

October 28, 1998

To: Board of Directors (Executive Committee--Action)

From: Chairman of the Board _____

Subject: Confirm Creation of Ad Hoc Committee on Transitional Matters

RECOMMENDATION

That the Board confirm the creation of the Ad Hoc Committee on Transitional Matters, which has the assigned tasks of (1) recommending to the Board a candidate(s) for selection as the new general manager, (2) providing for the successful transition to a new Board Chairman, and (3) concurrently with jurisdiction of other Board Committees to review the Eastside Reservoir Project audit issue. In addition, the Ad Hoc Committee will develop and review recommendations for Board Committee restructuring and committee assignments.

EXECUTIVE SUMMARY

To ensure the speedy and orderly transition to a new general manager and new chairman of the board, Chairman of the Board John V. Foley and Chairman-Elect Phillip J. Pace established an Ad Hoc Committee on Transitional Matters, called the MWD Transition Team. The team's assigned tasks are: (1) to make recommendations to the Board for selection of a new general manager, (2) provide for the successful transition to a new chairman, and (3) with concurrent jurisdiction to review the Eastside Reservoir Project audit issue. The MWD Transition Team presently has eight members, John V. Foley, Co-Chair, Phillip J. Pace, Co-Chair, Henry S. Barbosa, Charles D. Barker, Jorge G. Castro, Christine M. Frahm, Jerry A. King, and William G. Luddy.

The team has met and is developing the criteria for the selection of the new general manager. The team is actively searching the western region of the United States for candidates through the services of a search firm, as well as Metropolitan's own strategic network of contacts. The goal is to announce the selection of a new general manager in January 1999. To simplify the selection process, and avoid duplication of effort, the team will present its recommendation for general manager directly to the full Board. For the interim period, to insure that the day-to-day business of Metropolitan continues, Edward G. Means III was directed to continue in his capacity as Deputy General Manager and Chief Operating Officer and authorized to act on behalf of the general manager in his absence. Board Executive Officer Gilbert F. Ivey will continue to address issues involving the Board of Directors.

Also, to facilitate the transition to a new chairman of the board, the team is reviewing the Board's committee assignments and possible committee restructuring.

The authority of the Ad Hoc Committee shall supercede contrary provisions of the Administrative Code. The team will be dissolved when the new General Manager is selected.