



December 16, 2025

Edward Mandich, Board President  
Trabuco Canyon Water District  
32003 Dove Canyon Drive  
Trabuco Canyon, CA 92679

RE: Response to Trabuco Canyon Water District Request for Proposals

Dear President Mandich:

Santa Margarita Water District (SMWD) and Irvine Ranch Water District (IRWD) have jointly completed an initial due diligence process and evaluated strategies to improve service levels and reduce costs for customers of the Trabuco Canyon Water District (TCWD). This work has resulted in the development of a consolidation framework that we believe aligns with the objectives outlined in your letter and Board resolution dated May 12, 2025. Specifically, if implemented, the framework developed by IRWD and SMWD would provide:

- Significant short- and long-term rate relief relative to TCWD's current and forecast rates and charges.
- Economies of scale and the potential to reduce costs from duplicative external contracted services.
- Recognition of TCWD's past investments and beneficial assets.
- Improved levels of system reliability, customer service, responsiveness and access to industry-leading water and wastewater resources and expertise.
- A fair and equitable transition and placement plan for TCWD staff.
- A governance approach that provides continuity and representation.

Both SMWD and IRWD have presented and discussed the proposed framework with their respective Boards of Directors. The Districts are now interested in reviewing and discussing the framework with the joint SMWD-IRWD-TCWD Ad Hoc committee in early January 2026 and subsequently presenting the proposed framework to the full TCWD Board for its consideration at your January Board Meeting.

If the TCWD Board responds favorably to the framework, we are prepared to work closely with TCWD to refine it into a formal proposal, begin negotiations on the terms and conditions of a consolidation agreement, and partner with TCWD on coordinated community and customer engagement.

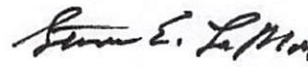
We appreciate the opportunity to be considered as potential providers of water, wastewater, and recycled water services for the TCWD community, and are confident that our agencies can offer residents and commercial customers enhanced levels of service and lower costs. We look forward to meeting with you and the Ad Hoc committee in January.

Sincerely,



Laura Freese

SMWD Board President



Steven LaMar

IRWD Board President

cc. IRWD Board of Directors

SMWD Board of Directors

Mark Anderson, TCWD Director

Paul Cook, IRWD General Manager

Robert Grantham, SMWD General Manager