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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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May 27, 1993

Office of Board of Directors

To: Board of Directors (Executive Committee--Action)
From: Chairman of the Board
Subject: Proposed Employment Contract with General Manager

Report

On May 11, 1993, the Board approved the employment of John R. Wodraska as General Manager of The Metropolitan Water District of Southern California (District), subject to successful completion of negotiations with Mr. Wodraska for an employment contract.

Agreement on a proposed form of employment agreement with Mr. Wodraska has been reached. A copy of the agreement can be obtained from the Executive Secretary. The agreement provides for Mr. Wodraska's annual salary in the amount of \$175,000, plus \$7500 per year deposited by the District on his behalf into the District's deferred compensation plan. Benefits paid by the District pursuant to the proposed agreement include his required employee contribution to PERS, in a maximum amount of 7% of salary, term life insurance in an amount equal to twice his salary and medical insurance premiums for a PERS-provided health plan of his choice for himself and his spouse. If the District's pick-up of PERS contributions is subject to inclusion in Mr. Wodraska's gross income for income tax purposes, such contributions shall be made directly to Mr. Wodraska in the form of a salary increase.

Under the proposed agreement, Mr. Wodraska will serve as General Manager at the pleasure of the Board. In the event of his termination by the Board other than for cause, he will receive severance pay equal to one-half his annual salary then in effect.

The employment contract also provide for payment by the District of relocation costs, including reasonable moving expenses, rent for transition housing of up to \$2500 for up

to three months, subject to extension in the discretion of the Executive Committee of the Board for up to three more months, and provision by the District of a low-cost mortgage loan for the purchase of Mr. Wodraska's primary residence. The mortgage loan provision has been reviewed by the General Counsel and outside counsel to make sure that the numerous legal issues presented by this loan are adequately addressed.

Protection of the District's security for this loan is a key concern because California law prohibits a deficiency judgment after foreclosure of a defaulted residential loan. The agreement has been structured to require a satisfactory appraisal of the residence confirming a loan-to-value ratio of not less than 80%, title insurance, casualty and liability insurance, credit life insurance and other protections for the benefit of the District prior to origination of the loan. The loan documents also will provide that the loan will become due and payable 90 days after any termination of Mr. Wodraska's employment.

The agreement is in substantially final form. It is requested that the Board delegate authority (i) to the Chairman of the Board to execute the agreement and related documents and, to the extent that additional changes of a nonsubstantive nature are required for finalization of the agreement, to authorize such changes and (ii) to the General Counsel, to approve the form of the agreement and related documents, including any such changes.

Board Committee Assignment

This letter is referred for action to the Executive Committee pursuant to its authority to study, advise and make recommendations with regard to the selection of Department Heads and the scope of their duties pursuant to Administrative Code Section 2417, subdivision (h).

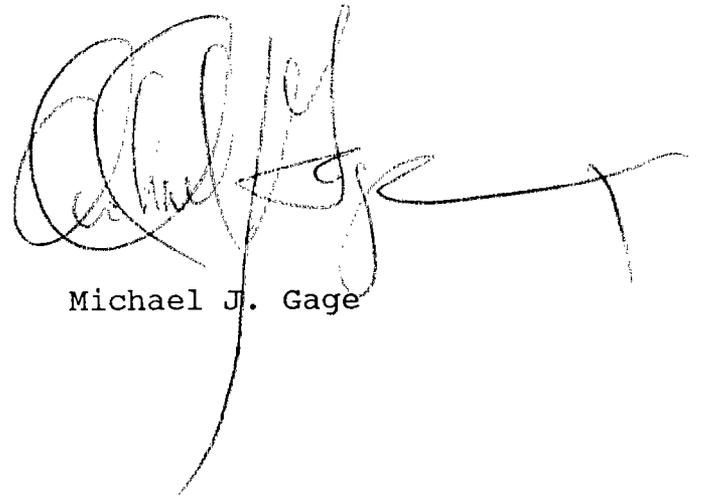
Recommendation

EXECUTIVE COMMITTEE FOR ACTION.

That the Board authorize the Chairman of the Board to execute an employment agreement, a mortgage loan agreement (when all requirements for origination of the loan are met)

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and such other documents in addition to those enumerated herein as are necessary or advisable in order to carry out and perform the purposes of the employment agreement, all substantially in accordance with the terms and conditions outlined in this letter and in a form approved by the General Counsel.

A handwritten signature in black ink, appearing to read "Michael J. Gage". The signature is stylized with large loops and a long horizontal stroke extending to the right.

Michael J. Gage