

- **Board of Directors**  
**Executive Committee**

March 11, 2003 Board Meeting

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**8-5**

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**Subject**

Authorize revisions to the Administrative Code of The Metropolitan Water District of Southern California to conform to current laws and practices and make corrections

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**Description**

This letter proposes amendments to Metropolitan's Administrative Code to reflect previously approved changes in Metropolitan's practices, to conform the Code to pertinent laws, correct minor errors and to provide consistency with previously enacted Administrative Code sections. The proposed amendments are set forth in **Attachment 1**, with overstrikes reflecting deletions and underlining reflecting additions. **Attachment 2** sets forth the sections as they would now appear in the Administrative Code. The proposed amendments include the described changes to the following Administrative Code sections:

- Administrative Code §§ 2410, 2417, 2419 and 2451 are revised to conform these sections relating to committee structure to the changes approved by the Board at its January 9, 2003 meeting. The changes involve dissolving the Special Committee on Diamond Valley Recreation and assigning these tasks to the Asset, Real Estate and Infrastructure Policy Committee, dissolving the Subcommittee on Rules and Ethics of the Executive Committee, formally establishing an Ethics Subcommittee and providing membership on the Executive Committee to the Chairs of Special Committees when membership on the Executive Committee is specifically directed by the Board.
- Administrative Code §§ 2201, 2410, 2414 and 2520 are modified in accordance with the recommendation of the Executive Committee on February 25, 2003, to make Committee Chairs regular (not ex officio) members of the Executive Committee. The only ex officio committee members will be the Board Chair, Vice Chairs and Board Secretary.
- Administrative Code § 4507(a), on Billing and Payment for Water Deliveries, is amended to permit electronic mailing of invoices, as requested by member agencies.
- Administrative Code §§ 4108, 4110, 4111, 4112, 4114, 4120, 4122, 4124, 4401(a), 4402(a), 4403, 4505, 4507, 4514 and 4517 are revised to conform these sections concerning seasonal storage service and groundwater replenishment with existing policies and practices.
- Administrative Code § 5200 is modified to eliminate inactive funds and add an additional fund not previously listed. A large number of the inactive funds are bond funds, which are created pursuant to the bonds resolutions and closing documents to satisfy the requirements of bond covenants and federal tax rules. Many of these funds are solely for temporary periods and none survive the life of the related bonds. Of the more than 40 funds added in Metropolitan's Treasury since this section of the Code was amended in 1999, all but one are related to bond issues. The proposed changes recognize the addition of bond funds to Metropolitan's Treasury pursuant to bond documents, without requiring them to be listed individually in this Code section.
- Administrative Code § 5201 is simplified by describing the minimum bond fund requirements for each type of bond fund instead of listing each fund for every separate bond issue.
- Administrative Code §§ 6765(g) and 6785(g), relating to the ability of participants to make additional catch-up contributions to Metropolitan's Savings Plan and Metropolitan's Savings Plan II, is corrected to conform with tax laws and existing practice.

- Administrative Code § 6785(e), concerning Metropolitan's Savings Plan II, is amended to correct an erroneous cross-reference.
- Administrative Code §§ 6767(d) and 6787(d), concerning Metropolitan's Savings Plan and Metropolitan's Savings Plan II, conforms the provisions on withdrawal of contributions with the tax laws.
- Administrative Code §§ 6802(i), 6810 and 6811, relating to Metropolitan's 1997 Deferred Compensation Plan, conforms the definition of beneficiary to changes in the tax law, eliminates an inconsistency in the Plan and conforms the provision on payments to a beneficiary with actual practice and for administrative convenience.

## Policy

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Metropolitan Water District Administrative Code §§ 2417 and 2419; approval of changes regarding amendments to the Administrative Code.

## California Environmental Quality Act (CEQA)

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CEQA determination for Staff Recommendation:

The proposed action is not defined as a project under CEQA because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).


The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA per Section 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

## Staff Recommendation

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Adopt the CEQA determination and approve the changes to the Administrative Code set forth in [Attachment 2](#) to reflect the changes recommended in this letter.

**Fiscal Impact:** None

  
Jeffrey Kightlinger  
General Counsel

2/26/2003  
Date

**Attachment 1 – The Administrative Code of The Metropolitan Water District of Southern California (showing additions and deletions)**

**Attachment 2 – The Administrative Code of The Metropolitan Water District of Southern California (changed provisions only)**

**ATTACHMENT 1**

**THE ADMINISTRATIVE CODE OF  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
(showing additions and deletions)**

**DIVISION II  
PROCEDURES PERTAINING TO BOARD,  
COMMITTEES AND DIRECTORS**

**§ 2201. Terms of Office; Limitations.**

- (a) The term of office of officers of the Board shall commence on January 1 of the year immediately following their election, except for the Vice Chairs who are appointed to their positions.
- (b) A director may serve as a Board officer for not more than two consecutive full two-year terms.
- (c) A director shall not be eligible to serve in a combination of offices of the Board, or as a nonofficer member of the Executive Committee ~~or as an ex officio member thereof for~~ more than four consecutive full two-year terms except that any member may serve in the office of Chair for two consecutive full two-year terms without regard to previously held office and may thereafter serve as a member of the Executive Committee in the capacity as a past Chair.

**§ 2410. Membership.**

The membership of the Executive Committee shall consist of the Chair, Vice Chairs, Secretary, all past Chairs of the Board who are directors of the District, eight additional directors as nonofficer members, of which two of the eight nonofficer members shall be appointed by the Chair, and the Chairs of the six standing committees in addition to the Executive Committee, ~~and~~ the Chairs of the ~~Subcommittee on Rules and Ethics~~ Ethics Subcommittee and Audit Subcommittee, and the Chairs of Special Committees whose membership on the Executive Committee is specifically directed by the Board ~~as ex officio members~~. In the event a Chair of a Standing Committee or the ~~subcommittee on Rules and Ethics Subcommittee~~ and Audit Subcommittee is ineligible to serve on the Executive Committee because of the limitation set forth in Section 2201(c), or is otherwise ineligible or is absent, the Vice Chair of the committee shall serve.

**§ 2414. Limitation on Service.**

- ~~(a)~~ Each director may be elected as a nonofficer member of the Executive Committee for not more than two consecutive full two-year terms.

~~(b) Subject to Section 2415, a member of the Executive Committee other than ex officio members shall not serve as the Chair of any Standing Committee other than the Executive Committee; this restriction shall not apply to any special, interim, temporary or subcommittee appointed from time to time to resolve current problems, or to meet special conditions.~~

**§ 2417. Duties and Functions.**

- (a) The Executive Committee shall study, advise, and make recommendations with regard to:
- (1) ~~(a)~~—Public information for governmental and other entities and officials, and for the citizens of California regarding matters affecting the District's interests;
  - (2) ~~(b)~~—Official dealings with the United States Government, the State of California or other states, member public agencies or their sub-agencies, foreign governments and other entities or persons in matters of public policy or other activities as deemed appropriate;
  - (3) Review and approve board and committee agendas and, notwithstanding the jurisdiction of other standing committees in this Code, have the authority to direct which committee shall consider an item;
  - (4) Review and approve the scheduling of board and committee meetings;
  - (5) Study, advise and make recommendations with regard to policies and procedures to be considered by the Board or committees thereof, except for proposed amendments to the Metropolitan Water District Act or this Code affecting the organization and personnel policies of the District, the acquisition, ownership and sale of land by the District, or other policy matters within the jurisdiction of a specific standing committee;
  - (6) ~~(c)~~—Matters relating to the Colorado River Board of California;
  - (7) ~~(d)~~—Major policy issues to be considered by the Board, including proposed amendments to the Metropolitan Water District Act;
  - (8) ~~(e)~~—Questions raised by the officers and staff in intervals between meetings of the Board and in unexpected situations and emergencies;
  - (9) ~~(f)~~—The terms and conditions of employment of all consultants and advisors not within the jurisdiction of other ~~committees~~ committees;
  - (10) ~~(g)~~—Resolution of conflicting committee recommendations pursuant to Section 2314;
  - (11) ~~(h)~~—Monitor the progress of, and propose modifications to, the Board's goals in light of then existing and projected future conditions;

(12) ~~(i)~~—Policies regarding annexation and the requirements, procedures, terms and conditions for annexations; and

(13) Such other matters as may be required under Division 2 of this Administrative Code.

- (b) ~~(j)~~—The Executive Committee shall retain ultimate responsibility for those duties as are specifically assigned to the subcommittees of the Executive Committee.
- (c) ~~(k)~~—The Executive Committee shall be responsible for the oversight of the performances and activities of the Chief Executive Officer, General Counsel, and General Auditor and an annual review of the Chief Executive Officer's compensation. The Executive Committee shall evaluate the performance of the Chief Executive Officer at least annually in advance of the July Board meetings. It shall also review and approve the Chief Executive Officer's comprehensive business plan and annual goals and work objectives at the start of each fiscal year in advance of the August Board meetings.
- (d) ~~(l)~~—After review and consideration of the annual assessment of, and recommendations concerning, Department Heads by the committees responsible for oversight of the performance and activities of a Department Head, the Executive Committee shall make recommendations to the Board on the salary and other compensation of Department Heads in advance of the July meetings, with any changes to be effective at the start of the payroll period nearest to July 1.

~~(m) Such other matters as may be required under Division 2 of this Administrative Code.~~

(e) ~~(n)~~—The Executive Committee shall also:

- (1) ~~(1)~~—Assign and reassign the directors to the standing committees and designate the Committee Chairs and Vice Chairs, subject to approval by the Board of Directors, and to the limitations on terms of office;
- (2) ~~(2)~~—Designate a Board Vice Chair to act in the Board Chair's absence, failure or inability to act if the Chair has not previously made such a designation.
- (3) ~~(3)~~—Act on behalf of the Board in unexpected situations and emergencies, subject to subsequent approval or ratification of the actions taken whenever such approval or ratification is required by law.
- (4) ~~(4)~~—Provide policy guidance where appropriate to those directors and District staff members who are associated with organizations in which the District has membership.
- (5) ~~(5)~~—Conduct hearings on Vendors' Protests:
  - (i) ~~(i)~~—Hearings requested pursuant to Section 8104(d), and other hearings granted on the Executive Committee's own motion, unless delegated pursuant to Section 8119 shall be held by the committee at its next regular meeting to be held at least 72 hours after filing of the notice of protest. The hearing shall be conducted in accordance with such rules as the Chair

of the committee shall announce. The committee shall make a decision on the bidder's or applicant's protest, shall set forth its reasons therefor, and shall cause the Executive Secretary to serve a copy of the decision on the bidder or applicant. The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.

(ii) ~~(ii)~~ The Chair of the Executive Committee may redelegate hearings provided for under Section 2417(k)(5)(i) to a minimum of three members of the Executive Committee who shall act in place of the committee in the conduct of the hearing and who shall at the conclusion thereof make their recommendations to the full committee. Such recommendations shall be accompanied by copies of any materials submitted in evidence. Any hearing held and recommendations made pursuant to such delegated authority shall be completed in advance of the time set for the next regular meeting of the full committee following the meeting at which the matter would otherwise have been heard by the committee.

(6) ~~(6)~~—Resolve disputes over inspection dates and monitor conduct of inspection trips to assure maximum effectiveness.

~~§ 2419. — Subcommittee on Rules and Ethics.~~

**§ 2419. Ethics Subcommittee.**

Within the Executive Committee there shall be ~~a Subcommittee on Rules and Ethics,~~ an Ethics Subcommittee, appointed by, and serving at the pleasure of, the Chair of the Executive Committee. The ~~Subcommittee on Rules and Ethics~~ Ethics Subcommittee shall:

~~(a) Review and approve board and committee agendas without further action by the Executive Committee. Notwithstanding the jurisdiction of standing committees in this Code, the Subcommittee on Rules and Ethics shall have the authority to direct which committee shall consider an item;~~

~~(b) Review and approve the scheduling of board and committee meetings;~~

~~(c) Study, advise and make recommendations with regard to policies and procedures to be considered by the Board or committees thereof, except for proposed amendments to the Metropolitan Water District Act or this Code affecting the organization and personnel policies of the District, the acquisition, ownership and sale of land by the District, or other policy matters within the jurisdiction of a specific standing committee.~~

(a) ~~(d)~~ Study, advise and make recommendations to the Executive Committee regarding the policies and procedures of Metropolitan's ethics program.

(b) Hold regular meetings no less than four times a year on a quarterly basis or as required to accomplish a specific policy objective.

**§ 2451. Duties and Functions.**

The Asset, Real Estate and Infrastructure Policy Committee shall study, advise and make recommendation with regard to:

- (a) ~~(a)~~ Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership and sale of land by the District;
- (b) ~~(b)~~ Proposed rules and proposals regarding business development opportunities including real property and intellectual property transactions;
- (c) ~~(c)~~ Policies for the acquisition of rights-of-way;
- (d) ~~(d)~~ The purchase, sale, and leasing of land and building, including the performance of oversight and coordination of the District's various office and garage space needs, ~~but excluding~~ the development of recreational facilities at Diamond Valley Lake, and issues relating to boating regulations at any District facility;
- (e) ~~(e)~~ The incidental use of land in farming operations and otherwise;
- (f) ~~(f)~~ The operation and maintenance of buildings;
- (g) ~~(g)~~ The selection of appraisers and the determination of the scope of their assignments;
- (h) ~~(h)~~ The purchase, management and disposition of personal property assets such as equipment and vehicles;
- (i) ~~(i)~~ Approval and oversight of facilities master plans, including budgeting for capital improvements and long-term facilities commitments; and,
- (j) ~~(j)~~ Approval and oversight of information technology strategies, projects and activities, including budgeting and tracking of information technology resources and asset management.

**§ 2520. Membership.**

The Nominating Committee membership shall consist of Sseven directors selected at large. Four members of the Nominating Committee shall be appointed at the February meeting of the Board in odd-numbered years, and three members shall be appointed at the February meeting of the Board in even-numbered years, by the Chairman of the Board with the approval of the Executive Committee and the Board. ~~With the exception of its ex-officio members, no member of the Executive Committee shall be eligible to serve as a member of this Nominating Committee.~~

**DIVISION IV  
WATER SERVICE POLICIES**

**§ 4108. Groundwater Replenishment by Injection.**

"Groundwater Replenishment by Injection" shall mean the act of injecting or causing to be injected, water for the purpose of replenishing natural groundwater basins.

(a) ~~(a)~~ "Direct Replenishment by Injection" shall mean groundwater replenishment that results from the act of injecting without regard to subsequent use of the water.

~~(b) "Seasonal Storage by Injection" shall mean groundwater storage or replenishment that results from the act of injecting and is subject to the measurements as described in Section 4514 of this Division.~~

(b) ~~(e)~~ "Seawater Barrier Groundwater Replenishment" shall mean groundwater replenishment having as a principal purpose the injection of water for the purpose of maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

**§ 4110. ~~Reservoir Storage~~ Direct Reservoir Replenishment.**

~~"Reservoir storage"~~ "Direct Reservoir Replenishment" shall mean the act of storing water in surface reservoirs for long-term storage by delivering water directly into a reservoir.

**§ 4111. In-Lieu Reservoir ~~Storage~~ Replenishment.**

"In-Lieu Reservoir ~~Storage~~ Replenishment" shall mean the act of storing water in surface reservoirs for long-term storage by reducing or eliminating local supply outflow, through substitution of deliveries of water to consumers from surface distribution facilities in lieu of such withdrawals, thus conserving storage acquired from local sources.

~~§ 4112. Full~~ **§ 4114. Replenishment Service.**

~~"Full service" shall mean service of water for domestic or municipal purposes that does not meet (or fall within) the criteria for other classes of service or special programs as defined in this Division and is not subject to reduction or interruption except as may be required by the application of preferential rights granted by Section 135 of the Metropolitan Water District Act or by a drought determination made pursuant to Section 350 of the California Water Code.~~



~~§ 4114. Seasonal Storage Service.~~

~~"Seasonal Storage service" shall mean service of water for groundwater replenishment by spreading or injecting, in-lieu groundwater replenishment, in-lieu reservoir storage, or for direct reservoir storage.~~ "Replenishment Service" shall mean delivery of water for long-term storage in either groundwater basins or surface reservoirs by direct or in-lieu means. Direct means shall be either through groundwater spreading or through injection. Such service shall be governed by the provisions of Section 4514.

**§ 4120. Purchase Order; Purchase Order Commitment.**

"Purchase Order" shall mean a member agency's written commitment to purchase a specified total volume of water from the District during a specified period, as provided in Section 4404, and "Purchase Order commitment" shall mean 60% of a member agency's Initial Base Firm Demand times the number of years in the term of the Purchase Order. Deliveries of surplus and interruptible system water supplies, including, but not limited to, deliveries under the Interim Agricultural Water Program and ~~Long-Term Seasonal Storage~~ Replenishment Service, will not count toward the Purchase Order commitment.

**§ 4122. Base Firm Demand; Initial Base Firm Demand.**

"Base Firm Demand" shall mean the greater of a) the member agency's Initial Base Firm Demand or b) the member agency's ten fiscal year rolling average of deliveries of water from the District for the most recent ten fiscal year period, excluding, in either case, water delivered under Long-Term Seasonal Storage Service or Replenishment Service, whichever is applicable, and Interim Agricultural Water Program Service, and "Initial Base Firm Demand" shall mean the member agency's highest annual delivery of water from the District, excluding water delivered under Long-Term Seasonal Storage Service or Replenishment Service, Interruptible Service, and Interim Agricultural Water Program Service, during any fiscal year from fiscal year 1989/90 through fiscal year 2001/02.

~~§ 4124. Water Stewardship Rate.~~

~~"Water Stewardship Rate" shall mean a dollar per acre-foot water rate imposed by the District to recover a portion of the costs of the District's financial commitment to conservation, water recycling, groundwater recovery and other water management programs approved by the Board.~~

**§ 4401. Rates.**

- (a) ~~(a)~~ The rates per acre-foot for water sold and delivered for each class of service on order of any member public agency for use therein shall be as follows:

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(2) For ~~Long Term Seasonal Storage~~ Replenishment Service (All water delivered ~~in accordance with the Seasonal Storage Service Program~~ for Replenishment Service as described in this Division and the most current User Handbook for ~~Seasonal Storage~~ Replenishment Service.)

<b>Effective Date:</b> 01/01/2003;	<b>Untreated Water:</b> \$233.00
	<del><b>Treated Water:</b> \$289.00</del>
	<b><u>Treated Water:</u></b> \$290.00

.....

**§ 4402. Readiness-to-Serve Charge.**

(a) The readiness-to-serve charge shall be set by the Board from time to time to recover the costs of emergency system storage and the cost of system conveyance capacity for peak and standby use not recovered by property tax revenue. The readiness-to-serve charge will be allocated among the member public agencies (i) through December 31, 2002, in proportion to the average of Metropolitan water sales (in acre-feet) to each member public agency during the three fiscal year period ending June 30, 1996; provided that ~~long term seasonal storage service, replenishment,~~ cyclic storage, ~~and direct groundwater replenishment deliveries~~ and water taken under the one-time drought storage agreement, Cooperative Storage Program through April 12, 1994, 1993 Demonstration Program and cooperative storage purchases paid for in fiscal year 1995-96 shall be subtracted from the water sales calculation, and (ii) beginning January 1, 2003, in proportion to the average of deliveries (including exchanges and transfers) through Metropolitan’s system (in ~~acre-~~ acre-feet) to each member public agency during the ten-year period ending June 30, 2001; and thereafter as a ten-year rolling average; period that Metropolitan sales of reclaimed water under the Local Projects Program, Local Resources Program, and groundwater under the Groundwater Recovery Program and deliveries under ~~Long Term Seasonal Storage Service~~ Replenishment and Interim Agricultural Water Service shall not be included in the water deliveries calculation.

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**§ 4403. Capacity Reservation Charge and Peaking Surcharge.**

(a) ~~(a)~~ The capacity reservation charge and peaking surcharge shall be set by the Board from time to time. The capacity reservation charge shall be set to recover the cost of distribution capacity that is used for peaking. The capacity reservation charge will be payable by each member agency for system capacity (on a per cubic foot per second basis) requested by the member agency. The peaking surcharge shall be levied on the member agency’s maximum daily flow (excepting for that

flow associated with the delivery of ~~Long-Term Seasonal Storage Service~~replenishment water) during May 1 through September 30 that exceeds its requested capacity amount.

- (b) ~~(b)~~ The capacity reservation charge shall be due monthly, quarterly or semiannually, as agreed upon by Metropolitan and the member public agency. The peaking surcharge will be levied one time each year for flows (excepting for that flow associated with the delivery of ~~Long-Term Seasonal Storage Service~~replenishment water ) in the preceding year that exceed a member public agency's requested capacity and will be payable within 60 days of the District's invoice for the peaking surcharge. The peaking surcharge will be levied on the maximum amount of flow (excepting for that flow associated with the delivery of ~~Long-Term Seasonal Storage Service~~replenishment water) that exceeds the requested capacity only. A member public agency may increase or decrease its requested capacity amount annually.
- (c) ~~(e)~~ For the three years ending December 31, 2005, Peaking Surcharge revenues recovered from the member agency for use of system capacity that exceed the greater of the member agency's requested capacity or 75 % of the member agency's maximum day demand for the five years ending June 30, 2001, shall be made available to member agencies (in proportion to such member agency's payment of the Peaking Surcharge) to be used for the purposes of defraying the cost of capital investments that will reduce peak day demands on Metropolitan's system. Such monies will be made available during the year following the year in which the Peaking Surcharge was incurred. This provision shall expire and be of no further effect on December 31, 2005.
- (d) Each member agency shall provide the Chief Executive Officer with written notice of its requested capacity amount (in cubic feet per second) to be in effect for the subsequent calendar year no later than October 31 of each year. If a member agency fails to provide such notice by such date, the preceding year's request shall apply.

**§ 4505. Estimates of Water Requirements and Schedules of Deliveries.**

- (a) ~~(a) General.~~ General. - Before April 1 of each year, each member public agency shall furnish the District, in form provided by the District, with an estimate of the amounts of water to be furnished to such member public agency by the District. These estimates will be used by the District in planning the construction needed to complete the District's ultimate aqueduct and distribution system; in planning the future operation of such system; and in preparing notices for submission to the State Department of Water Resources which will be used by the State to order power for pumping on the State Water Project.
  
- (b) ~~(b)~~ Contents of Estimates
  - (1) ~~(1)~~ Each estimate furnished by a member public agency pursuant to Section 4505(a) shall contain, as a minimum, for each service connection and for each month of the year beginning with the succeeding July 1, and for the entire member public agency for each month of the succeeding four years, the following information:
    - (i) ~~(i)~~ —The quantity of water to be delivered by Metropolitan to the member public agency in full service.
    - (ii) ~~(ii)~~ —The quantity of water to be delivered by Metropolitan to the member public agency in Interim Agricultural Water Program service.
    - ~~(iii) —The quantity of water to be delivered by Metropolitan to the member public agency in Seasonal Storage Service.~~
    - (iii) ~~(iv)~~ —With regard to water estimated to be delivered in full service, the quantity of water to be used for seawater barrier groundwater replenishment.
    - (iv) ~~(v)~~ —With regard to water estimated to be delivered ~~in Seasonal Storage Service,~~ for replenishment, the quantity of water to be used for:
      - (aa) ~~(aa)~~ —In-Lieu Groundwater ~~and Long-Term Storage purposes,~~ Replenishment, exclusive of groundwater replenishment by spreading or injecting ~~and direct reservoir storage;~~ and
      - (bb) ~~(bb)~~ —Groundwater replenishment by spreading or injecting.
      - ~~(cc) (cc) —Direct Reservoir Storage.~~ Direct reservoir Replenishment.
      - (dd) In-Lieu Reservoir Replenishment
  - (2) ~~(2)~~ —The estimate shall constitute the member public agency's request for deliveries for the first of the five years covered therein.

**§ 4507. Billing and Payment for Water Deliveries.**

(a) **Timeframe for Billing and Payment.** Except as noted hereinbelow, invoices shall be mailed electronically, or, if requested by the member agency, by hardcopy via United States mail, not later than the tenth day of the month following delivery to a member public agency. Each such invoice shall indicate the date of mailing and the date on which the payment thereunder becomes delinquent and shall show the total amount of water delivered for each class of service, the charges for water sold and delivered for each class, the readiness-to-serve and capacity reservation, charges, as applicable, and the total amount due and owing, all as determined by the Chief Executive Officer. Payment of the amount shown on any such invoice shall be due on the last business day of that month and shall be delinquent if not received by the Treasurer of the District before the close of crediting activity on the last business day of the first month following such date of mailing. When making any such payment the member public agency shall specify the invoice or invoices to which the payment shall be credited by the District.

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(d) ~~(d)~~ **Exclusive Direct Groundwater Replenishment Facility.** In the event water delivered by the District through a particular facility is used exclusively for direct groundwater replenishment through spreading the member public agency shall be charged therefore at the rates for water sold and delivered for ~~Seasonal Storage~~ Replenishment Service as set forth in Section 4401, when ~~Seasonal Storage Service~~ Replenishment Service water is available as determined by the Chief Executive Officer. When ~~Seasonal Storage Service~~ Replenishment Service water is not available, the member public agency shall be charged at the rates for water sold and delivered ~~for full service as set forth in Section 4401.~~ set forth in Section 4401(a) (1).

(e) ~~(e)~~ **Full Service, Interim Agricultural Water Program, and ~~Seasonal Storage Service~~ Program Replenishment Water Facility.** In cases where water through a particular facility is delivered during any month for full service or Interim Agricultural Water Service or both, and for ~~Seasonal Storage~~ Replenishment Service, the bill for water delivered in such month will be prepared by applying the rates for water sold and delivered in full service to the total quantity of water delivered. In addition to the procedures for crediting Interim Agricultural Water Program Service, if the member public agency desires to receive credit for water used in ~~Seasonal Storage~~ Replenishment Service the facts concerning the quantities of water so used must be certified to the District in writing or electronically by computer modem or otherwise by a responsible officer of the member public agency purchasing such water as provided for in Section 4507 (f) and (h). The amount of such credits shall be based on the difference in water rates in effect at the time the water is used.

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- (i) ~~(f)~~ **Determination by Chief Executive Officer as to Type of Delivery.** In the event the respective quantities of water sold and delivered in any month on order of any member public agency for use therein in Interim Agricultural Water Program Service or ~~Seasonal Storage~~ Replenishment Service are not determinable to the satisfaction of the Chief Executive Officer in time for preparing regular monthly bills therefor, then billing and payment for all water sold and delivered in such month to such member public agency shall be made at the rates prescribed for water used in full service in Section 4401(a)(1) hereof. Upon the determination by the Chief Executive Officer of the correct quantities of water sold and delivered and used in Interim Agricultural Water Program Service or ~~Seasonal Storage~~ Replenishment Service, any adjustment which is necessary to give effect to the reduced rates applicable to water used in Interim Agricultural Water Program Service or ~~Seasonal Storage~~ Replenishment Service shall be made by application of credits on subsequent purchases of water from the District by such member public agency. Such adjustments shall not be made in cases where a claim for the reduced rates is not submitted within the period provided in Section 4507(f).
- (j) ~~(g)~~ **Obligation to Pay for Appropriate Class of Service.** If water has been sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program Service, ~~Seasonal Storage~~ Replenishment Service, or other water program or contract and appropriate certifications have been submitted for the water so used, but the water has in fact been used in full service or another class of service, the member public agency shall be obligated to pay the difference between the rates prescribed for water sold for Interim Agricultural Water Service, ~~Seasonal Storage~~ Replenishment Service, or other water program or contract and the rates prescribed for the class of service actually used.
- (k) ~~(h)~~ **Submission of Documentation by Member Agency.** With respect to water sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program Service, or other water programs (unless otherwise specified in an agreement with the District or excluding ~~Seasonal Storage~~ Replenishment Service which shall follow the provisions outlined in its Handbook) original documentation supporting the use of such water as certified must be submitted no later than December 31 following the end of the fiscal year in which a certification is submitted. If the documentation is not submitted by December 31 following the end of the fiscal year in which a certification is submitted, an agency will receive a late penalty of \$2,500. If the agency does not submit documentation by February 28/29 following the end of the fiscal year in which a certification is submitted, it shall be conclusively presumed that:
- (1) ~~(1)~~—The water sold from the District was used for full service, and the District's next monthly billing shall reflect such adjustment; or
  - (2) ~~(2)~~—The yield was not produced as certified and the District's next monthly billing shall reflect such adjustment.

This provision will apply individually to each program or agreement that an agency or sub-agency participates in separately.

- (l) ~~(i)~~ **Review Process.** With respect to water sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program Service, or other water programs (excluding ~~Seasonal Storage~~ Replenishment Service which shall follow the provisions outlined in its Handbook) the

District will complete its review within twelve months from date of receipt of the original supporting documentation.

- (1) ~~(1)~~—Should the District not complete its review within twelve months of the submittal of all source documentation, the review will be considered complete and the certifications final.
  - (2) ~~(2)~~—When the review is completed, the District will notify the member agency of its initial findings for its comments. The member agency will provide its comments within 60 days. Metropolitan staff and the agency will work together to reconcile any differences.
  - (3) ~~(3)~~—If the member agency and Metropolitan staff cannot reconcile the differences, Metropolitan's Water System Operations' Group Manager has the responsibility to consult with the member agency and make a final ruling subject to the Chief Executive Officer's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's Water Planning, Quality and Resources Committee.
  - (4) ~~(4)~~—If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60-day comment period as specified in (m) (2), then it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.
- (m) ~~(m)~~—**Discovery of Mistakes or Errors.** In the event a mistake or error is discovered in a District water sales record, the Chief Executive Officer shall initiate appropriate corrective action. No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.
- (1) ~~(1)~~—A District water sales record shall include a water billing invoice, or district invoice for other water-related charges.
  - (2) ~~(2)~~—If the District finds the mistake or error, the discovery of the mistake or error shall be documented in writing to the member agency. The date of discovery for corrective action purposes shall be the date notice is sent to the member agency.
  - (3) ~~(3)~~—If the member agency discovers the mistake or error, the discovery of the mistake or error shall be documented in writing to the District by either a revised certification form or letter, whichever is applicable. The date of discovery for corrective action purposes shall be the date the certification or letter is received by the District.
  - (4) ~~(4)~~—If an incorrect invoice has been issued to a member public agency, the Chief Executive Officer shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

- (5) ~~(5)~~—Mistakes or errors shall also include but are not limited to mistakes or errors in metering or recording deliveries to member agencies, entry or calculation errors in fixed charges, discovery of errors in either a member agency or sub-agency submitted certification(s), or processing of a certification(s) for the Local Projects Program, the Local Resources Program, the Groundwater Recovery Program, Conservation Credit Program, Interim Agricultural Water Program, ~~Seasonal Storage~~Replenishment Service Program, or any other water management program or storage programs or agreements unless specified otherwise in the contract.
- (6) ~~(6)~~—Any mistakes or error for a fiscal year period that is less than five acre-feet cumulative by agency or sub-agency, by program or agreement, shall be waived.

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§ 4514. ~~Seasonal Storage~~Replenishment Service.

(a) ~~(a) General—The goals of the Seasonal Storage~~General - The goals of the Replenishment Service program are to:

- 1. ~~1.~~—Achieve greater conjunctive use of imported and local supplies.
- 2. ~~2.~~—Encourage construction of additional local production facilities.
- 3. ~~3.~~—Reduce member agencies’ dependence on deliveries from Metropolitan during~~the summer months and~~ periods of shortage.

Member agencies are encouraged to take ~~seasonal~~replenishment water through a discounted rate offered by Metropolitan. This economic incentive encourages local agencies to invest in new water production, storage, treatment and transmission facilities, or to fully utilize existing facilities. These facilities are needed to augment local agencies’ capability to produce local water, as well as store imported water purchased from Metropolitan during periods of abundance.

To receive the lower rates, agencies must certify to Metropolitan the amounts of imported water that they have stored in local reservoirs and groundwater basins by direct and in-lieu means. Certification forms are provided to agencies to assist in their calculations and standardize the certifications. Agencies shall comply with the administrative procedures as set forth in the most current ~~Seasonal Storage~~Replenishment Service Handbook, as amended from time to time by the Chief Executive Officer, to receive the ~~Seasonal Storage~~Replenishment Service rate on water purchased from Metropolitan.

(b) ~~(b) Storage Types—Seasonal Storage~~Storage Types - Replenishment Service water shall be stored for long-term storage. ~~Long-Term Storage~~Long-term storage is that water delivered by Metropolitan to a member public agency or sub-agency for storage, by direct or in-lieu methods, beyond ~~the 12-month Seasonal Storage Service~~a 12-month period. Under this concept, total annual purchases from Metropolitan increase by the amount of ~~Seasonal Storage water which qualifies for long term~~



~~storage~~ Replenishment Service water purchased. Water that an agency leaves in storage to replace groundwater overdraft in any previous drought year when ~~Seasonal Storage~~ Replenishment Service was declared unavailable is considered long-term storage.

- (c) ~~(e) Normal Period of Availability—Long-Term Storage water service~~ Normal Period of Availability - Replenishment Service water shall be available between ~~October 1 and the following April 30~~ July 1 through June 30 whenever and so long as the Chief Executive Officer determines that water and system capacity are available. If required for Metropolitan's system regulation, groundwater replenishment by spreading or injecting or water deliveries/sales pursuant to any storage or operating agreement, may be offered to specific member public agencies during any time of the year at the ~~Seasonal Storage~~ Replenishment Service rate at the Chief Executive Officer's discretion. ~~In the event that excess supplies are available between April 30 and October 1, the Chief Executive Officer may make such supplies available to all agencies at the Seasonal Storage Service rate in accordance with the objectives of this program, unless limited by system constraints.~~ If an agency should take ~~Long-Term Storage water service~~ Replenishment Service water when it is deemed not available by the Chief Executive Officer then it shall pay the ~~full service~~ rates for that water set forth in Section 4401(a)(1). With respect to service for direct reservoir ~~storage~~ replenishment and for groundwater replenishment by spreading or injecting, service availability may be activated or terminated immediately upon notice by the Chief Executive Officer to affected member public agencies. With respect to service for in-lieu groundwater replenishment or in-lieu reservoir ~~storage~~ replenishment, service availability may be activated upon notice to the member public agencies and terminated upon ~~15 days~~ 48 hours notice to the member public agencies.
- (d) ~~(d) Certification—Certification -~~ Member public agencies may receive ~~seasonal storage water service~~ Replenishment Service water only upon filing of the required certifications specified in Section 4507. All certifications as to the storage of water ~~under the Seasonal Storage Service Program~~ for Replenishment Service must be on forms provided by the District or in electronic format acceptable to the District. Receipt of a certification electronically by computer modem or otherwise shall be considered identical to receipt of a written and signed certification binding on the member public agency for all purposes. The Chief Executive Officer may make or cause to be made such investigations as the Chief Executive Officer may require in order to determine the quantities of water to which the ~~seasonal storage~~ Replenishment Service rates shall apply. Such investigations may result in revisions either upward or downward in the amount of water actually received in ~~Seasonal Storage~~ Replenishment Service. No such investigation shall be made unless the member public agency has requested ~~Seasonal Storage~~ Replenishment Service and submitted the requisite certifications. The Chief Executive Officer may reject any certification if the certifying agency is unable to furnish sufficient documentation as to the facts of the certification.

#### § 4517. Cooperative Storage Program.

- (a) ~~(a)~~ The Cooperative Storage Program that provides a means for coordinating storage capacity available to the District's member public agencies, with the District's annual carryover storage needs as those needs are determined under Subsection 4206(c). The purpose of the Program is to place additional amounts of imported water in local storage to improve regional water supply reliability within the District's service area, in a manner that will recognize local costs and risks of

participating in the program, but will not adversely impact either the District’s finances or the member public agencies’ ability to participate in the ~~Seasonal Storage~~Replenishment Service Program.

.....

(g) ~~(g)~~ Storage Accounting

- (1) ~~(1)~~ — Each participating member public agency shall maintain a Program storage account for Program water it stores, which shall account for monthly deliveries, releases, and storage losses approved by the District, if any, and other information which the Chief Executive Officer shall deem necessary.
- (2) ~~(2)~~ — The District shall bear reasonable and equitable losses of stored water provided that the Chief Executive Officer approves the respective member public agency's justification of the loss criteria prior to placement of water into storage and shall consider those losses in allocating Program storage. Otherwise the District shall not bear any loss of stored water.
- (3) ~~(3)~~ — Water stored under this Program shall be stored by a participating agency in such a manner as to assure that such water can be produced by that agency when released by Metropolitan. Program water delivered to a member public agency for storage shall be considered local water produced in that year for purposes of ~~Seasonal Storage~~Replenishment Service.

(h) ~~(h) Release of Stored Water~~ Release of Stored Water - The Chief Executive Officer shall release stored Program water to the participating member public agency in which it is stored under the following criteria:

- (1) ~~(1)~~ — Water Delivered to Storage Prior to 1995
  - (i) ~~(i) In an~~In a fiscal year when ~~Seasonal Storage~~Replenishment Service deliveries are available, the Chief Executive Officer may release, up to half of the Program water stored by the respective member public agency, in place of the agency's request for delivery of ~~Seasonal Storage~~Replenishment Service through the District's distribution system, except for conditions described in provisions (iv) and (v) of this subsection;
  - (ii) In a fiscal year in which Replenishment Service or Full Service deliveries have been suspended, the Chief Executive Officer shall release, and the participating member public agency shall accept, up to half of the Program water stored by the respective public agency, to the extent the agency requests that release, except for conditions described in provisions (iv) and (v) of this subsection;
  - ~~(ii) — In a fiscal year in which Seasonal Storage Service or Full Service deliveries have been suspended, the Chief Executive Officer shall release, and the participating member public~~

~~agency shall accept, up to half of the Program water stored by the respective public agency, to the extent the agency requests that release, except for conditions described in provisions (iv) and (v) of this subsection;~~

- (iii)~~(iii)~~ During an emergency such as an earthquake, when District water service is interrupted, the Chief Executive Officer shall release up to all stored Program water stored by the respective member public agency, to the extent of the interruption in water service and that the agency requests that release;
- (iv)~~(iv)~~ When the Program water stored by the respective member public agency is less than ~~ten percent~~ten percent of the agency's average annual purchase of Seasonal Storage Service or Replenishment Service, whichever is applicable, deliveries for the prior four years, the Chief Executive Officer may release all of the Program water stored by the agency;
- (v) ~~(v)~~ In any fiscal year during which a participating member public agency's ~~Seasonal Storage~~Replenishment Service or Program water release request is less than its average annual purchase of Seasonal Storage Service or Replenishment Service, whichever is applicable, of the prior four years, the Chief Executive Officer may release the Program water stored by the respective member public agency in combination with ~~Seasonal Storage~~Replenishment Service sales up to the agency's four-year average Seasonal Storage Service or Replenishment Service purchase. The District shall not release more than half of the Program water stored by the respective member public agency for this purpose and shall provide the agency with a ~~90-day~~90-day advance notice of the release.
- (2) ~~(2)~~ — Water Delivered to Storage After 1994
- (i) ~~(i)~~ The Chief Executive Officer may release in a fiscal year up to one-third of the total amount of Program water placed in storage by a respective member public agency in place of that agency's request for delivery of water from the District's distribution system or for ~~Seasonal Storage~~Replenishment Service, in order to fill Diamond Valley Lake, meet operational requirements, or reduce or eliminate shortages. Program water used to reduce or eliminate shortages, or for operational requirements may be released during any ten months selected by the Chief Executive Officer during a twelve-month period from the time of release. Program Water may be released at any time in place of the agency's request for ~~Seasonal Storage~~Replenishment Service.
- (ii) ~~(ii)~~ Upon release of Program water by District, the participating member agency shall furnish to District, within 60 days, water supply and demand data based on historical information sufficient to document that it has produced the amount of Program water released to it.
- (iii)~~(iii)~~ The Chief Executive Officer shall release stored Program water to the respective member public agency no later than ten years after delivering it to that agency for storage.
- (iv)~~(iv)~~ If a member public agency receives delivery of Program water for storage after 1994, any Program water that agency has stored in previous years shall also be subject to the release provisions of this ~~subsection (h)(2).~~Subsection (h)(2).

(v) ~~(v)~~ Participating Member Public Agencies may transfer Program water they have placed into storage under the Program into other long-term water storage programs the District may develop as part of its Integrated Resource Plan under mutually agreeable transfer terms, executed in writing by both parties.

(i) ~~(i)~~ Payment

(1) ~~(1)~~ — The participating member public agency shall pay the District’s incremental costs of delivering Program water for storage plus interest at the average yield on the District’s investment portfolio, from the date of delivery to the member public agency to the date of the invoice. Pursuant to the provisions of Section 4507, the District will invoice the member public agency on or about July 10 of the calendar year following the year in which the water is delivered.

(2) ~~(2)~~ — At the time the Chief Executive Officer releases stored Program water to the respective participating member public agency the District shall invoice the respective participating member public agency pursuant to the provisions of Section 4507, at the applicable treated or untreated ~~Seasonal Storage~~ Replenishment Service rate in effect when the respective Program water was placed in storage, less any previous payment for the incremental costs of delivering the water for storage (but not including credit for the interest required by ~~subsection (i)(1)~~ Subsection (i)(1)).

(3) ~~(3)~~ — Water released from storage to the participating member public agency shall be the oldest water then in storage.

(4) ~~(4)~~ — Readiness-to-Serve Charge Treatment.

(i) ~~(i)~~ — Program water delivered to storage prior to April 12, 1994 shall be exempted from the Readiness-to-Serve charge determination. Those charge determinations shall be applied to water delivered to storage after that date, except as applied in (ii) below, when the stored water is released to the participating member public agency.

(ii) ~~(ii)~~ — The Readiness-to-Serve charge for Program water delivered for storage in 1995 shall be \$36 per acre foot and will be paid monthly as the water is released to the member public agency.

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**DIVISION V  
FINANCIAL MATTERS**

**§ 5200. Funds Established.**

- (a) To provide for accountability of public moneys in accordance with applicable federal and state law and regulations, ~~bond covenants, tax and non-arbitrage certificates, bond counsel letters of instruction~~ and Board policies, the following funds active or prospectively active have been established in the Treasury of the District:
- (1) ~~(a) — General Fund (Fund No. 1001,~~ General Fund (Fund No. 1001, established 1929). Moneys not specifically allocated or appropriated may be placed in this fund and used for general purposes of the District. Expenditures for reimbursable work and water conservation capital and indirect costs under the contract with Imperial Irrigation District are paid from this fund.
  - (2) ~~(b) — Pay As You Go Fund (Fund No. 5001,~~ Pay-As-You-Go Fund (Fund No. 5001, established 1988). Used to finance certain capital program expenditures from current revenues in accordance with Section 5109, subject to the conditions contained in Section 5202(b).
  - ~~(c) — 1931 General Obligation Bond Interest and Redemption Fund (Fund No. 3001, established 1932). Used to pay debt service on 1931 authorization general obligation bonds of the District from ad valorem property taxes subject to the conditions contained in Section 5201(a).~~
  - (3) ~~(d) — State Contract Fund (Fund No. 5701,~~ State Contract Fund (Fund No. 5701, established 1960). Used for the payment of capital charges under the State Water Contract, including the capital charges for off-aqueduct power facilities, subject to the conditions contained in Section 5201(d).
  - (4) ~~(e) — Special Tax Fund (Fund No. 5702,~~ Special Tax Fund (Fund No. 5702, established 1951). Annexation fees (cash payments and special tax collections) are deposited in this fund and transferred to the State Contract ~~Fund to~~ Fund to pay a portion of State Water Contract capital charges.
  - (5) ~~(f) — Replacement Reserve Fund (Fund No. 6002,~~ Replacement Reserve Fund (Fund No. 6002, established 1960, inactive as of 1967). May be used to set aside funds for the purchase of replacements.
  - ~~(g) — 1966 General Obligation Bond Construction Fund (Fund No. 4502, established 1967). Proceeds from the sale of District general obligation bonds are deposited in this fund and are applied exclusively to the purposes for which the bonds were authorized.~~
  - ~~(h) — 1966 General Obligation Bond Interest and Principal Fund (Fund No. 3002, established 1967). Used to pay debt service on District 1966 authorization general obligation bonds from ad valorem property taxes subject to the conditions contained in Section 5201(a).~~

- ~~(i) Optional General Obligation Bond Redemption Fund (Fund No. 3006 established 1980, amended 1993). Used for the purpose of redeeming untendered refunded general obligation bonds.~~
- ~~(j) Waterworks Revenue Bond Construction Fund (Fund No. 4001, established 1975). Proceeds from the sale of revenue bonds issued prior to 1987 (the Prior Lien Waterworks Revenue Bonds) were deposited in this fund and are applied exclusively to the purposes for which the bonds were authorized.~~
- (6) ~~(k) Water Revenue Fund (Fund No. 1002)~~ Water Revenue Fund (Fund No. 1002, established 1975). Receipts from water sales are deposited in this fund and are transferred to various other funds in accordance with revenue bond covenants and Board resolutions to pay in order of priority:
- (i) ~~(1)~~ Operation and maintenance expenditures;
  - (ii) ~~(2)~~ Principal of, premium, if any, and interest on the Prior Lien Waterworks Revenue Bonds and any required deposits into any reserve funds or accounts therefore;
  - (iii) ~~(3)~~ The interest on and bond obligation of Subordinate Lien Water Revenue Bonds and Parity Obligations issued pursuant to Master ~~Resolution 8329~~ Resolution 8329 (the Master Resolution) adopted by the Board on July 9, 1991 and any Supplemental Resolutions thereto;
  - (iv) ~~(4)~~ All other payments required for compliance with the Master Resolution, and any Supplemental Resolutions;
  - (v) ~~(5)~~ Principal of and interest on Commercial Paper Notes and other amounts due a provider of a liquidity facility;
  - (vi) ~~(6)~~ Deposits into the Water Standby Charge ~~Fund in~~ Fund in accordance with resolutions imposing such charges; and
  - (vii) ~~(7)~~ Any other obligations which are charges, liens, or encumbrances upon or payable from net operating revenues.
  - (viii) Moneys remaining at the end of ~~the~~ each month, after the foregoing transfers, are transferred to the Revenue Remainder Fund.
- (7) ~~(l)~~ Operation and Maintenance ~~Fund (Fund No. 1003)~~ Fund (Fund No. 1003, established 1975). Used to pay all operation and maintenance expenditures, including State Water Contract operation, maintenance, power and replacement charges, subject to the conditions contained in Section 5201(f).
- ~~(m) Waterworks Revenue Bond Interest and Principal Fund (Fund No. 2001, established 1975). Used to pay the debt service on Prior Lien Waterworks Revenue Bonds of the District, subject to the conditions contained in Section 5201(b).~~

- ~~(n) — Waterworks Revenue Bond Reserve Fund (Fund No. 2501, established 1975). Used to maintain debt service reserve for Prior Lien Waterworks Revenue Bonds, subject to the conditions contained in Section 5201(b).~~
- (8) ~~(o) — Revenue Remainder Fund (Fund No. 1004,~~ Revenue Remainder Fund (Fund No. 1004, established 1975). Used to maintain working capital and certain designated funds in accordance with Section 5200(k), and may be used for any lawful purpose by the District, subject to the conditions contained in Section 5202.
- ~~(p) — Note Interest and Principal Fund (Fund No. 2004, established 1981). Used to pay debt service on District revenue bond anticipation notes, in accordance with covenants for such notes.~~
- ~~(q) — Optional Revenue Bond Redemption Fund 1975 (Fund No. 2006, established 1985, amended 1993). Used for the purpose of redeeming the untendered refunded revenue bonds.~~
- (9) ~~(r) —~~ Water Rate Stabilization Fund ~~(Fund No. 5501,~~ Fund (Fund No. 5501, established 1987). Used to reduce future water revenue requirements or, as directed by the Board, for other lawful purposes, in accordance with Section 5202.
- (10) ~~(s) —~~ Water Treatment Surcharge Stabilization Fund ~~(Fund No. 5502,~~ Fund (Fund No. 5502, established 1988). Used to mitigate required increases in the surcharge for water treatment or, as directed by the Board, for other lawful purposes, in accordance with Section 5202.
- (11) ~~(t) —~~ Revolving Construction Fund ~~(Fund No. 5003,~~ Fund (Fund No. 5003, established 1988). Capital expenditures made from this fund are to be reimbursed from proceeds of security sales to the extent such expenditures are authorized uses of debt proceeds under the Act, subject to the conditions and restrictions contained in Section 5201(g).
- ~~(u) — Series G 1966 General Obligation Bond Construction Fund (Fund No. 4504, established 1989). Proceeds from the sale of the District's Series G 1966 General Obligation bonds are deposited in this fund and applied exclusively to the purposes for which the bonds were authorized.~~
- ~~(v) — Series G 1966 General Obligation Bond Interest and Principal Fund (Fund No. 3008, established 1989). Used to pay debt service on the District's Series G 1966 General Obligation bonds from ad valorem taxes subject to the conditions contained in Section 5201(a).~~
- ~~(w) — Series G 1966 General Obligation Bond Excess Earnings Fund (Fund No. 6001, established 1990). Used to separately hold rebatable arbitrage interest earnings transferred from the Series G 1966 General Obligation Bond Construction Fund, computed on an annual basis in accordance with federal regulations.~~
- ~~(x) — Series G 1966 General Obligation Bond Reserve for Interest and Principal Fund (Fund No. 3009, established 1990). Used to satisfy debt service requirements if there are insufficient funds available in the Series G 1966 General Obligation Bond Interest and Principal Fund.~~

- (12) ~~(y)~~—Employee Deferred Compensation ~~Fund (Fund No. 6003,~~ Fund (Fund No. 6003, established 1976). Compensation deferred by employees under Section 457 of the Internal Revenue Code of 1986, as amended, is deposited in this fund and is withdrawn in accordance with ~~Articles 2~~ Articles 2 and 3 of Chapter 7 of Division VI of this Administrative Code.
- ~~(z) — San Joaquin Reservoir Fund (Fund No. 6004, established 1980). Used for the purposes contained in the San Joaquin Reservoir Trust Agreement between the District and the other entities who share joint ownership of the facility.~~
- (13) ~~(aa)~~—Iron Mountain Landfill Closure/Postclosure Maintenance Trust ~~Fund (Fund No. 6005,~~ Fund (Fund No. 6005, established 1990). Used as a trust fund to maintain moneys sufficient to cover the costs of closure and postclosure maintenance of the District's solid waste landfill facility at Iron Mountain, in accordance with regulations of the California Integrated Waste Management Board, and subject to the conditions contained in Section 5201(l).
- ~~(bb) — Commercial Paper Note Series A, Construction Fund (Fund No. 5004, established 1991). Proceeds from the sale of Series A, commercial paper are deposited in this fund and are applied exclusively to the purposes for which the notes were authorized.~~
- ~~(cc) — Commercial Paper Note, Series A, Payment Fund (Fund No. 3501, established 1991). Used to pay debt service on commercial paper of the District, subject to the conditions contained in Section 5201(h).~~
- ~~(dd) — Commercial Paper Note, Series A, Excess Earnings Fund (Fund No. 6006, established 1991). Used to separately hold rebatable arbitrage interest earnings transferred from the Commercial Paper Note Series A Construction Fund, computed on an annual basis in accordance with federal regulations.~~
- ~~(ee) — Water Revenue Bonds, Issue of 1991 Construction Fund (Fund No. 4002, established 1991). Net proceeds from the sale of these subordinate revenue bonds were deposited in this fund and are used exclusively for the purposes for which the bonds were authorized.~~
- ~~(ff) — Water Revenue Bond Service Fund (Fund No. 2009, established 1991). Used to pay debt service on subordinate water revenue bonds after payment of Prior Lien Waterworks Revenue Bonds, including reimbursement of any payments made by providers of credit as liquidity enhancement for the bonds.~~
- ~~(gg) — Water Revenue Bonds, Issue of 1991 Reserve Fund (Fund No. 2502, established 1991). Proceeds from the sale of these subordinate revenue bonds, in an amount equal to the 1991 Bond Reserve Requirement, were deposited in this fund. Used to satisfy debt service requirements if there are insufficient funds available in the Water Revenue Bond Service Fund.~~
- ~~(hh) — Water Revenue Bonds, Issue of 1991 Excess Earnings Fund (Fund No. 6007, established 1991). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the First Supplemental Resolution for these subordinate bonds.~~



- (14) ~~(ii) — Water Standby Charge Fund (Fund No. 1005, established 1992). Used to separately hold revenues attributable to water standby charges; amounts deposited in this fund are used exclusively for the purpose for which the water standby charge was authorized.~~
- ~~(jj) — Water Revenue Bonds, Issue of 1992 Construction Fund (Fund No. 4003, established 1992). Net proceeds from the sale of these subordinate revenue bonds were deposited in this fund and are used exclusively for the purposes for which the bonds were authorized.~~
- ~~(kk) — Water Revenue Bonds, Issue of 1992 Reserve Fund (Fund No. 2503, established 1992). Proceeds from the sale of these subordinate bonds, in an amount equal to the 1992 Bond Reserve Requirement, were deposited into this fund. Used to satisfy debt service requirements if there are insufficient funds available in the Water Revenue Bond Service Fund.~~
- ~~(ll) — Water Revenue Bonds, Issue of 1992 Excess Earnings Fund (Fund No. 6008, established 1992). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Second Supplemental Resolution for these subordinate bonds.~~
- ~~(mm) — Water Revenue Refunding Bonds, 1993 Series A Interest and Principal Fund (Fund No. 2010, established 1993). Used to pay debt service on the subordinate water revenue refunding bonds after payment of Prior Lien Revenue Bonds.~~
- ~~(nn) — Water Revenue Refunding Bonds, 1993 Series A Excess Earnings Fund (Fund No. 6009, established 1993). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Fourth Supplemental Resolution for these refunding bonds.~~
- ~~(oo) — Water Revenue Refunding Bonds, 1993 Series A Construction Fund (Fund No. 4004, established 1993). Funds released from the Water Revenue Bond Reserve Fund due to the reduction in reserve requirements are deposited to this fund and used exclusively for construction purposes.~~
- ~~(pp) — Waterworks General Obligation Refunding Bonds, 1993 Series, A3, Interest and Principal Fund (Fund No. 3010, established 1993). Used to pay debt service on the District's 1993 Series A3, general obligation refunding bonds.~~
- ~~(qq) — Waterworks General Obligation Refunding Bonds, 1993 Series, Excess Earnings Fund (Fund No. 6010, established 1993). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Resolution for these refunding bonds.~~
- ~~(rr) — Waterworks General Obligation Refunding Bonds, 1993 Series A1 and A2, Escrow Account Fund (Fund No. 6011, established 1993). Proceeds from the sale of the 1993 Series A1 and A2, general obligation refunding bonds are deposited in this fund and used to pay debt service on the 1993 Series A1 and A2, general obligation refunding bonds through March 1, 1999 and March 1,~~

~~1996, respectively. At these dates the funds available will be used to effect partial refunding of certain bonds for which the bonds were issued.~~

- ~~(ss) Waterworks General Obligation Refunding Bonds, 1993 Series A3, Refunding Fund (Fund No. 6012, established 1993). Proceeds from the sale of the 1993 Series A3 bonds are deposited into this fund and used to defease certain maturities of outstanding prior general obligation bonds and to pay for certain costs.~~
- ~~(tt) Water Revenue Refunding Bonds, 1993 Series A, Refunding Fund (Fund No. 6013, established 1993). Proceeds from the sale of the 1993 Series A bonds, along with certain other available moneys of the District, are deposited into this fund and used to defease certain maturities of outstanding prior revenue bonds and to pay for certain costs.~~
- ~~(uu) Water Revenue Refunding Bonds, 1993 Series B, Refunding Fund (Fund No. 6014, established 1993). Proceeds from the sale of the 1993 Series B bonds, along with certain other available moneys of the District, are deposited into this fund and used to defease certain maturities of outstanding prior revenue bonds and to pay for certain costs.~~
- ~~(vv) Water Revenue Refunding Bonds, 1993 Series B, Interest and Principal Fund (Fund No. 2011, established 1993). Used to pay debt service on these subordinate water revenue refunding bonds after payment of Prior Lien Revenue Bonds.~~
- ~~(ww) Water Revenue Refunding Bonds, 1993 Series B Reserve Fund (Fund No. 2504, established 1993). Proceeds from the sale of these subordinate bonds, in an amount necessary to maintain the Bond Reserve Requirement, were deposited in this fund. Used to satisfy debt service requirements if there are insufficient funds available in the Water Revenue Refunding Bonds, 1993 Series B Interest and Principal Fund.~~
- ~~(xx) Water Revenue Refunding Bonds, 1993 Series B Excess Earnings Fund (Fund No. 6015, established 1993). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Fourth Supplemental Resolution for these refunding bonds.~~
- ~~(yy) Waterworks General Obligation Refunding Bonds, 1993 Series B Refunding Fund (Fund No. 6016, established 1993). Proceeds from the sale of the 1993 Series B Bonds are deposited into this fund and used to defease certain maturities of outstanding prior general obligation bonds and to pay for certain costs.~~
- ~~(zz) Waterworks General Obligation Refunding Bonds, 1993 Series B Interest and Principal Fund (Fund No. 3011, established 1993). Used to pay debt service on the District's 1993 Series B general obligation refunding bonds.~~
- ~~(aaa) Waterworks General Obligation Refunding Bonds, 1993 Series B Excess Earnings Fund (Fund No. 6017, established 1993). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Fourth Supplemental Resolution for these refunding bonds.~~

- (15) ~~(bbb) Water Transfer Fund (Fund No. 1007)~~, Water Transfer Fund (Fund No. 1007, established 1995). Used for moneys set aside for the purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project.
- ~~(ccc) Water Revenue Bonds, 1995, Series A Interest and Principal Fund (Fund No. 2012, established 1995). Used to pay debt service on these subordinate water revenue refunding bonds after payment of debt service on Prior Lien Revenue Bonds.~~
- ~~(ddd) Water Revenue Bonds, 1995, Series A Construction Fund (Fund No. 4005, established 1995). Net proceeds from the sale of these subordinate revenue bonds were deposited in this fund and are used to pay costs of construction of the District's capital improvement program.~~
- ~~(eee) Water Revenue Bonds, 1995 Series A Excess Earnings Fund (Fund No. 6018, established 1995). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Sixth Supplemental Resolution for these bonds.~~
- ~~(fff) Commercial Paper, Series B, Note Payment Fund (Fund No. 3502, established 1995). Used to pay debt service on Series B commercial paper notes of the District, subject to the conditions contained in Section 5201(h).~~
- ~~(ggg) Commercial Paper Note, Series B Construction Fund (Fund No. 5005, established 1995). Proceeds from the sale of Series B commercial paper notes are deposited in this fund and are applied exclusively to the purposes for which the notes were authorized.~~
- ~~(hhh) Commercial Paper Note, Series B Excess Earnings Fund (Fund No. 6019, established 1995). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and resolutions authorizing these notes.~~
- ~~(iii) Water Revenue Refunding Bonds, 1996 Series B Interest and Principal Funds (Fund No. 2013, established 1996). Used to pay debt series on these subordinate water revenue refunding bonds after payment of debt service on Prior Lien Revenue Bonds.~~
- ~~(jjj) Water Revenue Refunding Bonds, 1996 Series B Reserve Fund (Fund No. 2505, established 1996). Proceeds from the sale of these subordinate revenue bonds in an amount equal to the Bond Reserve Requirement of fifty percent of maximum annual debt service on the 1996 Series B Bonds, were deposited and are required to be maintained in this fund.~~
- ~~(kkk) Water Revenue Refunding Bonds, 1996 Series B Excess Earnings Fund (Fund No. 6021, established 1996). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Fourth Supplemental Resolution for these refunding bonds.~~

- ~~(III) — Water Revenue Refunding Bonds, 1996 Series A, Interest and Principal Fund (Fund No. 2014, established 1996). Used to pay debt service on these subordinate water revenue refunding bonds after payment of debt service on Prior Lien Revenue Bonds.~~
- ~~(mmm) — Water Revenue Refunding Bonds, 1996 Series A Excess Earnings Fund (Fund No. 6023, established 1996). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provision of the Tax and Nonarbitrage Certificate and the Fifth Supplemental Resolution for these refunding bonds.~~
- ~~(nnn) — Water Revenue Bonds, 1996 Series C, Interest and Principal Fund (Fund No. 2015, established 1996). Used to pay debt service on these subordinate water revenue bonds after payment of debt service on Prior Lien Revenue Bonds.~~
- ~~(ooo) — Water Revenue Bonds, 1996 Series C Construction Fund (Fund No. 4006 established 1996). Net proceeds from the sale of these subordinate revenue bonds were deposited in this fund and are used to pay costs of construction of the District's capital improvement program.~~
- ~~(ppp) — Water Revenue Bonds, 1996 Series C Excess Earnings Fund (Fund No. 6025, established 1996). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Seventh Supplemental Resolution for these bonds.~~
- ~~(qqq) — Water Revenue Bonds, 1997 Authorization, Series A, Interest and Principal Fund (Fund No. 2016, established 1997). Used to pay debt service on these subordinate water revenue bonds after payment of debt service on Prior Lien Revenue Bonds.~~
- ~~(rrr) — Water Revenue Bonds, 1997 Authorization, Series A Construction Fund (Fund No. 4007, established 1997). Net proceeds from the sale of these subordinate revenue bonds were deposited in this fund and are used to pay cost of construction of the District's capital improvement program and certain costs of issuance of these bonds.~~
- ~~(sss) — Water Revenue Bonds, 1997 Authorization, Series A Excess Earnings Fund (Fund No. 6026, established 1997). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Eighth Supplemental Resolution for these bonds.~~
- ~~(ttt) — Water Revenue Bonds, 1997 Authorization, Series B Construction Fund (Fund No. 4008, established 1998). Net proceeds from the sale of these subordinate revenue bonds were deposited in this fund and are used to pay cost of construction of the District's capital improvement program and certain costs of issuance of these bonds.~~
- ~~(uuu) — Water Revenue Bonds, 1997 Authorization, Series B, Interest and Principal Fund (Fund No. 2017, established 1998). Used to pay debt service on these subordinate water revenue bonds after payment of debt service on Prior Lien Revenue Bonds~~

- ~~(vvv) — Water Revenue Bonds, 1997, Authorization, Series B Reserve Fund (Fund No. 2507, established 1998). Proceeds from the sale of these subordinate revenue bonds in an amount equal to the Bond Reserve Requirement of \$1,000,000 were deposited and are required to be maintained in this fund.~~
- ~~(www) — Water Revenue Bonds, 1997 Authorization, Series B Excess Earnings Fund (Fund No. 6027, established 1998). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Eighth Supplemental Resolution for these bonds.~~
- ~~(xxx) — Water Revenue Bonds, 1997 Authorization, Series C Construction fund (Fund No. 4009, established 1998). Net proceeds from the sale of these subordinate revenue bonds were deposited in this fund and are used to pay cost of construction of the District's capital improvement program and certain costs of issuance of these bonds.~~
- ~~(yyy) — Water Revenue Bonds, 1997 Authorization, Series C, Interest and Principal Fund (Fund No. 2018, established 1998). Used to pay debt service on these subordinate water revenue bonds after payment of debt service on Prior Lien Revenue Bonds.~~
- ~~(zzz) — Water Revenue Bonds, 1997 Authorization Series C Reserve Fund (Fund No. 2508, established 1998). Proceeds from the sale of these subordinate revenue bonds in an amount equal to the Bond Reserve Requirement of \$1,000,000 were deposited and are required to be maintained in this fund.~~
- ~~(aaa) — Water Revenue Bonds, 1997 Authorization, Series C Excess Earnings Fund (Fund No. 6028, established 1998). Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Eighth Supplemental Resolution for these bonds.~~
- ~~(bbb) — Water Revenue Refunding Bonds, 1998 Series A Interest and Principal Fund (Fund No. 2019, Established 1998.) Used to pay debt service on these water revenue bonds.~~
- ~~(ccc) — Water Revenue Refunding Bonds, 1998 Series A Reserve Fund (Fund No. 2509, established 1998.) Proceeds from the sale of these revenue bonds in an amount equal to the Bond Reserve Requirement of \$15,000,000 were deposited and are required to be maintained in this fund.~~
- ~~(ddd) — Water Revenue Refunding Bonds, 1998 Series A Excess Earnings Fund (Fund No. 6034, established 1998.) Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Fourth Supplemental Resolution for these bonds.~~
- ~~(eee) — Costs of Issuance Funds (Fund No. 6035, established 1998.) Net proceeds from the sale of the Water Revenue Refunding Bonds, 1998 Series A, Waterworks General Obligation Refunding Bonds, 1998 Series A and Waterworks General Obligation Bonds, Election 1966, Series H were separately deposited in this fund and are used to pay certain costs of issuance of the particular bond issue with respect to which they were deposited.~~

- ~~(ffff) — Waterworks General Obligation Refunding Bonds, 1998 Series A, Interest and Principal Fund (Fund No. 3013, established 1998.) Used to pay debt service on these general obligation refunding bonds.~~
- ~~(gggg) — Waterworks General Obligation Refunding Bonds, 1998 Series A Excess Earnings Fund (Fund No. 6032, established 1998.) Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Resolution for these bonds.~~
- ~~(hhhh) — Series H 1996 General Obligation Bond Interest and Principal Fund (Fund No. 3014, established 1998.) Used to pay debt service on these general obligation bonds.~~
- ~~(iiii) — Series H 1966 General Obligation Bond Construction fund (Fund No. 4505, established 1998.) Net proceeds from the sale of the Series H 1966 general obligation bonds were deposited in this fund and are applied exclusively to the purposes for which such bonds were authorized, as provided in Ordinance No. 105.~~
- ~~(jjjj) — Series H 1996 General Obligation Bond Excess Earnings Fund (Fund No. 6033, established 1998.) Used to separately hold in trust for payment to the Federal Government amounts deposited in accordance with the provisions of the Tax and Nonarbitrage Certificate and the Resolution for these bonds.~~
- (16) ~~(kkkk) Self-Insured Retention fund (Fund No. 1008, Self-Insured Retention Fund (Fund No. 1008, established 1999). Used to separately hold amounts set aside for emergency repairs and claims against the District as provided in ~~Section 5201(o)(b)~~. Section 5201 (o).~~
- (17) Lake Mathews Multi Species Reserve Trust Fund (Fund 6101, established 1997). Used as set forth in agreement between Metropolitan and the Riverside County Habitat Conservation Agency for the Multi Species Reserve.
- (b) There shall be established in the Treasury of the District such funds and accounts as are required pursuant to bond covenants, tax and non-arbitrage certificates, bond counsel letters of instruction and related documents, to provide for accountability of District funds and compliance with applicable federal and state law and regulations. Such funds and accounts shall be established for each issue of bonds, notes or other obligations of the District as required in the respective bond or note resolution and closing documents.

**§ 5201. Restricted Funds.**

Cash and securities to be held in the various ledger funds shall be as follows:

- ~~(a) — For the 1931 General Obligation Bond Interest and Redemption Fund and the 1966 General Obligation Bond Interest and Principal Fund, the Series G 1966 General Obligation Bond Interest and Principal Fund, the Waterworks General Obligation Refunding Bonds, 1993 Series A and~~

~~Series B, Interest and Principal Fund, the Waterworks General Obligation Refunding Bonds, 1998 Series A Interest and Principal Fund, and the Series H 1966 General Obligation Bond Interest and Principal fund, the cash and securities in each as of June 30, shall be at least equal to the debt service for the ensuing 18 months, less revenues anticipated to be derived from the next succeeding tax levy specifically for such debt service.~~

- ~~(b) For the Waterworks Revenue Bond Interest and Principal Fund, the Water Revenue Bond Service Fund, the Waterworks Revenue Bond Reserve Fund, the Water Revenue Bonds, Issue of 1991 Reserve Fund, the Water Revenue Bonds, Issue of 1992 Reserve Fund, the Waterworks General Obligation Refunding Bonds, 1993 Series A and Series B Interest and Principal Funds, the Water Revenue Refunding Bonds, 1993 Series B Reserve Fund, the Water Revenue Refunding Bonds, 1996 Series B Reserve Fund, the Water Revenue Bonds, 1997 Authorization, Series B Reserve Fund, the Water Revenue Bonds, 1997 Authorization, Series C Reserve Fund and the Water Revenue Refunding Bonds, 1998 Series A Reserve Fund, cash and securities in each shall be at least equal to the minimums required by the resolutions of issuance for such bonds.~~
- ~~(c) For the 1966 General Obligation Bond Construction Fund, the Series G 1966 General Obligation Bond Construction Fund, the Waterworks Revenue Bond Construction Fund, the Commercial Paper Note Series A Construction Fund, the Water Revenue Bonds, Issue of 1991 Construction Fund, the Water Revenue Bonds, Issue of 1992 Construction Fund, the Water Revenue Refunding Bonds, 1993 Series A Construction Fund, the Water Revenue Bonds, 1995 Series A Construction Fund, the Commercial Paper Note, Series B Construction Fund, the Water Revenue Bonds, 1996 Series C Construction Fund, the Water Revenue Bonds, 1997 Authorization, Series A Construction Fund, the Water Revenue Bonds, 1997 Authorization, Series B Construction Fund and the Water Revenue Bonds, 1997 Authorization, Series C Construction Fund and the Series H 1996 General Obligation Bond Construction Fund, there shall be no minimum requirements; provided that any cash and securities in such funds shall be restricted to use for the purposes such finances were required.~~
- ~~(d) For the State Contract Fund, cash and securities on hand June 30 and December 31 shall equal the capital payments to the State Department of Water Resources that are due on July 1 of the same year and January 1 of the following year, respectively.~~
- ~~(e) For the Special Tax Fund, there shall be no minimum requirement.~~
- ~~(f) For the Operation and Maintenance Fund, cash and securities shall be at least equal to the minimum required by the resolutions of issuance for revenue bonds.~~
- ~~(g) For the Revolving Construction Fund, there shall be no minimum requirement. Cash and securities in this fund, unless restricted as to use by resolution of the Board, shall be available for transfer to the Water Rate Stabilization Fund and the Water Treatment Surcharge Stabilization Fund at the discretion of the Board.~~
- ~~(h) For the Commercial Paper, Series A, Note Payment Fund, and the Commercial Paper, Series B, Note Payment Fund, the District shall deposit amounts sufficient to pay principal of, and interest~~

~~on, such Commercial Paper Notes in an amount at least equal to one-half of the projected interest payments due on such notes in the subsequent fiscal year.~~

- ~~(i) For the Water Standby Charge Fund, there shall be no minimum requirement; provided that any cash and securities in such fund shall be restricted to use for the purposes such moneys were authorized.~~
- ~~(j) For the Series G 1966 G.O. Bond Excess Earnings Fund, the Commercial Paper Note, Series A and Series B Excess Earnings Funds, the Water Revenue Bond Issue of 1991 and Issue of 1992 Excess Earnings Funds, the Water Revenue Refunding Bonds, 1993 Series A and Series B Excess Earnings Funds the Waterworks General Obligation Refunding Bonds, 1993 Series A and Series B Excess Earning Funds, the Water Revenue Bonds, 1995 Series A Excess Earnings Fund, the Water Revenue Refunding Bonds, 1996 Series A and B Excess Earning Funds, the Water Revenue Bonds, 1996 Series C Excess Earnings Fund, the Water Revenue Bonds, 1997 Authorization, Series A Excess Earnings fund, the Water Revenue Bonds, 1997 Authorization, Series B Excess Earnings Fund, the Water Revenue Bonds, 1997 Authorization, Series C Excess Earnings Fund, the Water Revenue Refunding Bonds, 1998 Series A Excess Earnings Fund, the Waterworks General Obligation Refunding Bonds, 1998 Series A Excess Earnings Fund and the Series H 1996 General Obligation Bond Excess Earnings Fund, the minimum requirement shall be the amounts deposited into this fund in accordance with the provisions of the Tax and Nonarbitrage Certificates and Resolutions for the Bonds.~~
- (a) For the General Obligation Bond Interest and Principal Funds and the Waterworks General Obligation Refunding Bonds Interest and Principal Funds, the cash and securities in each as of June 30, shall be at least equal to the debt service for the ensuing 18 months, less revenues anticipated to be derived from the next succeeding tax levy specifically for such debt service.
- (b) For the Water Revenue Bonds Interest and Principal Funds, the Water Revenue Bonds Reserve Funds, the Water Revenue Refunding Bonds Interest and Principal Funds and the Water Revenue Refunding Reserve Bonds, the cash and securities in each shall be at least equal to the minimums required by the resolutions of issuance for such bonds.
- (c) For the Bond Construction Funds there shall be no minimum requirements provided that any cash and securities in such funds shall be restricted to use for the purposes for which such financings were required.
- (d) For the State Contract Fund, cash and securities on hand June 30 and December 31 shall equal the capital payments to the State Department of Water Resources that are due on July 1 of the same year and January 1 of the following year, respectively.
- (e) For the Special Tax Fund, there shall be no minimum requirement.
- (f) For the Operation and Maintenance Fund, cash and securities shall be at least equal to the minimum required by the resolutions of issuance for revenue bonds.
- (g) For the Revolving Construction Fund, there shall be no minimum requirement. Cash and securities in this fund, unless restricted as to use by resolution of the Board, shall be available for transfer to



the Water Rate Stabilization Fund and the Water Treatment Surcharge Stabilization Fund at the discretion of the Board.

- (h) For the Commercial Paper, Series A, Note Payment Fund, and the Commercial Paper, Series B, Note Payment Fund, the District shall deposit amounts sufficient to pay principal of, and interest on, such Commercial Paper Notes in an amount at least equal to one-half of the projected interest payments due on such notes in the subsequent fiscal year.
- (i) For the Water Standby Charge Fund, there shall be no minimum requirement; provided that any cash and securities in such fund shall be restricted to use for the purposes such moneys were authorized.
- (j) For the General Obligation Bond Excess Earnings Funds, the Waterworks General Obligation Refunding Bond Excess Earnings Funds, the Water Revenue Bond Excess Earnings Funds and the Water Revenue Refunding Bond Excess Earnings Funds, the minimum requirement shall be the amounts deposited into these funds in accordance with the provisions of the Tax and Nonarbitrage Certificates and Resolutions for the respective Bonds.
- (k) ~~(k)~~ For the Waterworks General Obligation Refunding Bonds, 1993 Series A1 and A2, Escrow Account Fund, the minimum requirement shall be the amounts necessary to pay the principal, if any, and the interest on the Series A1 and A2 Bonds to the crossover date, and to defease certain maturities of outstanding prior general obligation bonds.
- (l) ~~(l)~~ For the Iron Mountain Landfill Closure/Postclosure Maintenance Trust Fund, cash and securities as of June 30, shall be at least equal to the Chief Executive Officer's latest estimates of closure and postclosure maintenance costs.
- (m) ~~(m)~~ For the Optional General Obligation Bond Redemption ~~Fund and~~ Fund and the Optional Revenue Bond Redemption Fund, the minimum requirement shall be the amount necessary to redeem such untendered, refunded bonds which have been called for redemption.
- (n) ~~(n)~~ For the Water Transfer Fund, all amounts budgeted or pledged for purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project, shall be set aside in such fund and used solely for such purpose. On July 1, 2004, any amount remaining shall be transferred to the Water Rate Stabilization Fund.
- (o) ~~(o)~~ For the Self-Insured Retention fund, all amounts in such fund shall be set aside and used solely for emergency repairs and claims against the District. The minimum cash and securities to be held in such fund as of June 30 of each year shall be \$25 million.

**DIVISION VI  
PERSONNEL MATTERS**

**§ 6765. ~~Article VI~~ Article VI - Contribution and Allocation.**

....

(g) ~~(g)~~ All participants who have attained age 50 before the close of a Savings Plan Year listed below shall be eligible to make additional catch-up contributions in the following maximum amounts for each Savings Plan Year:

<del>2006</del>	<del>\$1,000</del>	
<del>2007</del>	<del>\$2,000</del>	
<del>2008</del>	<del>\$3,000</del>	
<del>2009</del>	<del>\$4,000</del>	
<del>2010 or thereafter</del>	<del>\$5,000 as adjusted annually pursuant to Code § 414(v)(2)(C).</del>	
<u>2002</u>		<u>\$1,000</u>
<u>2003</u>		<u>\$2,000</u>
<u>2004</u>		<u>\$3,000</u>
<u>2005</u>		<u>\$4,000</u>
<u>2006 or thereafter as adjusted annually pursuant to Code § 414(v)(2)(C).</u>		<u>\$5,000</u>

Such catch-up contributions shall not be taken in to account for purposes of the limitations contained in § 6765(c) and (e). This Savings Plan shall not be treated as failing to satisfy the provisions of this Savings Plan implementing the requirements of Section 401(k)(3), 401(k)(11), and (12), 410(b), or 416 of the code, as applicable, by reason of making such catch-up contributions.

**§ 6767. ~~Article VIII~~ Article VIII - Distributions and Withdrawals**

....

(d) ~~(d)~~ Withdrawal of Contributions.

(1) ~~(1)~~ — Upon not less than 30 days prior written notice, a Participant who is at least ~~59-1/2~~ 59-1/2 years of age may withdraw all or part of the amounts in Participant's Accounts. The Participant may make such an election no more than once each Savings Plan Year.

(2) ~~(2)~~—Upon certification by a Participant of an immediate and heavy financial need, the amount of such need and the current unavailability of any distributions (other than hardship distributions) or nontaxable loans under any plan maintained by the District, a Participant may withdraw all or part of the Participant's Tax Deferred Elective Contributions and Matching Contributions in Participant's accounts (and income allocable to Tax Deferred Elective Contributions credited to the Participant's Tax Deferred Elective Contributions Account prior to January 1, 1989), to the extent not in excess of such immediate and heavy financial need. Certification may only be made on a form approved by the Chief Executive Officer, signed by the Participant and filed with the Chief Executive Officer. The form shall limit situations of immediate and heavy financial need to ~~(1) medical~~(1) medical expenses described in Code Section 213(d) incurred by the Participant, the Participant's spouse or dependents (as defined in Code Section 152), ~~(2) the~~(2) the purchase (excluding mortgage payments) of a principal residence of the Participant, ~~(3) payment~~(3) payment of tuition for the next semester or quarter of post-secondary education for the Participant, Participant's spouse, children or dependents, or ~~(4) the~~ (4) the need to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage of the Participant's principal residence, and ~~(5) other~~(5) other deemed immediate and heavy financial needs identified by the United States Department of Treasury. No portion of a hardship distribution may be paid directly to an Eligible Retirement Plan, as defined in § 6767(g)(2). For distributions made on or after January 2002, if a Participant makes a withdrawal on account of an immediate and heavy financial need, the Participant's Tax Deferred Elective Contributions and Matching Contributions shall be automatically suspended under this Plan and all other qualified plans maintained by the district until reenrollment after a period of at least 6 months from the date of such withdrawal. ~~In addition for any taxable year immediately following the taxable year of such a withdrawal, the amount of Tax Deferred Elective Contributions made for the Participant for such next taxable year shall not exceed the applicable dollar amount as shown in § 6765(e) for such next taxable year less the amount of the Participant's Tax Deferred Elective Contributions for the taxable year of such withdrawal.~~

....

§ 6785. ~~Article VI~~Article VI - Contribution and Allocation.

....

(e) ~~(e) Section 402(g) Limit.~~Section 402(g) Limit. – Except as otherwise provided in ~~§ 6765(g).~~§ 6785(g), the amount of Tax Deferred Elective Contributions made for any Participant for any taxable year shall not exceed the applicable dollar amount for such year, as shown below:

2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006 or thereafter	\$15,000, as adjusted annually pursuant to Code § 402(g)(5).

No Participant shall be permitted to have Tax Deferred Elective Contributions made under this Savings Plan, or any other qualified plan maintained by the District during any taxable year, in excess of the applicable dollar amount specified above for such taxable year, except to the extent permitted under (g) of this § 6785 and Section 414(v) of the Code, if applicable. In the event such dollar limitation is exceeded the Participant may request, by no later than March 1 following the close of the Participant's taxable year, and the Chief Executive Officer may authorize the Trustee to distribute, by no later than April 15 following the close of the Participant's taxable year, all or part of the excess and any income allocable thereto, to the Participant. In determining the excess amount distributable with respect to a Participant's taxable year, excess Tax Deferred Elective Contributions previously distributed for the Savings Plan II Year beginning in such taxable year shall reduce the amount otherwise distributable under this subsection.

....

(g) ~~(g) All Participant's~~ All Participants who have attained age 50 before the close of a Savings Plan Year listed below shall be eligible to make additional catch-up contributions in the following maximum amounts for each Savings Plan Year:

<del>2006</del>	<del>\$1,000</del>
<del>2007</del>	<del>\$2,000</del>
<del>2008</del>	<del>\$3,000</del>
<del>2009</del>	<del>\$4,000</del>
<u>2002</u>	<u>\$1,000</u>
<u>2003</u>	<u>\$2,000</u>
<u>2004</u>	<u>\$3,000</u>
<u>2005</u>	<u>\$4,000</u>
<del>2010 or thereafter</del>	<del>\$5,000, as adjusted annually pursuant to Code § 414(v)(2)(C).</del>
<u>2006 or thereafter</u>	<u>\$5,000, as adjusted annually pursuant to Code § 414(v)(2)(C).</u>

Such catch-up contributions shall not be taken into account for purposes of the limitations contained in § 6786(c) and (e). This Savings Plan shall not be treated as failing to satisfy the provisions of this Savings Plan implementing the requirements of Section 401(k)(3), 401(k)(11) and (12), 410(b), or 416 of the Code, as applicable, by reason of making such catch-up contributions.

§ 6787. ~~Article VIII~~-Article VIII - Distributions and Withdrawals.

....

(d) ~~(d)~~ Withdrawal of Contributions.

- (1) ~~(1)~~—Upon not less than 30 days prior written notice, a Participant who is at least ~~59-1/2 years~~59 -1/2 years of age may withdraw all or part of the amounts in Participant's Accounts. The Participant may make such an election no more than once each Savings Plan II Year.
- (2) ~~(2)~~—Upon certification by a Participant of an immediate and heavy financial need, the amount of such need and the current unavailability of any distributions (other than hardship distributions) or nontaxable loans under any plan maintained by the District, a Participant may withdraw all or part of the Participant's Tax Deferred Elective Contributions and Matching Contributions in Participant's Accounts (and income allocable to Tax Deferred Elective Contributions credited to the Participant's Tax Deferred Elective Contributions Account prior to January 1, 1989), to the extent not in excess of such immediate and heavy financial need. Certification may only be made on a form approved by the Chief Executive Officer signed by the Participant and filed with the Chief Executive Officer. The form shall limit situations of immediate and heavy financial need to (1) medical expenses described in Code Section 213(d) incurred by the Participant, the Participant's spouse or dependents (as defined in Code Section 152), (2) the purchase (excluding mortgage payments) of a principal residence of the Participant, (3) payment of tuition for the next semester or quarter of post-secondary education for the Participant, Participant's spouse, children or dependents, or (4) the need to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage of the Participant's principal residence, and (5) other deemed immediate and heavy financial needs identified by the United States Department of Treasury. No portion of a hardship distribution may be paid directly to an Eligible Retirement Plan, as defined in § 6767(g)(2). For distributions made on or after January 1, 2002, if a Participant makes a withdrawal on account of an immediate and heavy financial need, the participant's Tax Deferred Elective contributions and Matching Contributions shall be automatically suspended under this Plan and all other qualified plan maintained by the district until re-enrollment after a period of at least 6 months from the date of such withdrawal.

~~In addition, for any taxable year immediately following the taxable year of such a withdrawal, the amount of Tax Deferred Elective Contributions made for the Participant for such next taxable year shall not exceed the applicable dollar amount as shown in § 6785(e) for such next taxable year less the amount of the Participant's Tax Deferred Elective Contributions for the taxable year of such withdrawal.~~

§ 6802. ~~Article III~~-Definitions.

....

**§ 6802. Article III - Definitions.**

....

- (i) ~~(i) "Beneficiary" shall mean any person, trust, corporation or firm, or the estate of the participant.~~ "Beneficiary" shall mean an individual, or individual beneficiaries of a trust, or any combination of the foregoing designation by a participant to receive benefits under the ~~1997 Plan.~~ 1997 Plan. Beneficiary may be singular or plural, primary or contingent. The designation must be in writing on a form approved by and filed with the Chief Executive Officer, and shall be revocable by written notice filed with the Chief Executive Officer, unless otherwise expressly provided by the designation. If a participant does not have on file with the Chief Executive Officer a valid and effective beneficiary designation, the participant's estate shall be the beneficiary.

**§ 6810. ~~Article XI~~ Article XI - Payments to Participant.**

- (a) ~~(a)~~ For participants who separate from service on or after September 1, 2002, unless the participant affirmatively elects otherwise, upon separation from service on or after normal retirement age, the participant shall be deemed to have elected to defer distributions of the amounts deferred on behalf of the participant until the 60<sup>th</sup> day after the date on which the participant separates from service, at which time the amount deferred shall be paid to the participant in a lump sum, or if elected by the participant at least ~~30 days~~ 30 days prior to the date payment is to be made, distribution may be made in the form of periodic payments on a monthly, quarterly, semiannual, or annual basis for a specific length of time, ~~but not less than ten years.~~ subject to the provisions of Article XIV.
- (b) ~~(b)~~ For participants who separated from service before September 1, 2002, and who made an irrevocable election regarding payment of deferred amounts, such election may be revoked and a new payment election may be made in accordance with the above requirements at any time after September 1, 2002. If a participant separated from service prior to September 1, 2002, and the participant does not affirmatively revoke a prior payment election, all payments shall continue as previously elected.
- (c) ~~(c)~~ No payment schedule selected by a participant shall be effective unless it is consented to by the District in its sole discretion. The District shall, however, only consent to the schedule if it conforms in all respects to the requirements of Section 457 and 401(a)(9) of the Code and the regulations thereunder.
- (d) ~~(d)~~ All distributions shall be subject to the rollover and plan-to-plan transfer provisions of § 6826 of the MWD Administrative Code.

§ 6811. ~~Article XII~~ Article XII - Payments to Beneficiary.

If the participant dies before the entire amount deferred is paid to the participant, any amounts deferred and remaining unpaid shall be paid to or on behalf of a beneficiary in a lump sum ~~on the 10th day of~~ during the second month next following the month in which the participant dies.

**ATTACHMENT 2****THE ADMINISTRATIVE CODE OF  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
(changed provisions only)****DIVISION II  
PROCEDURES PERTAINING TO BOARD,  
COMMITTEES AND DIRECTORS****§ 2201. Terms of Office; Limitations.**

- (a) The term of office of officers of the Board shall commence on January 1 of the year immediately following their election, except for the Vice Chairs who are appointed to their positions.
- (b) A director may serve as a Board officer for not more than two consecutive full two-year terms.
- (c) A director shall not be eligible to serve in a combination of offices of the Board or as a nonofficer member of the Executive Committee for more than four consecutive full two-year terms except that any member may serve in the office of Chair for two consecutive full two-year terms without regard to previously held office and may thereafter serve as a member of the Executive Committee in the capacity as a past Chair.

**§ 2410. Membership.**

The membership of the Executive Committee shall consist of the Chair, Vice Chairs, Secretary, all past Chairs of the Board who are directors of the District, eight additional directors as nonofficer members, of which two of the eight nonofficer members shall be appointed by the Chair, and the Chairs of the six standing committees in addition to the Executive Committee, the Chairs of the Ethics Subcommittee and Audit Subcommittee, and the Chairs of Special Committees whose membership on the Executive Committee is specifically directed by the Board. In the event a Chair of a Standing Committee or the Ethics Subcommittee and Audit Subcommittee is ineligible to serve on the Executive Committee because of the limitation set forth in Section 2201(c), or is otherwise ineligible or is absent, the Vice Chair of the committee shall serve.

**§ 2414. Limitation on Service.**

Each director may be elected as a nonofficer member of the Executive Committee for not more than two consecutive full two-year terms.



**§ 2417. Duties and Functions.**

- (d) The Executive Committee shall study, advise, and make recommendations with regard to:
- (1) Public information for governmental and other entities and officials, and for the citizens of California regarding matters affecting the District's interests;
  - (2) Official dealings with the United States Government, the State of California or other states, member public agencies or their sub-agencies, foreign governments and other entities or persons in matters of public policy or other activities as deemed appropriate;
  - (3) Review and approve board and committee agendas and, notwithstanding the jurisdiction of other standing committees in this Code, have the authority to direct which committee shall consider an item;
  - (4) Review and approve the scheduling of board and committee meetings;
  - (5) Study, advise and make recommendations with regard to policies and procedures to be considered by the Board or committees thereof, except for proposed amendments to the Metropolitan Water District Act or this Code affecting the organization and personnel policies of the District, the acquisition, ownership and sale of land by the District, or other policy matters within the jurisdiction of a specific standing committee;
  - (6) Matters relating to the Colorado River Board of California;
  - (7) Major policy issues to be considered by the Board, including proposed amendments to the Metropolitan Water District Act;
  - (8) Questions raised by the officers and staff in intervals between meetings of the Board and in unexpected situations and emergencies;
  - (9) The terms and conditions of employment of all consultants and advisors not within the jurisdiction of other committees;
  - (10) Resolution of conflicting committee recommendations pursuant to Section 2314;
  - (11) Monitor the progress of, and propose modifications to, the Board's goals in light of then existing and projected future conditions;
  - (12) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations; and
  - (13) Such other matters as may be required under Division 2 of this Administrative Code.
- (b) The Executive Committee shall retain ultimate responsibility for those duties as are specifically assigned to the subcommittees of the Executive Committee.

- (c) The Executive Committee shall be responsible for the oversight of the performances and activities of the Chief Executive Officer, General Counsel, and General Auditor and an annual review of the Chief Executive Officer's compensation. The Executive Committee shall evaluate the performance of the Chief Executive Officer at least annually in advance of the July Board meetings. It shall also review and approve the Chief Executive Officer's comprehensive business plan and annual goals and work objectives at the start of each fiscal year in advance of the August Board meetings.
- (d) After review and consideration of the annual assessment of, and recommendations concerning, Department Heads by the committees responsible for oversight of the performance and activities of a Department Head, the Executive Committee shall make recommendations to the Board on the salary and other compensation of Department Heads in advance of the July meetings, with any changes to be effective at the start of the payroll period nearest to July 1.
- (e) The Executive Committee shall also:
  - (1) Assign and reassign the directors to the standing committees and designate the Committee Chairs and Vice Chairs, subject to approval by the Board of Directors, and to the limitations on terms of office;
  - (2) Designate a Board Vice Chair to act in the Board Chair's absence, failure or inability to act if the Chair has not previously made such a designation.
  - (3) Act on behalf of the Board in unexpected situations and emergencies, subject to subsequent approval or ratification of the actions taken whenever such approval or ratification is required by law.
  - (4) Provide policy guidance where appropriate to those directors and District staff members who are associated with organizations in which the District has membership.
  - (5) Conduct hearings on Vendors' Protests:
    - (i) Hearings requested pursuant to Section 8104(d), and other hearings granted on the Executive Committee's own motion, unless delegated pursuant to Section 8119 shall be held by the committee at its next regular meeting to be held at least 72 hours after filing of the notice of protest. The hearing shall be conducted in accordance with such rules as the Chair of the committee shall announce. The committee shall make a decision on the bidder's or applicant's protest, shall set forth its reasons therefor, and shall cause the Executive Secretary to serve a copy of the decision on the bidder or applicant. The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.
    - (ii) The Chair of the Executive Committee may redelegate hearings provided for under Section 2417(k)(5)(i) to a minimum of three members of the Executive Committee who shall act in place of the committee in the conduct of the hearing and who shall at the conclusion thereof make their recommendations to the full committee. Such recommendations shall be accompanied by copies of any materials submitted in evidence. Any hearing held and

recommendations made pursuant to such delegated authority shall be completed in advance of the time set for the next regular meeting of the full committee following the meeting at which the matter would otherwise have been heard by the committee.

- (6) Resolve disputes over inspection dates and monitor conduct of inspection trips to assure maximum effectiveness.

#### **§ 2419. Ethics Subcommittee.**

Within the Executive Committee there shall be an Ethics Subcommittee, appointed by, and serving at the pleasure of, the Chair of the Executive Committee. The Ethics Subcommittee shall:

- (a) Study, advise and make recommendations to the Executive Committee regarding the policies and procedures of Metropolitan's ethics program.
- (b) Hold regular meetings no less than four times a year on a quarterly basis or as required to accomplish a specific policy objective.

#### **§ 2451. Duties and Functions.**

The Asset, Real Estate and Infrastructure Policy Committee shall study, advise and make recommendation with regard to:

- (a) Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership and sale of land by the District;
- (b) Proposed rules and proposals regarding business development opportunities including real property and intellectual property transactions;
- (c) Policies for the acquisition of rights-of-way;
- (d) The purchase, sale, and leasing of land and building, including the performance of oversight and coordination of the District's various office and garage space needs, the development of recreational facilities at Diamond Valley Lake, and issues relating to boating regulations at any District facility;
- (e) The incidental use of land in farming operations and otherwise;
- (f) The operation and maintenance of buildings;
- (g) The selection of appraisers and the determination of the scope of their assignments;
- (h) The purchase, management and disposition of personal property assets such as equipment and vehicles;

- (i) Approval and oversight of facilities master plans, including budgeting for capital improvements and long-term facilities commitments; and,
- (j) Approval and oversight of information technology strategies, projects and activities, including budgeting and tracking of information technology resources and asset management.

**§ 2520. Membership.**

The Nominating Committee membership shall consist of seven directors selected at large. Four members of the Nominating Committee shall be appointed at the February meeting of the Board in odd-numbered years, and three members shall be appointed at the February meeting of the Board in even-numbered years, by the Chairman of the Board with the approval of the Executive Committee and the Board.

**DIVISION IV  
WATER SERVICE POLICIES**

**§ 4108. Groundwater Replenishment by Injection.**

"Groundwater Replenishment by Injection" shall mean the act of injecting or causing to be injected, water for the purpose of replenishing natural groundwater basins.

- (a) "Direct Replenishment by Injection" shall mean groundwater replenishment that results from the act of injecting without regard to subsequent use of the water.
- (b) "Seawater Barrier Groundwater Replenishment" shall mean groundwater replenishment having as a principal purpose the injection of water for the purpose of maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

**§ 4110. Direct Reservoir Replenishment.**

"Direct Reservoir Replenishment" shall mean the act of storing water in surface reservoirs for long-term storage by delivering water directly into a reservoir.

**§ 4111. In-Lieu Reservoir Replenishment.**

"In-Lieu Reservoir Replenishment" shall mean the act of storing water in surface reservoirs for long-term storage by reducing or eliminating local supply outflow, through substitution of deliveries of water to consumers from surface distribution facilities in lieu of such withdrawals, thus conserving storage acquired from local sources.

**§ 4114. Replenishment Service.**

"Replenishment Service" shall mean delivery of water for long-term storage in either groundwater basins or surface reservoirs by direct or in-lieu means. Direct means shall be either through groundwater spreading or through injection. Such service shall be governed by the provisions of Section 4514.

**§ 4120. Purchase Order; Purchase Order Commitment.**

"Purchase Order" shall mean a member agency's written commitment to purchase a specified total volume of water from the District during a specified period, as provided in Section 4404, and "Purchase Order commitment" shall mean 60% of a member agency's Initial Base Firm Demand times the number of years in the term of the Purchase Order. Deliveries of surplus and interruptible system water

supplies, including, but not limited to, deliveries under the Interim Agricultural Water Program and Replenishment Service, will not count toward the Purchase Order commitment.

**§ 4122. Base Firm Demand; Initial Base Firm Demand.**

“Base Firm Demand” shall mean the greater of a) the member agency’s Initial Base Firm Demand or b) the member agency’s ten fiscal year rolling average of deliveries of water from the District for the most recent ten fiscal year period, excluding, in either case, water delivered under Long-Term Seasonal Storage Service or Replenishment Service, whichever is applicable, and Interim Agricultural Water Program Service, and “Initial Base Firm Demand” shall mean the member agency’s highest annual delivery of water from the District, excluding water delivered under Long-Term Seasonal Storage Service or Replenishment Service, Interruptible Service, and Interim Agricultural Water Program Service, during any fiscal year from fiscal year 1989/90 through fiscal year 2001/02.

**§ 4401. Rates.**

(a) The rates per acre-foot for water sold and delivered for each class of service on order of any member public agency for use therein shall be as follows:

.....

(2) For Replenishment Service (All water delivered for Replenishment Service as described in this Division and the most current User Handbook for Replenishment Service.)

<b>Effective Date:</b> 01/01/2003;	<b>Untreated Water:</b> \$233.00
	<b>Treated Water:</b> \$290.00

.....

**§ 4402. Readiness-to-Serve Charge.**

(a) The readiness-to-serve charge shall be set by the Board from time to time to recover the costs of emergency system storage and the cost of system conveyance capacity for peak and standby use not recovered by property tax revenue. The readiness-to-serve charge will be allocated among the member public agencies (i) through December 31, 2002, in proportion to the average of Metropolitan water sales (in acre-feet) to each member public agency during the three fiscal year period ending June 30, 1996; provided that replenishment, cyclic storage, and water taken under the one-time drought storage agreement, Cooperative Storage Program through April 12, 1994, 1993 Demonstration Program and cooperative storage purchases paid for in fiscal year 1995-96 shall be

subtracted from the water sales calculation, and (ii) beginning January 1, 2003, in proportion to the average of deliveries (including exchanges and transfers) through Metropolitan's system (in acre-feet) to each member public agency during the ten-year period ending June 30, 2001; and thereafter as a ten-year rolling average; period that Metropolitan sales of reclaimed water under the Local Projects Program, Local Resources Program, and groundwater under the Groundwater Recovery Program and deliveries under Replenishment and Interim Agricultural Water Service shall not be included in the water deliveries calculation.

....

**§ 4403. Capacity Reservation Charge and Peaking Surcharge.**

- (a) The capacity reservation charge and peaking surcharge shall be set by the Board from time to time. The capacity reservation charge shall be set to recover the cost of distribution capacity that is used for peaking. The capacity reservation charge will be payable by each member agency for system capacity (on a per cubic foot per second basis) requested by the member agency. The peaking surcharge shall be levied on the member agency's maximum daily flow (excepting for that flow associated with the delivery of replenishment water) during May 1 through September 30 that exceeds its requested capacity amount.
- (b) The capacity reservation charge shall be due monthly, quarterly or semiannually, as agreed upon by Metropolitan and the member public agency. The peaking surcharge will be levied one time each year for flows (excepting for that flow associated with the delivery of replenishment water) in the preceding year that exceed a member public agency's requested capacity and will be payable within 60 days of the District's invoice for the peaking surcharge. The peaking surcharge will be levied on the maximum amount of flow (excepting for that flow associated with the delivery of replenishment water) that exceeds the requested capacity only. A member public agency may increase or decrease its requested capacity amount annually.
- (c) For the three years ending December 31, 2005, Peaking Surcharge revenues recovered from the member agency for use of system capacity that exceed the greater of the member agency's requested capacity or 75 % of the member agency's maximum day demand for the five years ending June 30, 2001, shall be made available to member agencies (in proportion to such member agency's payment of the Peaking Surcharge) to be used for the purposes of defraying the cost of capital investments that will reduce peak day demands on Metropolitan's system. Such monies will be made available during the year following the year in which the Peaking Surcharge was incurred. This provision shall expire and be of no further effect on December 31, 2005.
- (d) Each member agency shall provide the Chief Executive Officer with written notice of its requested capacity amount (in cubic feet per second) to be in effect for the subsequent calendar year no later than October 31 of each year. If a member agency fails to provide such notice by such date, the preceding year's request shall apply.

**§ 4505. Estimates of Water Requirements and Schedules of Deliveries.**

- (a) General. - Before April 1 of each year, each member public agency shall furnish the District, in form provided by the District, with an estimate of the amounts of water to be furnished to such member public agency by the District. These estimates will be used by the District in planning the construction needed to complete the District's ultimate aqueduct and distribution system; in planning the future operation of such system; and in preparing notices for submission to the State Department of Water Resources which will be used by the State to order power for pumping on the State Water Project.
- (b) Contents of Estimates
- (1) Each estimate furnished by a member public agency pursuant to Section 4505(a) shall contain, as a minimum, for each service connection and for each month of the year beginning with the succeeding July 1, and for the entire member public agency for each month of the succeeding four years, the following information:
    - (i) The quantity of water to be delivered by Metropolitan to the member public agency in full service.
    - (ii) The quantity of water to be delivered by Metropolitan to the member public agency in Interim Agricultural Water Program service.
    - (iii) With regard to water estimated to be delivered in full service, the quantity of water to be used for seawater barrier groundwater replenishment.
    - (iv) With regard to water estimated to be delivered for replenishment , the quantity of water to be used for:
      - (aa) In-Lieu Groundwater Replenishment , exclusive of groundwater replenishment by spreading or injecting ; and
      - (bb) Groundwater replenishment by spreading or injecting.
      - (cc) Direct reservoir Replenishment.
      - (dd) In-Lieu Reservoir Replenishment
  - (2) The estimate shall constitute the member public agency's request for deliveries for the first of the five years covered therein.



**§ 4507. Billing and Payment for Water Deliveries.**

(a) **Timeframe for Billing and Payment.** Except as noted hereinbelow, invoices shall be mailed electronically, or, if requested by the member agency, by hardcopy via United States mail, not later than the tenth day of the month following delivery to a member public agency. Each such invoice shall indicate the date of mailing and the date on which the payment thereunder becomes delinquent and shall show the total amount of water delivered for each class of service, the charges for water sold and delivered for each class, the readiness-to-serve and capacity reservation, charges, as applicable, and the total amount due and owing, all as determined by the Chief Executive Officer. Payment of the amount shown on any such invoice shall be due on the last business day of that month and shall be delinquent if not received by the Treasurer of the District before the close of crediting activity on the last business day of the first month following such date of mailing. When making any such payment the member public agency shall specify the invoice or invoices to which the payment shall be credited by the District.

....

(d) **Exclusive Direct Groundwater Replenishment Facility.** In the event water delivered by the District through a particular facility is used exclusively for direct groundwater replenishment through spreading the member public agency shall be charged therefore at the rates for water sold and delivered for Replenishment Service as set forth in Section 4401, when Replenishment Service water is available as determined by the Chief Executive Officer. When Replenishment Service water is not available, the member public agency shall be charged at the rates for water sold and delivered set forth in Section 4401(a) (1).

(e) **Full Service, Interim Agricultural Water Program, and Replenishment Water Facility.** In cases where water through a particular facility is delivered during any month for full service or Interim Agricultural Water Service or both, and for Replenishment Service, the bill for water delivered in such month will be prepared by applying the rates for water sold and delivered in full service to the total quantity of water delivered. In addition to the procedures for crediting Interim Agricultural Water Program Service, if the member public agency desires to receive credit for water used in Replenishment Service the facts concerning the quantities of water so used must be certified to the District in writing or electronically by computer modem or otherwise by a responsible officer of the member public agency purchasing such water as provided for in Section 4507 (f) and (h). The amount of such credits shall be based on the difference in water rates in effect at the time the water is used.

....

(i) **Determination by Chief Executive Officer as to Type of Delivery.** In the event the respective quantities of water sold and delivered in any month on order of any member public agency for use therein in Interim Agricultural Water Program Service or Replenishment Service are not

determinable to the satisfaction of the Chief Executive Officer in time for preparing regular monthly bills therefor, then billing and payment for all water sold and delivered in such month to such member public agency shall be made at the rates prescribed for water used in full service in Section 4401(a)(1) hereof. Upon the determination by the Chief Executive Officer of the correct quantities of water sold and delivered and used in Interim Agricultural Water Program Service or Replenishment Service, any adjustment which is necessary to give effect to the reduced rates applicable to water used in Interim Agricultural Water Program Service or Replenishment Service shall be made by application of credits on subsequent purchases of water from the District by such member public agency. Such adjustments shall not be made in cases where a claim for the reduced rates is not submitted within the period provided in Section 4507(f).

(j) **Obligation to Pay for Appropriate Class of Service.** If water has been sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program Service, Replenishment Service, or other water program or contract and appropriate certifications have been submitted for the water so used, but the water has in fact been used in full service or another class of service, the member public agency shall be obligated to pay the difference between the rates prescribed for water sold for Interim Agricultural Water Service, Replenishment Service, or other water program or contract and the rates prescribed for the class of service actually used.

(k) **Submission of Documentation by Member Agency.** With respect to water sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program Service, or other water programs (unless otherwise specified in an agreement with the District or excluding Replenishment Service which shall follow the provisions outlined in its Handbook) original documentation supporting the use of such water as certified must be submitted no later than December 31 following the end of the fiscal year in which a certification is submitted. If the documentation is not submitted by December 31 following the end of the fiscal year in which a certification is submitted, an agency will receive a late penalty of \$2,500. If the agency does not submit documentation by February 28/29 following the end of the fiscal year in which a certification is submitted, it shall be conclusively presumed that:

- (1) The water sold from the District was used for full service, and the District's next monthly billing shall reflect such adjustment; or
- (2) The yield was not produced as certified and the District's next monthly billing shall reflect such adjustment.

This provision will apply individually to each program or agreement that an agency or sub-agency participates in separately.

(l) **Review Process.** With respect to water sold and delivered at the rates prescribed for water sold in Interim Agricultural Water Program Service, or other water programs (excluding Replenishment Service which shall follow the provisions outlined in its Handbook) the District will complete its review within twelve months from date of receipt of the original supporting documentation.

- (1) Should the District not complete its review within twelve months of the submittal of all source documentation, the review will be considered complete and the certifications final.

- (2) When the review is completed, the District will notify the member agency of its initial findings for its comments. The member agency will provide its comments within 60 days. Metropolitan staff and the agency will work together to reconcile any differences.
  - (3) If the member agency and Metropolitan staff cannot reconcile the differences, Metropolitan's Water System Operations' Group Manager has the responsibility to consult with the member agency and make a final ruling subject to the Chief Executive Officer's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's Water Planning, Quality and Resources Committee.
  - (4) If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60-day comment period as specified in (m) (2), then it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.
- (m) **Discovery of Mistakes or Errors.** In the event a mistake or error is discovered in a District water sales record, the Chief Executive Officer shall initiate appropriate corrective action. No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.
- (1) A District water sales record shall include a water billing invoice, or district invoice for other water-related charges.
  - (2) If the District finds the mistake or error, the discovery of the mistake or error shall be documented in writing to the member agency. The date of discovery for corrective action purposes shall be the date notice is sent to the member agency.
  - (3) If the member agency discovers the mistake or error, the discovery of the mistake or error shall be documented in writing to the District by either a revised certification form or letter, whichever is applicable. The date of discovery for corrective action purposes shall be the date the certification or letter is received by the District.
  - (4) If an incorrect invoice has been issued to a member public agency, the Chief Executive Officer shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.
  - (5) Mistakes or errors shall also include but are not limited to mistakes or errors in metering or recording deliveries to member agencies, entry or calculation errors in fixed charges, discovery of errors in either a member agency or sub-agency submitted certification(s), or processing of a certification(s) for the Local Projects Program, the Local Resources Program, the Groundwater Recovery Program, Conservation Credit Program, Interim Agricultural Water Program,

Replenishment Service Program, or any other water management program or storage programs or agreements unless specified otherwise in the contract.

- (6) Any mistakes or error for a fiscal year period that is less than five acre-feet cumulative by agency or sub-agency, by program or agreement, shall be waived.

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**§ 4514. Replenishment Service.**

(a) General - The goals of the Replenishment Service program are to:

- 1. Achieve greater conjunctive use of imported and local supplies.
- 2. Encourage construction of additional local production facilities.
- 3. Reduce member agencies' dependence on deliveries from Metropolitan during periods of shortage.

Member agencies are encouraged to take replenishment water through a discounted rate offered by Metropolitan. This economic incentive encourages local agencies to invest in new water production, storage, treatment and transmission facilities, or to fully utilize existing facilities. These facilities are needed to augment local agencies' capability to produce local water, as well as store imported water purchased from Metropolitan during periods of abundance.

To receive the lower rates, agencies must certify to Metropolitan the amounts of imported water that they have stored in local reservoirs and groundwater basins by direct and in-lieu means. Certification forms are provided to agencies to assist in their calculations and standardize the certifications. Agencies shall comply with the administrative procedures as set forth in the most current Replenishment Service Handbook, as amended from time to time by the Chief Executive Officer, to receive the Replenishment Service rate on water purchased from Metropolitan.

- (b) Storage Types - Replenishment Service water shall be stored for long-term storage. Long-term storage is that water delivered by Metropolitan to a member public agency or sub-agency for storage, by direct or in-lieu methods, beyond a 12-month period. Under this concept, total annual purchases from Metropolitan increase by the amount of Replenishment Service water purchased. Water that an agency leaves in storage to replace groundwater overdraft in any previous drought year when Replenishment Service was declared unavailable is considered long-term storage.
- (c) Normal Period of Availability - Replenishment Service water shall be available between July 1 through June 30 whenever and so long as the Chief Executive Officer determines that water and system capacity are available. If required for Metropolitan's system regulation, groundwater replenishment by spreading or injecting or water deliveries/sales pursuant to any storage or operating agreement, may be offered to specific member public agencies during any time of the year at the

Replenishment Service rate at the Chief Executive Officer’s discretion. If an agency should take Replenishment Service water when it is deemed not available by the Chief Executive Officer then it shall pay the rates for that water set forth in Section 4401(a)(1). With respect to service for direct reservoir replenishment and for groundwater replenishment by spreading or injecting, service availability may be activated or terminated immediately upon notice by the Chief Executive Officer to affected member public agencies. With respect to service for in-lieu groundwater replenishment or in-lieu reservoir replenishment, service availability may be activated upon notice to the member public agencies and terminated upon 48 hours notice to the member public agencies.

- (d) Certification - Member public agencies may receive Replenishment Service water only upon filing of the required certifications specified in Section 4507. All certifications as to the storage of water for Replenishment Service must be on forms provided by the District or in electronic format acceptable to the District. Receipt of a certification electronically by computer modem or otherwise shall be considered identical to receipt of a written and signed certification binding on the member public agency for all purposes. The Chief Executive Officer may make or cause to be made such investigations as the Chief Executive Officer may require in order to determine the quantities of water to which the Replenishment Service rates shall apply. Such investigations may result in revisions either upward or downward in the amount of water actually received in Replenishment Service. No such investigation shall be made unless the member public agency has requested Replenishment Service and submitted the requisite certifications. The Chief Executive Officer may reject any certification if the certifying agency is unable to furnish sufficient documentation as to the facts of the certification.

**§ 4517. Cooperative Storage Program.**

- (a) The Cooperative Storage Program that provides a means for coordinating storage capacity available to the District's member public agencies, with the District's annual carryover storage needs as those needs are determined under Subsection 4206(c). The purpose of the Program is to place additional amounts of imported water in local storage to improve regional water supply reliability within the District’s service area, in a manner that will recognize local costs and risks of participating in the program, but will not adversely impact either the District’s finances or the member public agencies’ ability to participate in the Replenishment Service Program.

....

(g) Storage Accounting

- (1) Each participating member public agency shall maintain a Program storage account for Program water it stores, which shall account for monthly deliveries, releases, and storage losses approved by the District, if any, and other information which the Chief Executive Officer shall deem necessary.

- (2) The District shall bear reasonable and equitable losses of stored water provided that the Chief Executive Officer approves the respective member public agency's justification of the loss criteria prior to placement of water into storage and shall consider those losses in allocating Program storage. Otherwise the District shall not bear any loss of stored water.
  - (3) Water stored under this Program shall be stored by a participating agency in such a manner as to assure that such water can be produced by that agency when released by Metropolitan. Program water delivered to a member public agency for storage shall be considered local water produced in that year for purposes of Replenishment Service.
- (h) Release of Stored Water - The Chief Executive Officer shall release stored Program water to the participating member public agency in which it is stored under the following criteria:
- (1) Water Delivered to Storage Prior to 1995
    - (i) In a fiscal year when Replenishment Service deliveries are available, the Chief Executive Officer may release, up to half of the Program water stored by the respective member public agency, in place of the agency's request for delivery of Replenishment Service through the District's distribution system, except for conditions described in provisions (iv) and (v) of this subsection;
    - (ii) In a fiscal year in which Replenishment Service or Full Service deliveries have been suspended, the Chief Executive Officer shall release, and the participating member public agency shall accept, up to half of the Program water stored by the respective public agency, to the extent the agency requests that release, except for conditions described in provisions (iv) and (v) of this subsection;
    - (iii) During an emergency such as an earthquake, when District water service is interrupted, the Chief Executive Officer shall release up to all stored Program water stored by the respective member public agency, to the extent of the interruption in water service and that the agency requests that release;
    - (iv) When the Program water stored by the respective member public agency is less than ten percent of the agency's average annual purchase of Seasonal Storage Service or Replenishment Service, whichever is applicable, deliveries for the prior four years, the Chief Executive Officer may release all of the Program water stored by the agency;
    - (v) In any fiscal year during which a participating member public agency's Replenishment Service or Program water release request is less than its average annual purchase of Seasonal Storage Service or Replenishment Service, whichever is applicable, of the prior four years, the Chief Executive Officer may release the Program water stored by the respective member public agency in combination with Replenishment Service sales up to the agency's four-year average Seasonal Storage Service or Replenishment Service purchase. The District shall not release more than half of the Program water stored by the respective member public agency for this purpose and shall provide the agency with a 90-day advance notice of the release.

(2) Water Delivered to Storage After 1994

- (i) The Chief Executive Officer may release in a fiscal year up to one-third of the total amount of Program water placed in storage by a respective member public agency in place of that agency's request for delivery of water from the District's distribution system or for Replenishment Service, in order to fill Diamond Valley Lake, meet operational requirements, or reduce or eliminate shortages. Program water used to reduce or eliminate shortages, or for operational requirements may be released during any ten months selected by the Chief Executive Officer during a twelve-month period from the time of release. Program Water may be released at any time in place of the agency's request for Replenishment Service.
- (ii) Upon release of Program water by District, the participating member agency shall furnish to District, within 60 days, water supply and demand data based on historical information sufficient to document that it has produced the amount of Program water released to it.
- (iii) The Chief Executive Officer shall release stored Program water to the respective member public agency no later than ten years after delivering it to that agency for storage.
- (iv) If a member public agency receives delivery of Program water for storage after 1994, any Program water that agency has stored in previous years shall also be subject to the release provisions of this Subsection (h)(2).
- (v) Participating Member Public Agencies may transfer Program water they have placed into storage under the Program into other long-term water storage programs the District may develop as part of its Integrated Resource Plan under mutually agreeable transfer terms, executed in writing by both parties.

(i) Payment

- (1) The participating member public agency shall pay the District's incremental costs of delivering Program water for storage plus interest at the average yield on the District's investment portfolio, from the date of delivery to the member public agency to the date of the invoice. Pursuant to the provisions of Section 4507, the District will invoice the member public agency on or about July 10 of the calendar year following the year in which the water is delivered.
- (2) At the time the Chief Executive Officer releases stored Program water to the respective participating member public agency the District shall invoice the respective participating member public agency pursuant to the provisions of Section 4507, at the applicable treated or untreated Replenishment Service rate in effect when the respective Program water was placed in storage, less any previous payment for the incremental costs of delivering the water for storage (but not including credit for the interest required by Subsection (i)(1)).
- (3) Water released from storage to the participating member public agency shall be the oldest water then in storage.

(4) Readiness-to-Serve Charge Treatment.

- (i) Program water delivered to storage prior to April 12, 1994 shall be exempted from the Readiness-to-Serve charge determination. Those charge determinations shall be applied to water delivered to storage after that date, except as applied in (ii) below, when the stored water is released to the participating member public agency.
- (ii) The Readiness-to-Serve charge for Program water delivered for storage in 1995 shall be \$36 per acre foot and will be paid monthly as the water is released to the member public agency.

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**DIVISION V  
FINANCIAL MATTERS**

**§ 5200. Funds Established.**

- (a) To provide for accountability of public moneys in accordance with applicable federal and state law and regulations and Board policies, the following funds active or prospectively active have been established in the Treasury of the District:
- (1) General Fund (Fund No. 1001, established 1929). Moneys not specifically allocated or appropriated may be placed in this fund and used for general purposes of the District. Expenditures for reimbursable work and water conservation capital and indirect costs under the contract with Imperial Irrigation District are paid from this fund.
  - (2) Pay-As-You-Go Fund (Fund No. 5001, established 1988). Used to finance certain capital program expenditures from current revenues in accordance with Section 5109, subject to the conditions contained in Section 5202(b).
  - (3) State Contract Fund (Fund No. 5701, established 1960). Used for the payment of capital charges under the State Water Contract, including the capital charges for off-aqueduct power facilities, subject to the conditions contained in Section 5201(d).
  - (4) Special Tax Fund (Fund No. 5702, established 1951). Annexation fees (cash payments and special tax collections) are deposited in this fund and transferred to the State Contract Fund to pay a portion of State Water Contract capital charges.
  - (5) Replacement Reserve Fund (Fund No. 6002, established 1960, inactive as of 1967). May be used to set aside funds for the purchase of replacements.
  - (6) Water Revenue Fund (Fund No. 1002, established 1975). Receipts from water sales are deposited in this fund and are transferred to various other funds in accordance with revenue bond covenants and Board resolutions to pay in order of priority:
    - (i) Operation and maintenance expenditures;
    - (ii) Principal of, premium, if any, and interest on the Prior Lien Waterworks Revenue Bonds and any required deposits into any reserve funds or accounts therefore;
    - (iii) The interest on and bond obligation of Subordinate Lien Water Revenue Bonds and Parity Obligations issued pursuant to Master Resolution 8329 (the Master Resolution) adopted by the Board on July 9, 1991 and any Supplemental Resolutions thereto;
    - (iv) All other payments required for compliance with the Master Resolution, and any Supplemental Resolutions;

- (v) Principal of and interest on Commercial Paper Notes and other amounts due a provider of a liquidity facility;
  - (vi) Deposits into the Water Standby Charge Fund in accordance with resolutions imposing such charges; and
  - (vii) Any other obligations which are charges, liens, or encumbrances upon or payable from net operating revenues.
  - (viii) Moneys remaining at the end of each month, after the foregoing transfers, are transferred to the Revenue Remainder Fund.
- (7) Operation and Maintenance Fund (Fund No. 1003, established 1975). Used to pay all operation and maintenance expenditures, including State Water Contract operation, maintenance, power and replacement charges, subject to the conditions contained in Section 5201(f).
  - (8) Revenue Remainder Fund (Fund No. 1004, established 1975). Used to maintain working capital and certain designated funds in accordance with Section 5200(k), and may be used for any lawful purpose by the District, subject to the conditions contained in Section 5202.
  - (9) Water Rate Stabilization Fund (Fund No. 5501, established 1987). Used to reduce future water revenue requirements or, as directed by the Board, for other lawful purposes, in accordance with Section 5202.
  - (10) Water Treatment Surcharge Stabilization Fund (Fund No. 5502, established 1988). Used to mitigate required increases in the surcharge for water treatment or, as directed by the Board, for other lawful purposes, in accordance with Section 5202.
  - (11) Revolving Construction Fund (Fund No. 5003, established 1988). Capital expenditures made from this fund are to be reimbursed from proceeds of security sales to the extent such expenditures are authorized uses of debt proceeds under the Act, subject to the conditions and restrictions contained in Section 5201(g).
  - (12) Employee Deferred Compensation Fund (Fund No. 6003, established 1976). Compensation deferred by employees under Section 457 of the Internal Revenue Code of 1986, as amended, is deposited in this fund and is withdrawn in accordance with Articles 2 and 3 of Chapter 7 of Division VI of this Administrative Code.
  - (13) Iron Mountain Landfill Closure/Postclosure Maintenance Trust Fund (Fund No. 6005, established 1990). Used as a trust fund to maintain moneys sufficient to cover the costs of closure and postclosure maintenance of the District's solid waste landfill facility at Iron Mountain, in accordance with regulations of the California Integrated Waste Management Board, and subject to the conditions contained in Section 5201(l).

- (14) Water Standby Charge Fund (Fund No. 1005, established 1992). Used to separately hold revenues attributable to water standby charges; amounts deposited in this fund are used exclusively for the purpose for which the water standby charge was authorized.
  - (15) Water Transfer Fund (Fund No. 1007, established 1995). Used for moneys set aside for the purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project.
  - (16) Self-Insured Retention Fund (Fund No. 1008, established 1999). Used to separately hold amounts set aside for emergency repairs and claims against the District as provided in Section 5201 (o).
  - (17) Lake Mathews Multi Species Reserve Trust Fund (Fund 6101, established 1997). Used as set forth in agreement between Metropolitan and the Riverside County Habitat Conservation Agency for the Multi Species Reserve.
- (b) There shall be established in the Treasury of the District such funds and accounts as are required pursuant to bond covenants, tax and non-arbitrage certificates, bond counsel letters of instruction and related documents, to provide for accountability of District funds and compliance with applicable federal and state law and regulations. Such funds and accounts shall be established for each issue of bonds, notes or other obligations of the District as required in the respective bond or note resolution and closing documents.

#### **§ 5201. Restricted Funds.**

Cash and securities to be held in the various ledger funds shall be as follows:

- (a) For the General Obligation Bond Interest and Principal Funds and the Waterworks General Obligation Refunding Bonds Interest and Principal Funds, the cash and securities in each as of June 30, shall be at least equal to the debt service for the ensuing 18 months, less revenues anticipated to be derived from the next succeeding tax levy specifically for such debt service.
- (b) For the Water Revenue Bonds Interest and Principal Funds, the Water Revenue Bonds Reserve Funds, the Water Revenue Refunding Bonds Interest and Principal Funds and the Water Revenue Refunding Reserve Bonds, the cash and securities in each shall be at least equal to the minimums required by the resolutions of issuance for such bonds.
- (c) For the Bond Construction Funds there shall be no minimum requirements provided that any cash and securities in such funds shall be restricted to use for the purposes for which such financings were required.
- (d) For the State Contract Fund, cash and securities on hand June 30 and December 31 shall equal the capital payments to the State Department of Water Resources that are due on July 1 of the same year and January 1 of the following year, respectively.

- (e) For the Special Tax Fund, there shall be no minimum requirement.
- (f) For the Operation and Maintenance Fund, cash and securities shall be at least equal to the minimum required by the resolutions of issuance for revenue bonds.
- (g) For the Revolving Construction Fund, there shall be no minimum requirement. Cash and securities in this fund, unless restricted as to use by resolution of the Board, shall be available for transfer to the Water Rate Stabilization Fund and the Water Treatment Surcharge Stabilization Fund at the discretion of the Board.
- (h) For the Commercial Paper, Series A, Note Payment Fund, and the Commercial Paper, Series B, Note Payment Fund, the District shall deposit amounts sufficient to pay principal of, and interest on, such Commercial Paper Notes in an amount at least equal to one-half of the projected interest payments due on such notes in the subsequent fiscal year.
- (i) For the Water Standby Charge Fund, there shall be no minimum requirement; provided that any cash and securities in such fund shall be restricted to use for the purposes such moneys were authorized.
- (j) For the General Obligation Bond Excess Earnings Funds, the Waterworks General Obligation Refunding Bond Excess Earnings Funds, the Water Revenue Bond Excess Earnings Funds and the Water Revenue Refunding Bond Excess Earnings Funds, the minimum requirement shall be the amounts deposited into these funds in accordance with the provisions of the Tax and Nonarbitrage Certificates and Resolutions for the respective Bonds.
- (k) For the Waterworks General Obligation Refunding Bonds, 1993 Series A1 and A2, Escrow Account Fund, the minimum requirement shall be the amounts necessary to pay the principal, if any, and the interest on the Series A1 and A2 Bonds to the crossover date, and to defease certain maturities of outstanding prior general obligation bonds.
- (l) For the Iron Mountain Landfill Closure/Postclosure Maintenance Trust Fund, cash and securities as of June 30, shall be at least equal to the Chief Executive Officer's latest estimates of closure and postclosure maintenance costs.
- (m) For the Optional General Obligation Bond Redemption Fund and the Optional Revenue Bond Redemption Fund, the minimum requirement shall be the amount necessary to redeem such untendered, refunded bonds which have been called for redemption.
- (n) For the Water Transfer Fund, all amounts budgeted or pledged for purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project, shall be set aside in such fund and used solely for such purpose. On July 1, 2004, any amount remaining shall be transferred to the Water Rate Stabilization Fund.
- (o) For the Self-Insured Retention fund, all amounts in such fund shall be set aside and used solely for emergency repairs and claims against the District. The minimum cash and securities to be held in such fund as of June 30 of each year shall be \$25 million.

**DIVISION VI  
PERSONNEL MATTERS**

**§ 6765. Article VI - Contribution and Allocation.**

....

(g) All participants who have attained age 50 before the close of a Savings Plan Year listed below shall be eligible to make additional catch-up contributions in the following maximum amounts for each Savings Plan Year:

2002	\$1,000
2003	\$2,000
2004	\$3,000
2005	\$4,000
2006 or thereafter as adjusted annually pursuant to Code § 414(v)(2)(C).	\$5,000

Such catch-up contributions shall not be taken in to account for purposes of the limitations contained in § 6765(c) and (e). This Savings Plan shall not be treated as failing to satisfy the provisions of this Savings Plan implementing the requirements of Section 401(k)(3), 401(k)(11), and (12), 410(b), or 416 of the code, as applicable, by reason of making such catch-up contributions.

**§ 6767. Article VIII - Distributions and Withdrawals**

....

(d) Withdrawal of Contributions.

- (1) Upon not less than 30 days prior written notice, a Participant who is at least 59-1/2 years of age may withdraw all or part of the amounts in Participant's Accounts. The Participant may make such an election no more than once each Savings Plan Year.
- (2) Upon certification by a Participant of an immediate and heavy financial need, the amount of such need and the current unavailability of any distributions (other than hardship distributions) or nontaxable loans under any plan maintained by the District, a Participant may withdraw all or part of the Participant's Tax Deferred Elective Contributions and Matching Contributions in Participant's accounts (and income allocable to Tax Deferred Elective Contributions credited to the Participant's Tax Deferred Elective Contributions Account prior to January 1, 1989), to the extent not in excess of such immediate and heavy financial need. Certification may only be made

on a form approved by the Chief Executive Officer, signed by the Participant and filed with the Chief Executive Officer. The form shall limit situations of immediate and heavy financial need to (1) medical expenses described in Code Section 213(d) incurred by the Participant, the Participant's spouse or dependents (as defined in Code Section 152), (2) the purchase (excluding mortgage payments) of a principal residence of the Participant, (3) payment of tuition for the next semester or quarter of post-secondary education for the Participant, Participant's spouse, children or dependents, or (4) the need to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage of the Participant's principal residence, and (5) other deemed immediate and heavy financial needs identified by the United States Department of Treasury. No portion of a hardship distribution may be paid directly to an Eligible Retirement Plan, as defined in § 6767(g)(2). For distributions made on or after January 2002, if a Participant makes a withdrawal on account of an immediate and heavy financial need, the Participant's Tax Deferred Elective Contributions and Matching Contributions shall be automatically suspended under this Plan and all other qualified plans maintained by the district until reenrollment after a period of at least 6 months from the date of such withdrawal.

....

**§ 6785. Article VI - Contribution and Allocation.**

....

(e) Section 402(g) Limit. – Except as otherwise provided in § 6785(g), the amount of Tax Deferred Elective Contributions made for any Participant for any taxable year shall not exceed the applicable dollar amount for such year, as shown below:

2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006 or thereafter	\$15,000, as adjusted annually pursuant to Code § 402(g)(5).

No Participant shall be permitted to have Tax Deferred Elective Contributions made under this Savings Plan, or any other qualified plan maintained by the District during any taxable year, in excess of the applicable dollar amount specified above for such taxable year, except to the extent permitted under (g) of this § 6785 and Section 414(v) of the Code, if applicable. In the event such dollar limitation is exceeded the Participant may request, by no later than March 1 following the close of the Participant's taxable year, and the Chief Executive Officer may authorize the Trustee to distribute, by no later than April 15 following the close of the Participant's taxable year, all or part of the excess and any income allocable thereto, to the Participant. In determining the excess amount distributable with respect to a Participant's taxable year, excess Tax Deferred Elective Contributions

previously distributed for the Savings Plan II Year beginning in such taxable year shall reduce the amount otherwise distributable under this subsection.

....

(g) All Participants who have attained age 50 before the close of a Savings Plan Year listed below shall be eligible to make additional catch-up contributions in the following maximum amounts for each Savings Plan Year:

2002	\$1,000
2003	\$2,000
2004	\$3,000
2005	\$4,000
2006 or thereafter	\$5,000, as adjusted annually pursuant to Code § 414(v)(2)(C).

Such catch-up contributions shall not be taken into account for purposes of the limitations contained in § 6786(c) and (e). This Savings Plan shall not be treated as failing to satisfy the provisions of this Savings Plan implementing the requirements of Section 401(k)(3), 401(k)(11) and (12), 410(b), or 416 of the Code, as applicable, by reason of making such catch-up contributions.

**§ 6787. Article VIII - Distributions and Withdrawals.**

....

(d) Withdrawal of Contributions.

- (1) Upon not less than 30 days prior written notice, a Participant who is at least 59 -1/2 years of age may withdraw all or part of the amounts in Participant's Accounts. The Participant may make such an election no more than once each Savings Plan II Year.
- (2) Upon certification by a Participant of an immediate and heavy financial need, the amount of such need and the current unavailability of any distributions (other than hardship distributions) or nontaxable loans under any plan maintained by the District, a Participant may withdraw all or part of the Participant's Tax Deferred Elective Contributions and Matching Contributions in Participant's Accounts (and income allocable to Tax Deferred Elective Contributions credited to the Participant's Tax Deferred Elective Contributions Account prior to January 1, 1989), to the extent not in excess of such immediate and heavy financial need. Certification may only be made on a form approved by the Chief Executive Officer signed by the Participant and filed with the Chief Executive Officer. The form shall limit situations of immediate and heavy financial need to (1) medical expenses described in Code Section 213(d) incurred by the Participant, the

Participant's spouse or dependents (as defined in Code Section 152), (2) the purchase (excluding mortgage payments) of a principal residence of the Participant, (3) payment of tuition for the next semester or quarter of post-secondary education for the Participant, Participant's spouse, children or dependents, or (4) the need to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage of the Participant's principal residence, and (5) other deemed immediate and heavy financial needs identified by the United States Department of Treasury. No portion of a hardship distribution may be paid directly to an Eligible Retirement Plan, as defined in § 6767(g)(2). For distributions made on or after January 1, 2002, if a Participant makes a withdrawal on account of an immediate and heavy financial need, the participant's Tax Deferred Elective contributions and Matching Contributions shall be automatically suspended under this Plan and all other qualified plan maintained by the district until re-enrollment after a period of at least 6 months from the date of such withdrawal.

....

**§ 6802. Article III - Definitions.**

....

- (i) "Beneficiary" shall mean an individual, or individual beneficiaries of a trust, or any combination of the foregoing designation by a participant to receive benefits under the 1997 Plan. Beneficiary may be singular or plural, primary or contingent. The designation must be in writing on a form approved by and filed with the Chief Executive Officer, and shall be revocable by written notice filed with the Chief Executive Officer, unless otherwise expressly provided by the designation. If a participant does not have on file with the Chief Executive Officer a valid and effective beneficiary designation, the participant's estate shall be the beneficiary.

**§ 6810. Article XI - Payments to Participant.**

- (a) For participants who separate from service on or after September 1, 2002, unless the participant affirmatively elects otherwise, upon separation from service on or after normal retirement age, the participant shall be deemed to have elected to defer distributions of the amounts deferred on behalf of the participant until the 60<sup>th</sup> day after the date on which the participant separates from service, at which time the amount deferred shall be paid to the participant in a lump sum, or if elected by the participant at least 30 days prior to the date payment is to be made, distribution may be made in the form of periodic payments on a monthly, quarterly, semiannual, or annual basis for a specific length of time, subject to the provisions of Article XIV.
- (b) For participants who separated from service before September 1, 2002, and who made an irrevocable election regarding payment of deferred amounts, such election may be revoked and a new payment election may be made in accordance with the above requirements at any time after September 1,



2002. If a participant separated from service prior to September 1, 2002, and the participant does not affirmatively revoke a prior payment election, all payments shall continue as previously elected.

- (c) No payment schedule selected by a participant shall be effective unless it is consented to by the District in its sole discretion. The District shall, however, only consent to the schedule if it conforms in all respects to the requirements of Section 457 and 401(a)(9) of the Code and the regulations thereunder.
- (d) All distributions shall be subject to the rollover and plan-to-plan transfer provisions of § 6826 of the MWD Administrative Code.

**§ 6811. Article XII - Payments to Beneficiary.**

If the participant dies before the entire amount deferred is paid to the participant, any amounts deferred and remaining unpaid shall be paid to or on behalf of a beneficiary in a lump sum during the second month next following the month in which the participant dies.