



June 10, 2025

Fernando Paludi, General Manager
Trabuco Canyon Water District
32003 Dove Canyon Drive
Trabuco Canyon, CA 92679

RE: Initial Response to TCWD Request for Proposals

Fernando:

Irvine Ranch Water District (IRWD) and Santa Margarita Water District (SMWD) acknowledge receipt of Trabuco Canyon Water District's (TCWD) letter dated May 12th and appreciate your invitation for each agency to submit a proposal outlining potential strategies to achieve rate relief for TCWD customers. We value our longstanding relationship with TCWD and, as neighboring agencies and members of the broader water community, welcome the opportunity to engage in discussions that may lead to mutually beneficial solutions.

Both IRWD and SMWD have presented and discussed this request with their respective Boards of Directors. Collectively, we are interested in jointly exploring potential options. As demonstrated by this joint correspondence, IRWD and SMWD are committed to a collaborative approach and are open to engaging with TCWD through a structured due diligence process. Our shared initial objective is to work with TCWD staff to gain a deeper understanding of TCWD's operations and financial position, followed by discussions regarding potential strategies that would serve the best interests of TCWD, IRWD and SMWD.

It is possible that TCWD may ultimately receive individual proposals from IRWD and/or SMWD, or a joint proposal developed in partnership. At this early stage, all options remain open.

While IRWD and SMWD have not yet met jointly to discuss this at the Board level, both agencies fully acknowledge the challenges facing TCWD. Provided TCWD is amenable to this approach, IRWD and SMWD will establish a joint Board Ad Hoc Committee to begin developing a more detailed framework for evaluating support opportunities. We anticipate that this will be followed by coordinated discussions among staff from all three agencies.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul A. Cook".

Paul A. Cook
IRWD General Manager

A handwritten signature in blue ink, appearing to read "Robert S. Grantham".

Robert S. Grantham
SMWD General Manager