programmer/Analyst GIS Supervisor	\$5772	\$7871	\$8264

<u>EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE 13 (13.E) Senior Human Resources Analyst Right of Way Agent & Real Property Manager Automation Programmer Senior Analyst Laboratory Supervisor Water Use Efficiency Supervisor	\$5958	\$8157	\$8564
SALARY GRADE 14 (14.E) District Secretary Oracle -Business Analyst (Oracle) Associate Engineer/ Planner Assistant Facilities/Fleet Manager	\$6152	\$8472	\$8895
SALARY GRADE 15 (15.E) Senior Programmer/Analyst Senior Network Administrator	\$6347	\$8788	\$9227
SALARY GRADE 16 (16.E) Customer Service Manager Construction & Repair Manager Electrical & Controls Project Manager Principal Analyst Collection Systems Manager Laboratory Manager Regulatory Compliance Manager	\$6559	\$9121	\$9577
SALARY GRADE 17 (17.E) District Safety and Security Manager Accounting Manager Purchasing Manager Engineer/ Planner Construction Inspection Manager Water Maintenance Manager Facilities/Fleet Manager Electrical Maintenance Manager Mechanical Maintenance Manager Energy & Water Resource Planner Water Resources Manager Government Relations Manager	\$6768	\$9457	\$9929

<u>EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE 18 (18.E) Public Affairs Manager Human Resources Manager Treasury Manager Manager of Contracts Admin & Risk Chief Plant Operator Water Quality Manager Water Resources Manager	\$6987	\$9817	\$10307
SALARY GRADE 19 (19.E) Operations Manager Superintendent of Maintenance & Reliability Recycled Water Development Manager	\$7210	\$10179	\$10689
SALARY GRADE 20 (20.E) Assistant Controller Application & Support Manager Senior Engineer Assistant Director of Water Operations	\$7433	\$10556	\$11084
SALARY GRADE 21 (21.E)	\$7660	\$10938	\$11485
SALARY GRADE 22 (22.E)	\$7906	\$11344	\$11912
SALARY GRADE 23 (23.E) Principal Engineer Assistant Director of Water Policy	\$8156	\$11755	\$12344
SALARY GRADE 24 (24.E)	\$8377	\$12228	\$12839
SALARY GRADE 25 (25.E) Treasurer/Assistant Director of Finance	\$8636	\$12691	\$13325
SALARY GRADE 26 (26.E)	\$9030	\$13362	\$14030
SALARY GRADE 27 (27.E) Director of Public Affairs Director of Human Resources Director of Administrative Services Director of Wastewater Operations Director of Water Resources	\$9444	\$14069	\$14773

<u>EXEMPT</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>	<u>EXCEPTIONAL PERFORMANCE TOP OF RANGE</u>
SALARY GRADE 28 (28.E)	\$9878	\$14811	\$15552
SALARY GRADE 29 (29.E)	\$10329	\$15595	\$16375
SALARY GRADE 30 (30.E) Executive Director of Finance Executive Director of Engineering & Planning Executive Director of Operations Executive Director of Water Policy	\$10805	\$16422	\$17243
SALARY GRADE 31 (31.E)	\$11343	\$17354	\$18222
SALARY GRADE 32 (32.E) Assistant General Manager	\$11911	\$18343	\$19260
SALARY GRADE 33 (33.E)	\$12504	\$19383	\$20353
SALARY GRADE 34 (34.E)	\$13131	\$20484	\$21508

| *Effective Date 07/01/12*