

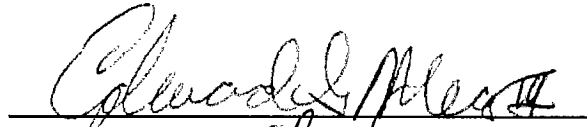
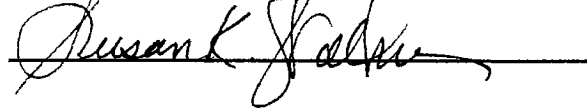


September 14, 1998

To: Board of Directors

From: *fo* General Manager

Submitted by: Susan K. Walker
Manager of Business Development

Subject: Negotiate a Cost-Sharing and Reimbursement Agreement with International Desalination Technologies and Revise Scope of Work for Appropriation No. 15167.

RECOMMENDATION

At the Engineering and Operations Committee meeting held on September 14, 1998, the Committee amended the recommendations as follows:

1. Authorize the General Manager to negotiate a cost-sharing and reimbursement agreement with International Desalination Technologies, a joint venture of Parsons Corporation and Israel Desalination Engineering, Ltd., for the purpose of continuing the commercialization of Metropolitan's seawater desalination technology. The draft agreement, as well as the Board's other options, will be brought back for the Board of Directors' deliberation and decision.
2. Deleted.