

EXHIBIT "A"

MINUTES OF REGULAR MEETING – APRIL 25, 2016

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 April 25, 2016 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Executive Director of Water Policy Weghorst, Executive Director of Operations Sheilds, Director of Treasury and Risk Management Jacobson, Director of Public Affairs Beeman, Director of Human Resources Roney, Legal Counsel Arneson, Secretary Bonkowski, Government Relations Officer Compton, Purchasing Manager Aguilar, Principle Engineer Akiyoshi, Mr. Barkev Meserlian, Ms. Tina Bertsch, Mr. Jim Reed, Mr. Bruce Newell, Ms. Donna Sutton of Neighborhood United, Ms. Debbie Knox of Neighborhood United, Mr. Andrew Lazenby of Black & Veatch, Mr. Jim Cathcart of Arcadis, Ms. Sandra Bauer, Ms. Peggy Falcon, Ms. Jennifer Fitzgerald of Curt Pringle and Associates, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: Ms. Donna Sutton, Ms. Sandra Bauer, and Ms. Debbie Knox expressed disappointment with the Local Agency Formation Commission's (LAFCO) recent vote on local sewer service for the Orange County Sanitation District Service Area 7 as they were hopeful that IRWD would be its future service provider. President Matheis thanked Ms. Jennifer Fitzgerald of Curt Pringle and Associates along with District staff on their efforts with preparing and submitting an application to LAFCO.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

WORKSHOPS

PROPOSED OPERATING BUDGET AND RATES AND CHARGES FOR FISCAL YEAR 2016-17

General Manager Cook reported that this is the second workshop held on the proposed Operating Budget with the first workshop held on April 11, 2016. Mr. Cook said that rate increases are necessary to fund anticipated shortfalls in the water and sewer/recycled water systems. He said that the proposed budget is \$146.9 million, representing an increase of \$6.6 million, or 4.7%, when compared with the Operating Budget for FY 2015-16.

Using a PowerPoint presentation. Mr. Christopher Smithson provided an overview of the proposed operating budget and rate setting. Mr. Smithson reviewed the key driver comparison to the prior year's budget which includes salaries and benefits, purchased water, repairs and maintenance, electricity, and other expenses. He updated the Board on the effects of the proposed rate increases

for a typical residential customer within the Irvine Ranch and Los Alisos rate areas noting that the rate impacts to the Irvine Ranch rate area are an increase of 4.2% for the average residential customer and the rate impacts to the Los Alisos rate area are an increase of 4.6% for the average residential customer. He then reviewed a comparison of both the IRWD and Los Alisos rate areas with neighboring agencies. Director LaMar inquired about the number of residents who will be receiving the \$2.00 low volume credit, and asked that an update be provided at a Committee meeting.

Smithson said that the Proposition 218 notices have been improved with a two to three page format which highlights the basic components, proposed commodity rates, proposed monthly water and sewer service charges, and other required noticing. He then reviewed its structure and noted the changes to the pumping surcharges. Mr. Smithson said that staff is proposing to mail the notices on May 6, 2016 with a Public hearing to be held on June 27, 2016.

On MOTION by Swan, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE APPROVING THE OPERATING BUDGET FOR FISCAL YEAR 2016-17 (WITH RATES AND CHARGES FOR FISCAL YEAR 2016-17 TO BE ADOPTED ON JUNE 27, 2016); AND APPROVED THE PROPOSITION 218 NOTICES SUBJECT TO NON-SUBSTANTIVE MODIFICATIONS.

RESOLUTION NO. 2016 -6

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA
APPROVING DISTRICT'S OPERATING BUDGET FOR
FISCAL YEAR 2016-17 AND DETERMINING COMPLIANCE WITH
ARTICLE XIIB OF THE CALIFORNIA CONSTITUTION

FISCAL YEAR 2016-17 CAPITAL BUDGET

Using a PowerPoint presentation, Mr. Barkev Meserlian reported that actual expenditures are projected at approximately \$136.8 million (equating to 91% of projected expenditures) through the end of the current fiscal year. Mr. Meserlian said that capital expenditures for FY 2016-17 are estimated at \$160.2 million and that three projects: (1) the MWRP Biosolids and Energy Recovery Facilities, (2) Orange County Sanitation District's Capital Outlay Revolving Fund, Equity and Solids Facilities, and (3) the Irvine Lake Pipeline North Conversion project will make up approximately 50% of projected expenditures. He said that this item was reviewed by the Engineering and Operations Committee on March 15, 2016. He said that the total FY 2016-17 capital expenditures presented to the Committee were \$159.6 million; however, adjustments have been made to several improvement district splits and three project budgets were increased. He said that the FY 2016-17 development activity is forecasted to be similar to 2015-16 and that multi-family and single-family dwelling units continue to be developed in Orchard Hills, Portola Springs, Cypress Village, Great Park neighborhoods and Baker Ranch. In response to Director Swan's request for an update on facilities at the Great Park and IIC-E to the San Diego Creek Interceptor, Mr. Burton said that an information item will be provided for Committee review.

Mr. Meserlian reviewed the top 10 project groups, capital budget funding sources, and a long-term capital program summary which is estimated at \$631.9 million. He further reviewed the Flagged projects which will require additional Board review and approval prior to proceeding with any expenditures.

On MOTION by Reinhart, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2016 -7

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA,
APPROVING DISTRICT'S CAPITAL BUDGET
FOR FISCAL YEAR 2016-17

CONSENT CALENDAR

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

5. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the April 11, 2016 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 Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, Peer Swan, and John Withers as described.

7. IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

Recommendation: Receive and file.

8. MARCH TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap summary for March 2016, and disclosure report of reimbursements to board members and staff; approve the March 2016 summary of payroll each payments in the total amount of \$1,556,287 and approve the March 2016 accounts payable disbursement summary of warrants 365608 through 366465, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$27,855,901.

CONSENT CALENDAR (CONTINUED)

9. REIMBURSEMENT AGREEMENT BETWEEN IRWD AND THE CITY OF IRVINE FOR INSTALLATION AND ADJUSTMENT OF IRWD FACILITIES TO GRADE

Recommendation: That the Board authorize the General Manager to execute a Reimbursement Agreement with the City of Irvine for its annual slurry seal and pavement rehabilitation project.

ACTION CALENDAR

SERIES 2009-A AND 2009-B BONDS LETTERS OF CREDIT EXTENSION

The District currently has \$65 million of Series 2009-A Bonds (2009-A Bonds) with a U.S. Bank letter of credit (LOC) and \$65 million of Series 2009-B Bonds (2009-B Bonds) with a Bank of America (B of A) letter of credit, both scheduled to expire on July 15, 2016. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED EXTENDING THE U.S. BANK LETTER OF CREDIT SUPPORTING THE 2009-A BONDS FOR 4-1/2 YEARS AT AN ANNUAL COST OF 0.41%, APPROVED EXTENDING THE BANK OF AMERICA LETTER OF CREDIT SUPPORTING THE 2009-B BONDS FOR THREE YEARS AT AN ANNUAL COST OF 0.40%; AND ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2016 - 8

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT
AUTHORIZING CERTAIN ACTIONS IN CONNECTION
WITH EXTENSION OF LETTERS OF CREDIT
(CONSOLIDATED SERIES 2009-A AND CONSOLIDATED SERIES 2009-B)

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook reported on the Harvard Avenue Trunk Station's lift station project and commended Collections, Mechanical, and Electrical staff on their work effort. Mr. Cook said that during the shutdown, 7.4 MGDs of flows were diverted to the Orange County Sanitation District. He further said that the contractor, Zebron, completed work today, and that service was restored.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at a National Water Resources Federal conference and a Southern California Water Committee meeting last Friday.

Director Withers reported that he will attend an OCSD Board meeting on Wednesday.

Director Swan said it was his understanding that the "Delta Fix" is unlikely to go forward and commented that the IRWD needs to take certain steps to better insulate the District's customers, and it is important to have back-up programs in place for additional water supplies.

DIRECTORS' COMMENTS (CONTINUED)

In response to Director Reinhart's comment on the recent ACWA report where the State Water Board is issuing mandatory consolidations, Ms. Christine Compton provided him an update on legislation whereby the State Board bypasses the LAFCO process only if there is a water quality violation in a disadvantaged community.

Director Matheis reported that she will be attending the ACWA conference next week. She further thanked staff and General Manager Cook on their efforts on the application to LAFCO for the Orange County Sanitation District Service Area 7.

ADJOURNMENT

President Matheis adjourned the meeting at 6:50 p.m.

APPROVED and SIGNED this 23rd day of May, 2016.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone