

## MINUTES OF REGULAR MEETING – JANUARY 28, 2008

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 6:00 p.m. on January 28, 2008 by President Miller in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers (arrived at 6:08 p.m.), Miller, Swan, Reinhart (arrived at 6:15 p.m.), and Matheis.

Directors Absent: None.

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Director of Finance Cherney, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Ms. Beth Beeman, Mr. Jim Carter, Ms. Kirsten McLaughlin, Mr. Terry Loomis, Mr. Kevin Burton, Mr. Chuck Borkman, Mr. Mike Hoolihan, Mr. Paul Weghorst, and other members of the public and staff.

### COMMUNICATIONS TO THE BOARD

Written Communications: None.

Oral Communications: 1) Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Mrs. Smith said it was her understanding that currently wells C-8, C-9, 13, 14 and 16 are in operation in accordance with the District's annual pumping plan which is 1,400 AF per month for January. This was confirmed by Mr. Paul Jones, General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWD OC) and Orange County Water District (OCWD), the agencies participating are the cities of Anaheim, Westminster, Santa Ana, Buena Park, and Garden Grove, Yorba Linda Water District and Southern California Water Company. Contracts have been awarded by OCWD to Layne Christensen Company and Bakersfield Well & Pump, Inc. to construct a total of eight wells. Well drilling activities are complete, and it will take an additional 18 months to complete the well head facilities. OCWD is required to have the wells operational by March 2008. Following well construction, each well will be owned by the individual participating agency. This was confirmed by Mr. Jones. In response to Mrs. Smith's inquiry, Mr. Jones said that staff will contact OCWD to verify that the wells will be operational by March 2008.

Relative to the OCWD annexation of certain IRWD lands, a meeting was held on December 19, 2007 with General Manager Jones, President Miller and OCWD's newly-elected Board President to discuss IRWD's current position. OCWD staff has requested IRWD's most current projections of the amount and general location of its future groundwater production. OCWD staff has indicated it would like the information to complete additional groundwater modeling of the impacts of production associated with annexation. A meeting was held on Tuesday, January 8, 2008 with OCWD staff to review future groundwater production scenarios associated with annexation for inclusion in OCWD's proposed update of the Long-Term Facilities Plan and Annexation Environmental Impact Report. This was confirmed by Mr. Jones.

Director Withers arrived at 6:08 p.m.

ITEMS TOO LATE TO BE AGENDIZED: None.

PRESENTATION

RESOLUTION COMMENDING CHARLES “CHUCK” E. BORKMAN FOR HIS SERVICE TO THE DISTRICT

General Manager Jones presented to Mr. Chuck Borkman a resolution commending him for 20 years of service to the District. Director Reinhart arrived at 6:15 p.m. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2008 -4

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT COMMENDING  
CHARLES “CHUCK” E. BORKMAN FOR HIS DEDICATED AND  
LOYAL SERVICE TO THE DISTRICT

STATE LEGISLATIVE UPDATE

Mr. Phil Isenberg and Mr. Curt Pringle provided an update on State Legislation for 2008. At 6:48 p.m., Director Swan left the Board Room to thank Mr. Isenberg and Mr. Pringle for their updates.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and carried (Swan absent), CONSENT CALENDAR ITEMS 5 THROUGH 18 WERE APPROVED AS FOLLOWS:

5. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the January 14, 2008 Regular 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 Mary Aileen Matheis, Darryl Miller, Doug Reinhart, Peer Swan, and John Withers.

7. STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

CONSENT CALENDAR (CONTINUED)

8. 2008 SELECTION OF FEDERAL LOBBYIST

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with The Furman Group for \$10,000 per month for 12 months plus reimbursable direct expenses not to exceed \$138,000.

9. DECEMBER 2007 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for December 2007; approve the December 2007 Summary of Wire Transfers and Ach Payments in the total amount of \$7,733,198.79; and approve the December 2007 Warrant Nos. 286217 through 286950, Workers' Compensation distributions and voided checks in the total amount of \$13,948,516.64.

10. DISTRICT STRATEGIC MEASURES' DASHBOARDS

Recommendation: Receive and file the Strategic Measures' Dashboard and information items.

11. MEMORANDUM OF UNDERSTANDING WITH COSTA MESA  
SANITARY DISTRICT REGARDING ANNIVERSARY LANE WATER  
LINE

Recommendation: That the Board authorize the General Manager to execute a Memorandum of Understanding with Costa Mesa Sanitary District for reimbursement of costs to protect the water line in Anniversary Lane.

12. DEPARTMENT 50 BUILDING AND PURCHASING WAREHOUSE ROOF  
REPLACEMENT – FINAL ACCEPTANCE

Recommendation: That the Board accept the construction of the roof replacements for the Department 50 building and the Purchasing warehouse, authorize the General Manager to file a Notice of Completion, and authorize the payment of retention 35 days after the date of recording the Notice of Completion for the completion of the roof replacement project, Project Nos. 11047, 11077, 21077, and 31077.

13. RATTLESNAKE PARK RESTROOM BUILDING CONSTRUCTION –  
FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Rattlesnake Park restroom building, authorize the General Manager to file a Notice of Completion, and authorize the payment of retention 35 days after the date of recording the Notice of Completion for the Rattlesnake Park restroom building project, Project Nos. 10558, 20558, and 30588.

CONSENT CALENDAR (CONTINUED)

14. SAND CANYON HEADQUARTERS' ROOF RECOATING – FINAL ACCEPTANCE

Recommendation: That the Board accept roof recoating of the Sand Canyon headquarters' building, authorize the General Manager to file a Notice of Completion, and authorize the payment of the retention 35 days after the date of recording the Notice of Completion for the Sand Canyon headquarters building roof recoating project, Project Nos. 11295, 11351, 21351, and 31351.

15. SOLAR PANELS FOR SAND CANYON HEADQUARTERS BUILDING –FINAL ACCEPTANCE

Recommendation: That the Board accept installation of solar panels for Sand Canyon headquarters building, authorize the General Manager to file a Notice of Completion, and authorize the payment of the retention 35 days after the date of recording the Notice of Completion for the solar panel installation for Sand Canyon headquarters building project, Project Nos. 10912, 10914, 20912, and 30912.

16. ORCHARD HILLS ZONE 3-5 BOOSTER PUMP STATION AND PORTOLA SPRINGS ZONE A-C PUMP STATION ENGINEERING SUPPORT SERVICES DURING CONSTRUCTION AND REDUCTION OF RETENTION

Recommendation: That the Board authorize the General Manager to execute Variance No. 1 with Stantec Consulting, Inc. for engineering support services during construction in the amount of \$70,669, authorize a reduction of retention from 10% to 5% of the contract amount, and the release of funds in excess of 5% of the contract amount from the retention currently held for the Orchard Hills Zone 3-5 Booster Pump Station and Portola Springs Zone A-C Booster Pump Station project, Project Nos. 13511 and 30237.

17. OPERATIONS CENTER COMPUTER ROOM POWER SYSTEM REPLACEMENT CONTRACT AWARD AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize the General Manager to execute a contract with Datasite, Inc. in the amount of \$149,904 to carry out the Operations Center computer room power system replacement project, and approve Expenditure Authorizations in the amounts of \$94,600 for Project 10451, \$33,000 for Project 20451 and \$33,000 for Project 30451.

18. PROPOSITION 1A – PROTECTION OF LOCAL GOVERNMENT REVENUES

Recommendation: That the Board reaffirm its support of the provisions of Proposition 1A and the policy principles adopted by the Association of Water Agencies, and direct staff to ensure that any property tax shift implemented under the provisions of Proposition 1A be completed in a fair and equitable manner.

## ACTION CALENDAR

### REVISED DRAFT LETTER AGREEMENT FOR SHORT-TERM WATER STORAGE PARTNERSHIP WITH CARPINTERIA VALLEY WATER DISTRICT

Director Swan returned to the Board room at 6:51 p.m.

General Manager Jones reported that Carpinteria Valley Water District (CVWD) and IRWD have been in discussions regarding a possible long-term water banking partnership under the IRWD/Rosedale Rio-Bravo (Rosedale) water banking program. Mr. Jones said prior to a potential long-term partnership, CVWD is interested in storing up to 1,000 acre-feet (AF) of its 2007 and/or 2008 State Water Project (SWP) entitlement under the IRWD/Rosedale Interim Recharge Project. He said that a letter agreement was approved by the Board in December 2007; however, recent discussions with participating SWP contractors have caused the need for changes to the terms of the agreement. He said that staff has been working with the participating SWP contractors, i.e. the Central Coast Water Authority (CCWA) and the Kern County Water Agency (KCWA) and that they are making a request to the Department of Water Resources (DWR) through the approval of the SWP Contractors Transfer Committee (Transfer Committee). This request is being proposed (under the DWR provisions) at a 2:1 unbalanced exchange and is subject to certain guidelines for the return of Table A water.

Mr. Jones said that concerns were raised by DWR and MWD, and in order to resolve these concerns, staff recently met with MWD to review the unbalanced exchange that was considered by the Transfer Committee and to review alternatives to address exchange issues. As a result of these discussions, the option preferred is centered on CCWA executing the exchange with KCWA and MWD, and MWD subsequently crediting IRWD through MWDOC for all or a part of the water when it is taken out of the bank and brought into the service area. This exchange concept would also allow IRWD to use the water for purposes in Kern County (such as overdraft correction), or for future sale to other entities. Mr. Jones said that MWD was very cooperative and agreed to work with DWR to obtain its acceptance of the proposed unbalanced exchange in light of the need for both KCWA and MWD to be involved with future exchanges. In addition, through the SWP contractors, staff recently learned of the limitations for a 2:1 unbalanced exchange which will necessitate changes to the CVWD/IRWD letter agreement.

Mr. Jones said that in the original letter agreement, IRWD and CVWD were to share in the water losses. Staff has discussed the surface loss evaporation limitation with CVWD, and CVWD has agreed to share equally in absorbing the variable costs of all losses. He said that in order to work within DWR's provisions for an unbalanced exchange, staff proposes the following revisions: 1) at such time that the Strand Ranch Integrated Banking Program becomes certified, CVWD's 2007 and/or 2008 stored water (after surface losses) shall be transferred from the Interim Recharge Program to the yet-to-be certified "long-term" program; 2) if CVWD recovers by exchange its share in water stored before May 1, 2013, CVWD shall reimburse IRWD for all variable costs paid by IRWD in connection with CVWD's initial purchase, transport, and recharge of the recovered water plus its 50% share of the all losses; 3) if CVWD's water is not recovered by May 1, 2013, CVWD shall reimburse IRWD for 50% of all variable costs paid in connection with the initial purchase, transport, and recharge of the water put into storage including its 50% share of the all losses. The rates to be paid to IRWD will be consistent with KCWA's May 1, 2013 costs in connection with the purchase, transport, and recharge of similar

water. This would allow IRWD to purchase replacement water and be financially neutral, and CVWD shall also pay IRWD a storage lease fee of \$50 per AF per year, while CVWD's water remains in storage; 3) if CVWD's water is subsequently recovered after May 1, 2013 (under the "long-term" program), CVWD shall pay all associated extraction, exchange, and conveyance costs associated with the return of stored water under the long-term program; and 4) if CVWD's water is not recovered and returned to CVWD by 2018, the water will be returned to the SWP in accordance with SWP guidelines, and CVWD will essentially forfeit the water.

Mr. Jones said that the letter agreement would also cover conditions representative of IRWD not being able to finalize and certify its long-term program with Rosedale. To cover this possibility, staff proposes revisions to the agreement whereby CVWD is not able to recover its water by May 1, 2013. It should be noted that the proposed letter agreement provides a short-term opportunity for CVWD to place water into storage under IRWD's interim program with Rosedale. It is anticipated that CVWD may want to store additional water under IRWD's proposed long-term program with Rosedale that is currently undergoing environmental review. Staff will continue to work with CVWD (and other potential partners) to develop terms for a long-term storage arrangement and will bring these terms and draft agreements back to the Committee and Board for future consideration.

Director Swan reported that this item was reviewed and approved by the Water Banking Ad Hoc Committee meeting on January 22, 2008. On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A LETTER AGREEMENT WITH CARPINTERIA VALLEY WATER DISTRICT SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.**

PRESSURE REDUCING VALVES PRESSURE RELIEF BUDGET ADDITION, EXPENDITURE AUTHORIZATION APPROVAL AND CONSULTANT SELECTION

IRWD's domestic water system operates by pumping water into higher pressure zones and providing water into reduced pressure zones through pressure reducing valves (PRVs). Mr. Heiertz said that there are a number of small reduced pressure zones in Newport Coast, Turtle Ridge, Foothill Ranch, Portola Hills, and other areas in the hills that are served by one or more PRVs and do not have a reservoir to balance pressure in the zone. He said that in the event of a PRV failure, the pressure zone could over-pressurize and flood homes.

Mr. Heiertz said that this proposed project will add a pressure relief valve that will discharge water from the pressure zone into either a lower pressure zone or storm drain in the event of over-pressurization, thus preventing over-pressure situations and potential damage to customers. He said that discussions with the Regional Water Quality Control Board (RWQCB) indicate that the RWQCB will consider potable water discharges into storm drains due to over-pressurization to be the equivalent of pipe leaks.

Mr. Heiertz said that in November 2007, IRWD issued a Request for Proposal for the design of the PRV Pressure Relief Project to Boyle Engineering Corporation, DBE Psomas, Earth Tech, and Stantec. He said that DBE Psomas, Earth Tech, and Stantec submitted proposals; Boyle Engineering declined. After reviewing the proposals received, Mr. Heiertz said that staff recommends awarding the design contract to DBE Psomas.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee meeting on January 15, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 11345 TO THE FISCAL YEAR 2007-08 CAPITAL BUDGET FOR \$941,600; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$138,600; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH DBE PSOMAS IN THE AMOUNT OF \$94,940.

#### POTABLE WATER SUPPLY RELIABILITY STUDY CONSULTANT SELECTION

Director of Engineering Heiertz reported that as requested by the Board, staff initiated a Potable Water Supply Reliability Study to be used as a basis for the development of a Board policy for potable water supplies required to serve projected development through build-out. The intent of the study is to assist the District in defining a base potable water reliability consistent with the Boards' and customers' expectations. Mr. Heiertz said that the scope of work as defined in the Request for Proposal includes the following key tasks: 1) an agency survey to benchmark results; 2) characterization of water demands conditions; 3) characterization of existing and future supply sources; 4) supply disruption scenarios; and 5) potable water supply requirement analysis.

Mr. Heiertz said that a Request for Proposal for consulting engineering services was sent to EarthTech, TetraTech, and Camp Dresser & McKee, Inc. (CDM) and that two of the consultants submitted proposals. He said that staff reviewed the remaining proposals in detail and met with both firms to review their approaches, scopes and project teams before making their final recommendations. He further said that based on the proposals and interviews with each firm, staff recommends the Board select CDM to complete the study.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee meeting on January 15, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 11355 TO THE FY 2007-08 CAPITAL BUDGET IN THE AMOUNT OF \$176,000; APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT 11355 IN THE AMOUNT OF \$176,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN ENGINEERING SERVICES CONTRACT WITH CAMP DRESSER & MCKEE, INC. IN THE AMOUNT OF \$120,718 TO COMPLETE THE POTABLE WATER RELIABILITY STUDY, PROJECT 11355.

#### IRVINE LAKE PIPELINE VAULT IMPROVEMENT PROJECT – CONSTRUCTION AWARD

General Manager Jones said that under the Irvine Lake Pipeline (ILP) Vault Improvements Project, work will be performed at 29 air release valve and bottom drain vault facilities on the Irvine Lake Pipeline. This work includes replacing corroded bolts, recoating the valves and flanges, and replacing manhole covers. Director Swan asked staff to check on the status of potential ownership by Santa Margarita Water District and Moulton Niguel Water District, and forward staff's findings to the Board; however, if the results are substantial, staff is to submit an item to the Board. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 10167 BY \$47,300, FROM \$396,000 TO \$443,300; APPROVED AN EXPENDITURE AUTHORIZATION FOR \$425,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A

CONTRACT WITH DENBOER ENGINEERING FOR \$243,000 FOR THE IRVINE LAKE PIPELINE VAULT IMPROVEMENTS PROJECT 10167.

VARIANCE TO CONSULTANT CONTRACT WITH LEWIS OPERATING CORPORATION – LAKE FOREST OPPORTUNITIES STUDY

General Manager Jones reported that staff is recommending a \$509,800 variance to the consulting contract with Lewis Operating Corporation (Lewis) to provide services and retain consultants related to completion of the Lake Forest Opportunities Study. Mr. Jones said that over the past 18 months, the focus of the Opportunities Study has changed significantly due to changes in the residential housing market, the City of Lake Forest's (City) approach to the process, and the proposed development plans of the participating landowners. He said that the recommended variance will allow Lewis to perform additional and more in-depth services related to negotiating a favorable Development Agreement with the City and preparing the property for sale in the future. He further said that the City was reviewing a part of the property for a civic center.

Mr. Jones summarized Lewis' proposal as follows: 1) completion of Phase 1 - this component reflects staff time for Lewis to complete the Opportunities Study estimated at \$78,200; 2) phase 2A - This phase is for additional engineering, site planning, and financial studies necessary to negotiate a Development Agreement with the City for a set fee of \$270,000. Staff time is estimated at \$91,600 to complete this work with reimbursable expenses for third-party consultants estimated at \$70,000; and 3) Phase 2B - This phase includes preparation and processing of a master plan to secure more specific land use entitlements for a cost of \$730,000, staff time estimated at \$250,000, and third-party consultants estimated at \$80,000.

Mr. Jones said that consistent with previous Board direction to complete the Opportunities Study, staff recommends that only Phase 1 and Phase 2A be approved at this time for a total estimated cost of \$509,800.

Director Swan reported that this item was reviewed and approved by the Asset Management Committee meeting on January 23, 2008. Following discussion, staff was asked to submit an item to a future Strategic Planning meeting when the District is ready to proceed with Phase 2A work. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE 2007-08 CAPITAL BUDGET FOR PROJECT 11116 FROM \$1,985,500 TO \$2,066,500; APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT NO. 11116 IN THE AMOUNT \$2,066,500; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A VARIANCE TO THE PROFESSIONAL SERVICES AGREEMENT WITH LEWIS OPERATING CORPORATION TO PROVIDE CONSULTING SERVICES RELATED TO THE OPPORTUNITIES STUDY IN AN AMOUNT NOT TO EXCEED \$509,800,

FORMATION OF IRWD II LLC FOR THE ACQUISITION AND MERGER OF THE ORANGE PARK ACRES MUTUAL WATER COMPANY

In order to complete the merger of the Orange Park Acres Mutual Water Company (OPAMWC) and Irvine Ranch Water District (IRWD), the IRWD Water Service Company II LLC needs to be formed as a corporate entity with which OPAMWC can be merged. General Manager Jones reported that the IRWD Water Service Company II LLC Operating Agreement establishes the



LLC for the purpose of merging the LLC with the OPAMWC. Mr. Jones said that the Service Agreement gives IRWD the authority to perform the actions required of the LLC. He said that once the LLC has been set up, the LLC must then be authorized to enter into the Merger Agreement. Once this merger is approved by the shareholders and completed, the shares will be “cashed-out” as stipulated in the Merger Agreement.

Mr. Jones said that in parallel with these steps, IRWD and OPAMWC will be working together to undertake and complete the shareholder approval process. The OPAMWC Board is scheduled to consider approval of the Merger Agreement with the LLC at its Board meeting on February 13, 2008. Under the Agreement of Merger, each share of Common Stock of OPAMWC outstanding immediately prior to the consummation of the merger will be cancelled and converted into the right to receive a cash payment of \$579.94 per share. The OPAMWC Board has also called for its Annual Shareholders Meeting to be held on February 13, 2008. At this meeting IRWD’s offer to purchase the shares of OPAMWC will be announced, which will begin the proxy collection period. This proxy collection period will end when the OPAMWC Board conducts a subsequent Special Shareholders Meeting scheduled on April 10, 2008. If the majority of shares in OPAMWC are voted in favor of the merger with IRWD, the consolidation process should be complete by June 1, 2008.

In response to Director Swan’s inquiry relative to the language in the motion for the officers executing and carrying out the transactions for forming the IRWD Water Service Company II LLC and completing the merger, legal counsel Arneson said that this is fairly typical language used to file the various documents. There being no further discussion, on MOTION by Swan, seconded and unanimously carried, 1) THE PRESIDENT OF THE BOARD WAS AUTHORIZED TO EXECUTE THE LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF IRWD WATER SERVICE COMPANY II LLC, ON BEHALF OF IRWD; 2) THE PRESIDENT OF IRWD WAS AUTHORIZED, IN ITS CAPACITY AS MANAGER OF THE IRWD WATER SERVICE COMPANY II LLC, TO EXECUTE THE SERVICE AGREEMENT ON BEHALF OF IRWD WATER SERVICE COMPANY II LLC; 3) THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE THE SERVICE AGREEMENT ON BEHALF OF IRWD; 4) THE PRESIDENT OF IRWD, IN ITS CAPACITY AS MANAGER OF IRWD WATER SERVICE COMPANY II LLC, WAS AUTHORIZED TO EXECUTE THE AGREEMENT OF MERGER ON BEHALF OF IRWD WATER SERVICE COMPANY II LLC; EACH OF THE FOREGOING AGREEMENTS TO BE IN THE FORM PRESENTED TO THIS MEETING SUBJECT TO NON-SUBSTANTIVE CHANGES AS MAY BE APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL; AND 5) EACH OFFICER OF IRWD, ACTING SINGLY, WAS 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 THE FOREGOING AGREEMENTS, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL DOCUMENTS, INSTRUMENTS, ACTS AND THINGS NECESSARY OR PROPER FOR FORMING THE IRWD WATER SERVICE COMPANY II LLC AND COMPLETING THE MERGER AND PAYMENT FOR SHARES WHEN DULY APPROVED BY THE OPAMWC SHAREHOLDERS.

## GENERAL MANAGER'S REPORT

General Manager Jones reported on the short-term program on Strand Ranch. He said that staff was moving forward with the long-term program with Rosedale Rio Bravo water storage and that a draft Environmental Impact Report was being circulated. He further said that a contract with IRWD's consultant, Cynthia Pollard, has been reestablished relative to anticipated media inquiries.

## DIRECTORS' COMMENTS

Director Swan reported on his attendance at ACWA's Strategic Planning meeting in Sacramento. He said that he would be attending WACO's meeting on Friday. He said he met with the Orange County Department of Education for a potential facility at the Marsh Campus setting. He said he is continuing his work on the Delta vision and was hopeful he could do more with his proposal.

Vice President Matheis said that she, along with Directors Swan and Withers, attended the City of Irvine's State of the City address and that IRWD was recognized at this event. She said that she and Director Reinhart attended the Groundwater Replenishment System ceremony. She further said that she would be attending the Irvine Valley College Astounding Inventions' event.

Director Withers said that while driving by the campus bridge he noticed a County of Orange Flood Control truck and spoke with its employees about the sediment in the San Diego Creek which he thought came from burned areas in Orange County.

Director Reinhart reported on his attendance at the Multi-State Salinity Conference in Las Vegas.

## CLOSED SESSION

President Miller said that a Closed Session would be held with legal counsel relative to anticipated litigation - Government Code Section 54956.9(b) - significant exposure to litigation - one potential case concerning a claim filed by the City of Tustin against IRWD under the Government Tort Claims Act (Valencia North Loop Road and Armstrong Avenue) on file with the District. He recused himself from the Closed Session due to his business association with the project management company on this project.

## OPEN SESSION

Following the Closed Session, the meeting was reconvened with Reinhart, Swan, Matheis, and Withers present. Vice President Matheis reported the following: That with Matheis, Reinhart, Swan and Withers voting aye and Miller absent, **IT WAS DETERMINED THAT THE CLAIM BE REJECTED.**

ADJOURNMENT

There being no further business, Vice President Matheis adjourned the meeting at 8:20 p.m.

APPROVED and SIGNED this 11th day of February, 2008.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone