



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JANUARY 21, 2026

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on January 21, 2026, was called to order by President Mark Anderson at 6:06 p.m. in the Board Room at the District Administrative Facility located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, transcribed the minutes thereof.

DIRECTORS PRESENT

President Mark Anderson
Vice President Glenn Acosta
Director John Horst
Director Edward Mandich
Director Michael Safranski

STAFF PRESENT

Larry McKenney, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Karen Warner, Principal Accountant
Roseann Lejsek, Executive Assistant
Phil Serpas, CMMS/SCADA Administrator
Gary Kessler, Water Operations Superintendent
Oscar Ulloa, Wastewater Operations Superintendent
Jason Stroud, Maintenance Superintendent
Other staff were present

DISTRICT CONSULTANTS

Claire Collins, District General Legal Counsel - Hanson Bridgett, LLP (remotely)
Ian Berg, District Treasurer, Starting Line Advisory

PUBLIC PRESENT

Paul Cook, General Manager, Irvine Ranch Water District
Robert Grantham, General Manager, Santa Margarita Water District
There were other members of the public present.

PLEDGE OF ALLEGIANCE

Director Acosta led the Board of Directors, District staff, and audience in the Pledge of Allegiance.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION

None

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ORAL COMMUNICATION

Olga Poletaeva – Ms. Poletaeva addressed the Board of Directors expressing her appreciation to District staff for replacing her meter, and to Mr. Perea for conducting an on-site visit to her property. Ms. Poletaeva voiced her support for consolidation, and she requested that the District consider changing the structure of her rates and charges.

DIRECTOR’S COMMENTS

None

REPORT FROM THE GENERAL MANAGER

Mr. McKenney reported on the following matters:

- The Brown Act has been updated and, per a new provision in the Act, a copy of the Act has been distributed to all Directors electronically.
- An overview of the two capital projects that were approved by the Board at the January 7 Special Board Meeting due to time sensitivity.
- The Orange County Operational Area Executive Board has vacancies for one director and three alternates. Nominee submissions are due by February 5.
- Mr. McKenney requested that the closed session item and item 11 on the agenda, both related to the Memorandum of Understanding between TCWD and IBEW, be deferred at this time. Mr. McKenney noted that he hopes to have this item resolved at the January 29 Special Board meeting.

CONSENT CALENDAR

Director Anderson indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member or staff member requests separate action on a specific item. Mr. McKenney presented Items 1-4 for Board consideration and approval in accordance with the agenda.

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

1. December 17, 2025 Regular Board Meeting Minutes

ITEM 2: TREASURER’S REPORT

1. December 11, 2025 Finance/Audit Committee Meeting Recap
2. November 2025 Preliminary Unaudited Financials
3. December 2025 Bills for Consideration, Payroll and Payroll Taxes

ITEM 3: APPROVAL OF ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP(S)

1. December 10, 2025 Engineering/Operational Committee Meeting Recap

ITEM 4: APPROVAL OF EXECUTIVE COMMITTEE MEETING RECAP(S)

1. December 1, 2025 Executive Committee Meeting Recap

MOTION: Approve the consent calendar as presented – Director Mandich

SECOND: Director Safranski

AYES: Directors Anderson, Acosta, Horst, Mandich & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

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ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ATTENDANCE

Mr. McKenney presented this matter for Director consideration and comment, and he reported that this matter was reviewed with the Finance/Audit Committee.

MOTION: Approve the tentative future meetings/attendance items and ratify the Directors' expenses and fees from December 2025 – Director Acosta

SECOND: Director Mandich

AYES: Directors Anderson, Acosta, Horst, Mandich & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

Director Anderson requested that Item 7 be moved up as the next item on the agenda.

ITEM 7: UPDATE ON REQUEST FOR PROPOSALS FOR COMBINED SERVICES TO ACHIEVE RATE RELIEF

Director Anderson introduced Mr. Paul Cook, General Manager of Irvine Ranch Water District (IRWD), and Mr. Robert Grantham, General Manager of Santa Margarita Water District (SMWD), to present a joint response to the District's Request for Proposals (RFP) for Combined Services to Achieve Rate Relief. Director Anderson noted that any action taken by the Board at the meeting would not be a decision on consolidation, and that both agencies are simply sharing what they have concluded from their due diligence up to this point.

Mr. Cook and Mr. Grantham delivered a high-level presentation laying out a conceptual approach for consolidation, listing proposed initial terms as follows:

- a. Initial 20% Rate Reduction for TCWD customers
- b. Acquisition Balance calculation / Time-frame to Rate Parity are both to be determined
- c. 688 Dwelling Units to IRWD; 3,248 DU's plus Non-Residential to SMWD
- d. Governance Transition Plan
- e. SMWD to hire TCWD staff

Public comment was received concerning this item.

Allan Burnham – Mr. Burnham thanked the Board for exploring consolidation as a means of potential rate relief.

Gloria Sefton – Ms. Sefton thanked Mr. Cook and Mr. Grantham for their presentation, and expressed her support for TCWD's Board, General Manager, and staff in exploring rate relief through consolidation.

Ray Chandos – Mr. Chandos addressed the Board of Directors with his appreciation for the collective effort invested in the evaluation, and he expressed his support for consolidation.

Sue Marucci – Ms. Marucci addressed the Board of Directors expressing her concerns regarding the District's solvency and her support for consolidation.

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Gus Alba – Mr. Alba addressed the Board of Directors, recognizing the possibility of an initial rate reduction, while conveying his concerns about the long-term rate implications for TCWD customers, considering the need for future infrastructure repairs.

Chris Kinner – Mr. Kinner thanked Mr. Cook and Mr. Grantham for their presentation and stated that he believes consolidation will benefit TCWD customers.

Pat Lawrence – Mr. Lawrence addressed the Board of Directors with his concerns regarding the District’s current rates and charges, and he noted that if a consolidation were to take place, a more balanced fixed rate structure would be needed.

The Board noted that several written comments on this item had been received by email.

No further public comment was received.

Director Safranski thanked Mr. Cook and Mr. Grantham for their presentation and stated that his support for consolidation would depend upon a determination of measurable rate relief, equivalent or better service, and taking care of all employees.

Director Horst asked Mr. Grantham and Mr. Cook to speak to the San Juan Capistrano and Santiago County Water District consolidations with their respective Districts.

Director Acosta thanked Mr. Cook and Mr. Grantham for their presentation and acknowledged that further details and discussion are required.

Director Anderson expressed his support for moving forward but stated that the evaluation is preliminary and that there is no guarantee consolidation will be the outcome. Director Anderson added that many questions need to be answered and that the process may take one to two years.

Director Mandich asked the public to keep an open mind with the entire process and possible outcomes, and to contact District staff with any questions.

MOTION: The Board determined that the proposed conceptual approach addressed TCWD’s initial objectives and the process should continue to establish the required details of the proposal for future consideration. – Director Acosta

SECOND: Director Horst

AYES: Directors Anderson, Acosta, Horst, Mandich and Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ITEM 6: INFORMATIONAL UPDATES FROM BOARD COMMITTEES

Committee members provided updates on the following Committees:

District Properties Committee – Director Mandich reported that the Committee will meet with the brokerage firm in early February to discuss their evaluation, and that another meeting will be held in late February.

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Public Outreach Ad Hoc Committee – Director Horst reported that the committee will meet the following week to discuss communications related to the potential consolidation, and he also reported that the next Chat with TCWD Community Forum would be held in the coming months.

MOTION: None. Informational item only.

ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) RELATED TO CALENDAR YEAR 2026 BOARD MEMBER COMMITTEE APPOINTMENTS AND AGENCY REPRESENTATIVE ASSIGNMENTS

Director Anderson presented this matter for Board consideration, and he asked the Board for any comments or changes to the draft 2026 Board member appointments and assignments. A brief discussion occurred regarding Ad Hoc Committee meetings.

ACTION: President Anderson assigned Director positions and representative assignments for Calendar Year 2026

FINANCIAL MATTERS

ITEM 9: DISCUSSION CONCERNING RESOLUTION ON TREASURER’S ANNUAL STATEMENT OF INVESTMENT POLICY

Mr. McKenney presented this matter for Board consideration, and he reported that a new resolution is adopted each year ahead of the budget review and adoption process. Mr. McKenney added that staff recommends adopting Resolution No. 2026-1363 as written.

Mr. Berg provided a brief summary of the non-substantive changes and noted that a red-lined version was included in the meeting materials.

MOTION: Adopt Resolution No. 2026-1363 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting An Investment Policy– Director Horst

SECOND: Director Safranski

AYES: Directors Anderson, Acosta, Horst, Mandich and Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ITEM 10: APPROVAL OF FISCAL YEAR 2025-26 MID-YEAR OPERATING AND CAPITAL BUDGET ADJUSTMENTS

Mr. Berg presented this matter for Board consideration, and he delivered a PowerPoint presentation providing an overview of the proposed mid-year budget and financial plan. Discussion occurred concerning capital financing strategy, CIP adjustments, operating adjustments, net income and bottom-line impacts, reserve funding, as well as FY 2027 budget planning.

MOTION: Approve the Mid-Year Operating and Capital Budget adjustments for Fiscal Year 2025-26 as presented – Director Acosta

SECOND: Director Safranski

AYES: Directors Anderson, Acosta, Horst, Mandich and Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

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ENGINEERING MATTERS

ITEM 11: QUARTERLY CAPITAL IMPROVEMENT PROGRAM (CIP) UPDATE

Ms. Lausten presented this matter for Board consideration, and she provided status update to the FY25-26 Capital Improvement Plan projects. Discussion occurred concerning grant funding to offset project costs, and well as the potential for cost-sharing opportunities.

MOTION: None. Informational item only

LEGISLATIVE AND OTHER MATTERS

ITEM 12: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. McKenney reported that he, Director Horst, and Mr. Perea attended the MWDOC Regular Board Meeting earlier in the day in recognition of MWDOC's 75th anniversary.

GENERAL COUNSEL REPORT

None

MOTION: None.

ITEM 13: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

No closed session was held.

ITEM 14: CONSIDERATION OF MEMORANDUM OF UNDERSTANDING BETWEEN TCWD AND THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW)

This matter was tabled.

MOTION: None.

OTHER INFORMATION/MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

Director Horst requested to hold the January 29 Special Board Meeting at 6:30 p.m. The Board concurred with the meeting time change.

ADJOURNMENT

Director Anderson adjourned the January 21, 2026 Regular Board Meeting at 7:57 p.m.