

- **Board of Directors**
Legal and Claims Committee

March 8, 2005 Board Meeting

7-6

Subject

Approve amendments to the Metropolitan Water District Administrative Code to conform to current laws and practices and make corrections

Description

This letter proposes amendments to Metropolitan's Administrative Code to reflect changes in Metropolitan's practices, to conform the Code to pertinent laws and regulations, 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:

- Section 2201 is revised to clarify that committee chair and vice chair members of the Executive Committee serve as nonofficer members on the Executive Committee.
- Sections 2400, 2440, 2441, 4304, 5104, 5105, 5107, 5305 and 6436 are revised to change the name of the Budget and Finance Committee to the Budget, Finance, Investment and Insurance Committee.
- Section 2411 is revised to delete an obsolete reference to transitional members of the Executive Committee.
- Sections 2417, 2451, 2570 and 2580 are revised to more clearly define the respective roles of the committees referenced in these sections. These amendments reflect the transfer of responsibility to review policies regarding annexation and the terms and conditions for annexations from the Executive Committee to the Asset and Real Property Committee, the Asset and Real Property Committee's jurisdiction over real property transactions, the Organization and Personnel Committee's role in labor negotiations and the Recreation Committee's oversight of proceeds from the disposition of Diamond Valley Lake and Lake Skinner surplus property.
- Sections 4301, 4304, 4403 and 4507 are revised to delete obsolete references to the capacity reservation charge and refer to the capacity charge instead.
- Section 6806 is revised to conform to notice requirements for deferred compensation elections, consistent with tax regulations and current practice.

Policy

Metropolitan Water District Administrative Code Section 2461(h); approval of amendments to the Administrative Code

California Environmental Quality Act (CEQA)

CEQA determination for Staff Recommendation:


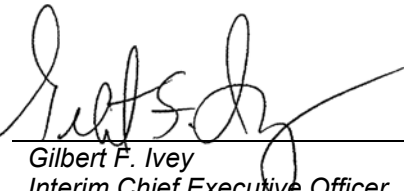
The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on

the environment (Section 15378(b)(4) 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 CEQA pursuant to Sections 15378(b)(2), 15378(b)(4), and 15061(b)(3) of the State CEQA Guidelines.

Staff Recommendation

Adopt the CEQA determination and approve amendments to the Administrative Code set forth in **Attachment 2** to reflect the changes recommended in this letter.

 _____ Jeffrey Kightlinger General Counsel	2/14/2005 Date
 _____ Gilbert F. Ivey Interim Chief Executive Officer	2/14/2005 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)

Division II

PROCEDURES PERTAINING TO BOARD, COMMITTEES AND DIRECTORS (showing additions and deletions)

Chapter	Sec.
1 Board of Directors	2100
2 Board Officers	2200
3 Rules Governing Committees	2300
4 Standing Committees	2400
5 Other Committees: Miscellaneous Committee Matters	2500
6 Directors	2600
7 Periodic Staff Reports to Board and Committees	2700
8 Legislation	2800

Chapter 2

BOARD OFFICERS

Sec.
2200. Establishment of Offices
2201. Terms of Office: Limitations
2202. Selection of Officers
2203. Vacancy in Office
2204. Delegation of Duties to vice Chair
2205. Duties of the Chair
2206. Use of District Automobile by Chair
2207. Duties of the Secretary of the Board

§ 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, which include committee chairs and vice chairs, 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.

Chapter 4

STANDING COMMITTEES

Article	Sec.
1 General	2400
2 Executive Committee	2410
3 Engineering and Operations Committee	2430
4 Budget and Finance Committee <u>Budget, Finance, Investment and Insurance Committee</u>	2440
5 Organization and Personnel Committee	2450
6 Legal and Claims Committee	2460
7 [Repealed	2470]
8 Water Planning, Quality and Resources Committee	2480
9 Ethics Committee	2490

Article 1

GENERAL

Sec.

- 2400. Identification of Standing Committees
- 2401. Officers and Members of Standing Committees

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

- Executive Committee
- Engineering and Operations Committee
- ~~Budget and Finance Committee~~ Budget, Finance, Investment and Insurance Committee
- Organization and Personnel Committee
- Legal and Claims Committee
- Water Planning, Quality and Resources Committee
- Ethics Committee

§ 2411. Selection of Nonofficer Members.

Nonofficer members of the Executive Committee, ~~except for the two transitional members,~~ shall be nominated by the Nominating Committee or from the floor

and elected at the December meeting of the Board. Three of the six nonofficer members shall be nominated and elected in even-numbered years and three in odd-numbered years.

§ 2417. Duties and Functions.

(a) 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 the other standing committees in the 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 Administrative Code 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;~~

~~(13)~~ Such other matters as may be required by Division II of this Code.

Article 4

~~BUDGET AND FINANCE COMMITTEE~~ **BUDGET, FINANCE, INVESTMENT AND INSURANCE COMMITTEE**

Sec.

2440. Day of Regular Meeting

2441. Duties and Functions

§ 2440. Day of Regular Meetings.

The regular meetings of the ~~Budget and Finance Committee~~ Budget, Finance, Investment and Insurance Committee shall be held on the Monday preceding regular Board meetings.

§ 2441. Duties and Functions.

The ~~Budget and Finance Committee~~ Budget, Finance, Investment and Insurance Committee shall study, advise and make recommendations with regard to:

- (a) Preparation of budgets;
- (b) Policies and procedures related to budget development and cost containment;
- (c) Sale of bonds and borrowing and repayment of money;
- (d) Disposition and investment of funds;
- (e) Authorization of appropriations;
- (f) The determination of revenues to be obtained through sales of water, water standby or availability of service charges, and the levying of taxes;
- (g) The financial impact and requirements of policies concerning annexation;
- (h) The financial aspects of the District's risk management program;

- (i) Questions pertaining to insurance coverage and self-insurance;
- (j) The selection of financial and insurance consultants and the determination of the scope of their assignments;
- (k) Form and contents of accounts, financial reports, and financial statements;
- (l) Proposed amendments to the Metropolitan Water District Act affecting the finance and insurance functions of the District;
- (m) Goals and objectives related to financial planning for Metropolitan, including but not limited to revenues, operating expenses, reserve policies, internally funded construction, debt management, investments and capital financing strategies;
- (n) The selling prices of water and conditions governing sales of water;
- (o) Costs and accounting procedures relating to the District's and other state water service contracts;
- (p) Policies regarding the sale of water for various uses;
- (q) Policies regarding allocation of water standby or availability of service revenue requirements among member public agencies;
- (r) Water standby or availability of service charges within the District;
- (s) Review and make recommendations regarding determinations by the chief Executive Officer with respect to appeals concerning readiness-to-serve charges, new demand charges, and connection maintenance charges, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations; and,
- (t) Review and make recommendations regarding appeals from determinations by the Chief Executive Officer to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations.

§ 2451. Duties and Functions.

The Organization and Personnel Committee shall study, advise and make recommendations with regard to:

(a) The form of the District's organization and the flow of authority and responsibility;

(b) Periodic independent reviews and studies of the organization, classification of positions, job duties, salaries, and salary ranges;

(c) Relations between the District and its employees, including all matters affecting wages, hours, pension plans and other employee benefits, and other terms and conditions of employment, as well as the District's negotiation of such matters with employee bargaining units and selection of negotiators;

(d) Areas of special concern to the District and its employees, including, but not limited to, equal employment opportunity, affirmative action, and work rules pertaining to the health and safety of employees;

(e) Policies and rules regarding the employment, discipline and discharge of District officers and employees; and

(f) Proposed amendments to the Metropolitan Water District Act and Administrative Code affecting the organization and personnel policies of the District and to the Public Employees' Retirement Law.

§ 2570. Asset and Real Property Committee.

(a) Members of the Asset and Real Property Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Asset and Real Property Committee shall hold meetings as needed, as determined by the Chair of the Asset and Real Property Committee or the Chair of the Board.

(c) The Asset and Real Property Committee shall study, advise and make recommendations with regard to:

(1) Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership and sale of land by the District.

(2) Proposed rules and proposals regarding business development opportunities, including real property and intellectual property transactions;

(3) Policies for the acquisition of rights-of-way;

(4) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs, ~~but excluding the~~

~~development, oversight and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner;~~

(5) The incidental use of land in farming operations and otherwise;

(6) The operation and maintenance of buildings;

(7) The purchase, management and disposition of personal property assets such as equipment and vehicles;

(8) Facility master plans, including budgeting for capital improvements and long-term facilities commitments; ~~and;~~

(9) Information technology strategies, projects and activities, including asset management and the budgeting and tracking of information technology resources; ~~and-~~

(10) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations.

§ 2580. Recreation Committee

(a) Members of the Recreation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Recreation Committee shall hold meetings as needed, as determined by the Chair of the Recreation Committee or the Chair of the Board.;

(c) The Recreation Committee shall study, advise and make recommendations to the Board with regard to:

(1) The development, oversight and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner; and

(2) The use of proceeds from the sale or disposition of surplus property related to Diamond Valley Lake and Lake Skinner ~~facilities for recreation~~ purposes.

Division IV

WATER SERVICE POLICIES

Chapter		Sec.
1	Definitions	4100
2	Regional Water Management	4200

3	Water Sales Revenues	4300
4	Classification and Rates	4400
5	Water Service Regulations - General	4500
6	[Repealed]	4600
7	Service Connections	4700
8	System Interconnections - Hydraulic Transients	4800
9	Interim Agricultural Water Program Service Regulations	4900

§ 4301. Cost of Service and Revenue Requirement.

(a) The District shall fix rates for water such that anticipated water sales, revenues, together with anticipated revenues from any water standby or availability of service charge (such as the readiness-to-serve charge or capacity ~~reservation~~-charge) or assessment, ad valorem tax revenues and other revenues pay the expenses of the District, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by the District, and provide for the payment of the interest and principal of the District’s outstanding bonded debt. Subject to the foregoing, such rates and charges shall reflect the costs of the district’s major service functions, including water supply, conveyance, power, storage, distribution and treatment, to the greatest degree practicable.

(b) Notwithstanding the provisions in subsection (a) above, and amounts raised by ad valorem property taxation shall not exceed the limitations established by section 124.5 of the Act and, subject to those limitations, shall be not less than the approximate equivalent of the amounts levied for fiscal year 1990-91.

§ 4304. Apportionment of Revenues and Setting of Water Rates and Charges to Raise Firm Revenue.

(a) Not later than at its January meeting the Chief Executive Officer shall present to the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee of the Board.

(1) determinations of the revenue requirements and cost of service analysis supporting the rates and charges required during the fiscal year beginning the following July 1 as determined by the Chief Executive Officer in accordance with current Board policies, and

(2) recommendations of rates, including, but not limited to, the System Access Rate, Water Stewardship Rate, System Power Rate, Treatment Surcharge, and the Supply Rates, for the various classes of water service to become effective the following January 1. These recommended rates shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the rates necessary to produce substantially the revenues to be derived from water sales during the fiscal year beginning the following July 1.

(b) The Chief Executive Officer shall also present to the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee at its January meeting recommendations regarding the imposition of a water standby charge or an availability of service charge (such as the readiness-to-serve charge and capacity ~~reservation~~ charge) which charge shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the charge necessary to produce substantially the revenues to be derived from firm revenue sources, if any, exclusive of taxes, during the fiscal year beginning the following July 1 which the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee has determined to be necessary.

(c) Not later than its January meeting the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee to be held prior to its regular March meeting at which interested parties may present their views regarding the proposed water rates to said committee. The ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee shall direct the Chief Executive Officer to cause the publication of a notice of such public hearing to be published in newspapers of general circulation within the District's service area. Such notice shall be published not less than 10 days prior to the public hearing.

(d) The ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee shall also make at its January meeting a preliminary determination of the type of firm revenue, if any, to be raised for the following fiscal year and recommend to the Board a form of resolution of intention to impose either a water standby charge or an availability of service charge sufficient to raise such firm revenue, exclusive of taxes, to implement such determination. The committee shall also recommend to the Board that it (1) authorize and direct the Chief Executive Officer to satisfy all notice requirements for implementation of such charge and (2) set dates, times and locations for, and thereafter hold, prior to the regular April meeting, one or more adjourned meetings of the Board, for public hearings and consideration of the imposition of the charge, at which interested parties may present their views regarding the proposed charge.

(e) At its regular March meeting the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee shall make its determination regarding the revenue requirement to be paid from water rates and the water rates to become effective the following January 1 and shall recommend said water rates to the Board at the Board's regular March meeting.

(f) At its March meeting, the Board shall establish water rates for deliveries beginning the following January 1.

(g) Not later than its regular May meeting, the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee shall make its final

determination regarding the water standby charge or other firm revenue charge, if any, for the fiscal year beginning the following July 1, and shall recommend such charge, if any, to the Board at its regular May meeting.

(h) Not later than its May meeting, the Board shall consider and take action upon the recommendations, if any, of the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee regarding a firm revenue source, exclusive of taxes, for the fiscal year beginning the following July 1.

(i) Proposals for changes in water rates to become effective at times other than on January 1 shall require adequate notice to the public and a hearing before such proposals are acted upon by the Board, unless the Board finds that an immediate change in water rates is urgent.

§ 4403. ~~Capacity Reservation Charge and Capacity Charge.~~

(a) Beginning January 1, 2004, the capacity charge shall be payable by each member agency for system capacity based on the maximum summer day demand placed on the system between May 1 and September 30 for the three-calendar year period ending December 31, 2002, and thereafter for a rolling three-calendar year period.

(b) The capacity ~~reservation~~ charge shall be due monthly, quarterly or semiannually, as agreed upon by Metropolitan and the member public agency.

§ 4507. Billing and Payment for Water Deliveries.

(a) **Timeframe for Billing and Payment.** Except as noted herein below, 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 there under 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.

Division V

FINANCIAL MATTERS

Chapter		Sec.
1	Administrative Matters	5100
2	Financial Policies	5200
3	Short-Term Certificates	5300

§ 5104. Payment After Loss of Bond Interest Coupon.

(a) The Treasurer of the District is authorized to effectuate payment, without action of the Board, of a claim arising from the loss of a bond interest coupon that has been detached from a District bond or from the destruction of a bond interest coupon at any time after the date of its maturity, and the Treasurer has received:

(1) An affidavit or affidavits establishing the ownership of the coupon and reciting therein the circumstances under which it was lost or destroyed; and

(2) An indemnity bond in a penal sum which is at least the amount of the claim, said sum being specifically stated in said bond, said bond to be approved by the General Counsel and then filed with the Treasurer. The indemnity bond must include a rider substantially in the form hereinafter set forth:

(i) Rider.

This Rider is attached to and is a part of the Bond of Indemnity executed by the (enter name of insurance company) respecting the loss of coupons due _____ coupons at \$ _____ per coupon - total \$ _____, detached from \$ _____ Bonds of THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, numbered to _____, _____%, maturing _____, at \$ _____ each bond in bearer form.

It is understood and agreed that in the event the balance in the coupon account respecting the above-described issue of bonds, maintained by the Treasurer of said District, should hereafter not be sufficient as a result of the payment of coupon(s) to provide for outstanding unpaid coupons, (enter name of insurance company) will reimburse The Metropolitan Water District of Southern California, up to the face amount of the coupon(s) paid under this indemnity contingent upon presentation by said District of (a) evidence that said District has paid the afore-described coupon(s) or (b) a certificate from the Treasurer of said District that there is a deficiency in said coupon account balance.

It is understood that within the first year after the due date of the afore-described coupon(s) that (enter name of insurance company) may request that the Treasurer of said District search the District's records to ascertain if in fact the afore-described coupon(s)

have been paid, but any such request shall only be honored by said Treasurer upon payment by (enter name of insurance company) of any fee required by said Treasurer to cover costs of such search.

Executed this day of , 19 .

(enter name of insurance company)

(b) The Treasurer shall report annually to the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee all payments made pursuant to this Section 5104.

§ 5105. Lost or Destroyed Bonds.

(a) The Treasurer of the District is authorized to issue a new District bond or bonds similar to the original to replace it if the Treasurer has received:

(1) Proof satisfactory to the Treasurer that the bond has been lost or destroyed; and

(2) Security approved by the Treasurer and the General Counsel from the owner indemnifying the District against any loss incurred on account of the bond, such security to be equal to the principal amount of the bond and plus the aggregate amount of any attached interest coupons; and

(3) The costs for issuance of the new bond.

(b) The Treasurer shall report annually to the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee of the Board all issuances of duplicate bonds made pursuant to this Section 5105.

§ 5107. Annual Budget.

(a) There shall be prepared, under the direction of the Chief Executive Officer, a proposed annual consolidated budget which shall be submitted to the Board no later than the date of the regular Board meeting in June immediately preceding the fiscal year to which the budget applies. The proposed budget shall indicate by fund all anticipated expenditures and required reserves and the source of moneys to be used to meet such expenditures and provide such reserves. The proposed annual consolidated budget will include a three-year budget outlook. A Board Workshop on the proposed annual consolidated budget will be conducted prior to the June ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee meeting. The ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee shall

review the proposed budget in its entirety, together with the recommendations from the Board workshop, and report its recommendations to the Board.

(b) After considering the proposed budget and making any revisions thereto that it may deem advisable, the Board shall adopt the budget before the beginning of the fiscal year to which the budget applies. The amounts provided in the budget for total expenditures for operation and maintenance, including minimum and variable operation and maintenance charges under water or power contracts with the State, for capital charges under such contracts, and for debt service, shall be deemed to be appropriated from the funds indicated in the budget.

(c) The adoption of the budget shall have no effect upon appropriations for capital projects and continuing expenditures not susceptible to immediate direct allocation, as described in Section 5108 hereof, and shall not establish any limitations on expenditures for such purposes.

(d) The total operational and maintenance budget shall be measured against the regional rate of inflation as measured by five-year rolling average change in the Consumer Price Index (CPI) for the Los Angeles-Riverside-range County area, not seasonally adjusted, for all items as reported by the U. S. Bureau of Labor Statistics. The budget will include explanations of increases greater than the CPI due to unique conditions, growth or expansion of services.

Chapter 3

SHORT-TERM REVENUE CERTIFICATES

Sec.

- 5300. Authorization to Chief Executive Officer
- 5301. Dealer-Manager
- 5302. Credit Facility
- 5303. Issuing and Paying Agent
- 5304. Method and Procedures for Sale of Certificates
- 5305. Report of Exercise of Authority

§ 5305. Report of Exercise of Authority.

The Chief Executive Officer shall report to the next following meeting of the ~~Budget and Finance Committee~~ Budget, Finance, Investment and Insurance Committee of the Board any exercise of authority pursuant to this Chapter.

Division VI

PERSONNEL MATTERS

Chapter	Sec.
1 Employee Relations	6100
2 Personnel Regulations	6200
3 General Employee Matters	6300
4 Officers	6400
5 Management and Confidential Employees - General	6500
[6 Repealed	6600]
7 Employee Deferred Compensation and Savings Plans	6700

§ 6436. Annual and Quarterly Reports to Legal and Claims ~~and Personnel~~ Committee.

(a) The Chief Executive Officer and General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to them by Sections 6433 and 6434. The General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to him by Section 6431.

(b) The General Counsel shall annually, in advance of the July Board meetings, submit to the Legal and Claims Committee a comprehensive Legal Department business plan and the Legal Department’s annual goals and work objectives for review and approval. The business plan and goals and work objectives shall be submitted in conjunction with similar reports by the Chief Executive Officer and General Auditor to the Executive Committee, the Audit Committee and the ~~Budget and Finance Committee~~Budget, Finance, Investment and Insurance Committee.

Article 7

ARTICLES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA 1997 DEFERRED COMPENSATION PLAN

Sec.
6800. Article I - Name
6801. Article II - Purposes
6802. Article III - Definitions
6803. Article IV - General Provisions
6804. Article V - Administration
6805. Article VI - Eligibility
6806. Article VII - Enrollment
6807. Article VIII - Plan Ceiling
6808. Article IX - Catch-Up Provisions
6809. Article X - Availability of Amounts Deferred

- 6810. Article XI - Payments to Participant
- 6811. Article XII - Payments to Beneficiary
- 6812. Article XIII - Payments to Surviving Spouse
- 6813. Article XIV - Minimum Rate of Periodic Payments
- 6814. Article XV - Payments for Unforeseeable Emergencies
- 6815. Article XVI - QDRO's
- 6816. Article XVII - Participant's Accounts
- 6817. Article XVIII - District's Obligations
- 6818. Article XIX - Ownership and Investment
- 6819. Article XX - Participant's Risk of Loss
- 6820. Article XXI - Participant's Rights
- 6821. Article XXII - Administrative Cost
- 6822. Article XXIII - Amendment or Termination of 1997 Plan
- 6823. Article XXIV - Leave of Absence
- 6824. Article XXV - Return to Excess Deferrals
- 6825. Article XXVI - Advisory Committee
- 6826. Article XXVII - Transfers Between Plans
- 6827. Article XXVIII - Direct Rollover of Eligible Rollover Distributions
- 6828. Article XXIX - Acceptance of rollovers from Other Plans
- 6829. Article XXX - Participant Loans
- 6830. Article XXXI - Purchase of Service Credits
- 6831. Article XXXII - Employee Plans Compliance Resolution System

§ 6806. Article VII - Enrollment.

Any eligible employee of the District may enroll or re-enroll (except as provided in Paragraph (d) of Article X below) as a Participant in the 1997 Plan by filing a written election to participate with the District on a form approved by the Chief Executive Officer. The election, if consented to by the District, shall become effective with respect to compensation for services rendered to the District by the employee on the date specified in the election, but not earlier than the first day of the first payroll period that begins in the month next following the date such election is received and processed by the District and shall remain effective for a minimum of one calendar month. The election shall thereafter continue in full force and effect unless revoked by the District or the Participant by written notice by the revoking party to the other party not later than the last business day of the month prior to the calendar month in at least 20 days prior to commencement of the biweekly pay period for which the revocation is to be effective. The effective date for any election or revocation must be as of the first day of a District payroll period, unless otherwise provided by the Chief Executive Officer. The form of enrollment shall specify the amount per pay period or the percentage of compensation which is to be deferred pursuant to the 1997 Plan. If the employee is married, the District may require the consent of the employee's spouse to the terms and conditions of the participation.

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AND DIRECTORS**

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Chapter 2**BOARD OFFICERS**

Sec.	
2200.	Establishment of Offices
2201.	Terms of Office: Limitations
2202.	Selection of Officers
2203.	Vacancy in Office
2204.	Delegation of Duties to vice Chair
2205.	Duties of the Chair
2206.	Use of District Automobile by Chair
2207.	Duties of the Secretary of the Board

§ 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, which include committee chairs and vice chairs, 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.

Chapter 4

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Article 1

GENERAL

Sec.

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The Standing Committees of the Board of Directors are:

Executive Committee

Engineering and Operations Committee

Budget, Finance, Investment and Insurance Committee

Organization and Personnel Committee

Legal and Claims Committee

Water Planning, Quality and Resources Committee

Ethics Committee

§ 2411. Selection of Nonofficer Members.

Nonofficer members of the Executive Committee shall be nominated by the Nominating Committee or from the floor and elected at the December meeting of the Board. Three of the six nonofficer members shall be nominated and elected in even-numbered years and three in odd-numbered years.

§ 2417. Duties and Functions.

(a) 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 the other standing committees in the 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 Administrative Code 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) Such other matters as may be required by Division II of this Code.

Article 4

BUDGET, FINANCE, INVESTMENT AND INSURANCE COMMITTEE

Sec.

2440. Day of Regular Meeting

2441. Duties and Functions

§ 2440. Day of Regular Meetings.

The regular meetings of the Budget, Finance, Investment and Insurance Committee shall be held on the Monday preceding regular Board meetings.

§ 2441. Duties and Functions.

The Budget, Finance, Investment and Insurance Committee shall study, advise and make recommendations with regard to:

- (a) Preparation of budgets;
- (b) Policies and procedures related to budget development and cost containment;
- (c) Sale of bonds and borrowing and repayment of money;
- (d) Disposition and investment of funds;
- (e) Authorization of appropriations;
- (f) The determination of revenues to be obtained through sales of water, water standby or availability of service charges, and the levying of taxes;
- (g) The financial impact and requirements of policies concerning annexation;
- (h) The financial aspects of the District's risk management program;
- (i) Questions pertaining to insurance coverage and self-insurance;
- (j) The selection of financial and insurance consultants and the determination of the scope of their assignments;
- (k) Form and contents of accounts, financial reports, and financial statements;

- (l) Proposed amendments to the Metropolitan Water District Act affecting the finance and insurance functions of the District;
- (m) Goals and objectives related to financial planning for Metropolitan, including but not limited to revenues, operating expenses, reserve policies, internally funded construction, debt management, investments and capital financing strategies;
- (n) The selling prices of water and conditions governing sales of water;
- (o) Costs and accounting procedures relating to the District's and other state water service contracts;
- (p) Policies regarding the sale of water for various uses;
- (q) Policies regarding allocation of water standby or availability of service revenue requirements among member public agencies;
- (r) Water standby or availability of service charges within the District;
- (s) Review and make recommendations regarding determinations by the chief Executive Officer with respect to appeals concerning readiness-to-serve charges, new demand charges, and connection maintenance charges, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations; and,
- (t) Review and make recommendations regarding appeals from determinations by the Chief Executive Officer to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations.

§ 2451. Duties and Functions.

The Organization and Personnel Committee shall study, advise and make recommendations with regard to:

- (a) The form of the District's organization and the flow of authority and responsibility;
- (b) Periodic independent reviews and studies of the organization, classification of positions, job duties, salaries, and salary ranges;
- (c) Relations between the District and its employees, including all matters affecting wages, hours, pension plans and other employee benefits, and other terms and

conditions of employment, as well as the District's negotiation of such matters with employee bargaining units and selection of negotiators;

(d) Areas of special concern to the District and its employees, including, but not limited to, equal employment opportunity, affirmative action, and work rules pertaining to the health and safety of employees;

(e) Policies and rules regarding the employment, discipline and discharge of District officers and employees; and

(f) Proposed amendments to the Metropolitan Water District Act and Administrative Code affecting the organization and personnel policies of the District and to the Public Employees' Retirement Law.

§ 2570. Asset and Real Property Committee.

(a) Members of the Asset and Real Property Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Asset and Real Property Committee shall hold meetings as needed, as determined by the Chair of the Asset and Real Property Committee or the Chair of the Board.

(c) The Asset and Real Property Committee shall study, advise and make recommendations with regard to:

(1) Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership and sale of land by the District.

(2) Proposed rules and proposals regarding business development opportunities, including real property and intellectual property transactions;

(3) Policies for the acquisition of rights-of-way;

(4) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs;

(5) The incidental use of land in farming operations and otherwise;

(6) The operation and maintenance of buildings;

(7) The purchase, management and disposition of personal property assets such as equipment and vehicles;

(8) Facility master plans, including budgeting for capital improvements and long-term facilities commitments;

(9) Information technology strategies, projects and activities, including asset management and the budgeting and tracking of information technology resources; and

(10) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations.

§ 2580. Recreation Committee

(a) Members of the Recreation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Recreation Committee shall hold meetings as needed, as determined by the Chair of the Recreation Committee or the Chair of the Board.

(c) The Recreation Committee shall study, advise and make recommendations to the Board with regard to:

(1) The development, oversight and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner; and

(2) The use of proceeds from the sale or disposition of surplus property related to Diamond Valley Lake and Lake Skinner for recreation purposes.

Division IV

WATER SERVICE POLICIES

Chapter		Sec.
1	Definitions	4100
2	Regional Water Management	4200
3	Water Sales Revenues	4300
4	Classification and Rates	4400
5	Water Service Regulations - General	4500
6	[Repealed]	4600
7	Service Connections	4700
8	System Interconnections - Hydraulic Transients	4800
9	Interim Agricultural Water Program Service Regulations	4900

§ 4301. Cost of Service and Revenue Requirement.

(a) The District shall fix rates for water such that anticipated water sales, revenues, together with anticipated revenues from any water standby or availability of service charge (such as the readiness-to-serve charge or capacity charge) or assessment, ad valorem tax revenues and other revenues pay the expenses of the District, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by the District, and provide for the payment of the interest and principal of the District's outstanding bonded debt. Subject to the foregoing, such rates and charges shall reflect the costs of the district's major service functions, including water supply, conveyance, power, storage, distribution and treatment, to the greatest degree practicable.

(b) Notwithstanding the provisions in subsection (a) above, and amounts raised by ad valorem property taxation shall not exceed the limitations established by section 124.5 of the Act and, subject to those limitations, shall be not less than the approximate equivalent of the amounts levied for fiscal year 1990-91.

§ 4304. Apportionment of Revenues and Setting of Water Rates and Charges to Raise Firm Revenue.

(a) Not later than at its January meeting the Chief Executive Officer shall present to the Budget, Finance, Investment and Insurance Committee of the Board.

(1) determinations of the revenue requirements and cost of service analysis supporting the rates and charges required during the fiscal year beginning the following July 1 as determined by the Chief Executive Officer in accordance with current Board policies, and

(2) recommendations of rates, including, but not limited to, the System Access Rate, Water Stewardship Rate, System Power Rate, Treatment Surcharge, and the Supply Rates, for the various classes of water service to become effective the following January 1. These recommended rates shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the rates necessary to produce substantially the revenues to be derived from water sales during the fiscal year beginning the following July 1.

(b) The Chief Executive Officer shall also present to the Budget, Finance, Investment and Insurance Committee at its January meeting recommendations regarding the imposition of a water standby charge or an availability of service charge (such as the readiness-to-serve charge and capacity charge) which charge shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the charge necessary to produce substantially the revenues to be derived from firm revenue sources, if any, exclusive of taxes, during the fiscal year beginning the following July 1 which the Budget, Finance, Investment and Insurance Committee has determined to be necessary.

(c) Not later than its January meeting the Budget, Finance, Investment and Insurance Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the Budget, Finance, Investment and Insurance Committee to be held prior to its regular March meeting at which interested parties may present their views regarding the proposed water rates to said committee. The Budget, Finance, Investment and Insurance Committee shall direct the Chief Executive Officer to cause the publication of a notice of such public hearing to be published in newspapers of general circulation within the District's service area. Such notice shall be published not less than 10 days prior to the public hearing.

(d) The Budget, Finance, Investment and Insurance Committee shall also make at its January meeting a preliminary determination of the type of firm revenue, if any, to be raised for the following fiscal year and recommend to the Board a form of resolution of intention to impose either a water standby charge or an availability of service charge sufficient to raise such firm revenue, exclusive of taxes, to implement such determination. The committee shall also recommend to the Board that it (1) authorize and direct the Chief Executive Officer to satisfy all notice requirements for implementation of such charge and (2) set dates, times and locations for, and thereafter hold, prior to the regular April meeting, one or more adjourned meetings of the Board, for public hearings and consideration of the imposition of the charge, at which interested parties may present their views regarding the proposed charge.

(e) At its regular March meeting the Budget, Finance, Investment and Insurance Committee shall make its determination regarding the revenue requirement to be paid from water rates and the water rates to become effective the following January 1 and shall recommend said water rates to the Board at the Board's regular March meeting.

(f) At its March meeting, the Board shall establish water rates for deliveries beginning the following January 1.

(g) Not later than its regular May meeting, the Budget, Finance, Investment and Insurance Committee shall make its final determination regarding the water standby charge or other firm revenue charge, if any, for the fiscal year beginning the following July 1, and shall recommend such charge, if any, to the Board at its regular May meeting.

(h) Not later than its May meeting, the Board shall consider and take action upon the recommendations, if any, of the Budget, Finance, Investment and Insurance Committee regarding a firm revenue source, exclusive of taxes, for the fiscal year beginning the following July 1.

(i) Proposals for changes in water rates to become effective at times other than on January 1 shall require adequate notice to the public and a hearing before such proposals are acted upon by the Board, unless the Board finds that an immediate change in water rates is urgent.

§ 4403. Capacity Charge.

(a) Beginning January 1, 2004, the capacity charge shall be payable by each member agency for system capacity based on the maximum summer day demand placed on the system between May 1 and September 30 for the three-calendar year period ending December 31, 2002, and thereafter for a rolling three-calendar year period.

(b) The capacity charge shall be due monthly, quarterly or semiannually, as agreed upon by Metropolitan and the member public agency.

§ 4507. Billing and Payment for Water Deliveries.

(a) **Timeframe for Billing and Payment.** Except as noted herein below, 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 there under 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 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.

Division V

FINANCIAL MATTERS

Chapter		Sec.
1	Administrative Matters	5100
2	Financial Policies	5200
3	Short-Term Certificates	5300

§ 5104. Payment After Loss of Bond Interest Coupon.

(a) The Treasurer of the District is authorized to effectuate payment, without action of the Board, of a claim arising from the loss of a bond interest coupon that has been detached from a District bond or from the destruction of a bond interest coupon at any time after the date of its maturity, and the Treasurer has received:

(1) An affidavit or affidavits establishing the ownership of the coupon and reciting therein the circumstances under which it was lost or destroyed; and

(2) An indemnity bond in a penal sum which is at least the amount of the claim, said sum being specifically stated in said bond, said bond to be approved by the General Counsel and then filed with the Treasurer. The indemnity bond must include a rider substantially in the form hereinafter set forth:

(i) Rider.

This Rider is attached to and is a part of the Bond of Indemnity executed by the (enter name of insurance company) respecting the loss of coupons due coupons at \$ per coupon - total \$, detached from \$ Bonds of THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, numbered to , %, maturing , at \$ each bond in bearer form.

It is understood and agreed that in the event the balance in the coupon account respecting the above-described issue of bonds, maintained by the Treasurer of said District, should hereafter not be sufficient as a result of the payment of coupon(s) to provide for outstanding unpaid coupons, (enter name of insurance company) will reimburse The Metropolitan Water District of Southern California, up to the face amount of the coupon(s) paid under this indemnity contingent upon presentation by said District of (a) evidence that said District has paid the afore-described coupon(s) or (b) a certificate from the Treasurer of said District that there is a deficiency in said coupon account balance.

It is understood that within the first year after the due date of the afore-described coupon(s) that (enter name of insurance company) may request that the Treasurer of said District search the District's records to ascertain if in fact the afore-described coupon(s) have been paid, but any such request shall only be honored by said Treasurer upon payment by (enter name of insurance company) of any fee required by said Treasurer to cover costs of such search.

Executed this day of , 19 .

(enter name of insurance company)

(b) The Treasurer shall report annually to the Budget, Finance, Investment and Insurance Committee all payments made pursuant to this Section 5104.

§ 5105. Lost or Destroyed Bonds.

(a) The Treasurer of the District is authorized to issue a new District bond or bonds similar to the original to replace it if the Treasurer has received:

(1) Proof satisfactory to the Treasurer that the bond has been lost or destroyed; and

(2) Security approved by the Treasurer and the General Counsel from the owner indemnifying the District against any loss incurred on account of the bond, such security to be equal to the principal amount of the bond and plus the aggregate amount of any attached interest coupons; and

(3) The costs for issuance of the new bond.

(b) The Treasurer shall report annually to the Budget, Finance, Investment and Insurance Committee of the Board all issuances of duplicate bonds made pursuant to this Section 5105.

§ 5107. Annual Budget.

(a) There shall be prepared, under the direction of the Chief Executive Officer, a proposed annual consolidated budget which shall be submitted to the Board no later than the date of the regular Board meeting in June immediately preceding the fiscal year to which the budget applies. The proposed budget shall indicate by fund all anticipated expenditures and required reserves and the source of moneys to be used to meet such expenditures and provide such reserves. The proposed annual consolidated budget will include a three-year budget outlook. A Board Workshop on the proposed annual consolidated budget will be conducted prior to the June Budget, Finance, Investment and Insurance Committee meeting. The Budget, Finance, Investment and Insurance Committee shall review the proposed budget in its entirety, together with the recommendations from the Board workshop, and report its recommendations to the Board.

(b) After considering the proposed budget and making any revisions thereto that it may deem advisable, the Board shall adopt the budget before the beginning of the fiscal year to which the budget applies. The amounts provided in the budget for total expenditures for operation and maintenance, including minimum and variable operation and maintenance charges under water or power contracts with the State, for capital charges under such contracts, and for debt service, shall be deemed to be appropriated from the funds indicated in the budget.

(c) The adoption of the budget shall have no effect upon appropriations for capital projects and continuing expenditures not susceptible to immediate direct allocation, as described in Section 5108 hereof, and shall not establish any limitations on expenditures for such purposes.

(d) The total operational and maintenance budget shall be measured against the regional rate of inflation as measured by five-year rolling average change in the Consumer Price Index (CPI) for the Los Angeles-Riverside-range County area, not

seasonally adjusted, for all items as reported by the U. S. Bureau of Labor Statistics. The budget will include explanations of increases greater than the CPI due to unique conditions, growth or expansion of services.

Chapter 3

SHORT-TERM REVENUE CERTIFICATES

Sec.

- 5300. Authorization to Chief Executive Officer
- 5301. Dealer-Manager
- 5302. Credit Facility
- 5303. Issuing and Paying Agent
- 5304. Method and Procedures for Sale of Certificates
- 5305. Report of Exercise of Authority

§ 5305. Report of Exercise of Authority.

The Chief Executive Officer shall report to the next following meeting of the Budget, Finance, Investment and Insurance Committee of the Board any exercise of authority pursuant to this Chapter.

Division VI

PERSONNEL MATTERS

Chapter		Sec.
1	Employee Relations	6100
2	Personnel Regulations	6200
3	General Employee Matters	6300
4	Officers	6400
5	Management and Confidential Employees - General	6500
[6	Repealed	6600]
7	Employee Deferred Compensation and Savings Plans	6700

§ 6436. Annual and Quarterly Reports to Legal and Claims Committee.

(a) The Chief Executive Officer and General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to them by Sections 6433 and 6434. The General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to him by Section 6431.

(b) The General Counsel shall annually, in advance of the July Board meetings, submit to the Legal and Claims Committee a comprehensive Legal Department

business plan and the Legal Department's annual goals and work objectives for review and approval. The business plan and goals and work objectives shall be submitted in conjunction with similar reports by the Chief Executive Officer and General Auditor to the Executive Committee, the Audit Committee and the Budget, Finance, Investment and Insurance Committee.

Article 7

ARTICLES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA 1997 DEFERRED COMPENSATION PLAN

Sec.

- 6800. Article I - Name
- 6801. Article II - Purposes
- 6802. Article III - Definitions
- 6803. Article IV - General Provisions
- 6804. Article V - Administration
- 6805. Article VI - Eligibility
- 6806. Article VII - Enrollment
- 6807. Article VIII - Plan Ceiling
- 6808. Article IX - Catch-Up Provisions
- 6809. Article X - Availability of Amounts Deferred
- 6810. Article XI - Payments to Participant
- 6811. Article XII - Payments to Beneficiary
- 6812. Article XIII - Payments to Surviving Spouse
- 6813. Article XIV - Minimum Rate of Periodic Payments
- 6814. Article XV - Payments for Unforeseeable Emergencies
- 6815. Article XVI - QDRO's
- 6816. Article XVII - Participant's Accounts
- 6817. Article XVIII - District's Obligations
- 6818. Article XIX - Ownership and Investment
- 6819. Article XX - Participant's Risk of Loss
- 6820. Article XXI - Participant's Rights
- 6821. Article XXII - Administrative Cost
- 6822. Article XXIII - Amendment or Termination of 1997 Plan
- 6823. Article XXIV - Leave of Absence
- 6824. Article XXV - Return to Excess Deferrals
- 6825. Article XXVI - Advisory Committee
- 6826. Article XXVII - Transfers Between Plans
- 6827. Article XXVIII - Direct Rollover of Eligible Rollover Distributions
- 6828. Article XXIX - Acceptance of rollovers from Other Plans
- 6829. Article XXX - Participant Loans
- 6830. Article XXXI - Purchase of Service Credits
- 6831. Article XXXII - Employee Plans Compliance Resolution System

§ 6806. Article VII - Enrollment.

Any eligible employee of the District may enroll or re-enroll (except as provided in Paragraph (d) of Article X below) as a Participant in the 1997 Plan by filing a written election to participate with the District on a form approved by the Chief Executive Officer. The election, if consented to by the District, shall become effective with respect to compensation for services rendered to the District by the employee on the date specified in the election, but not earlier than the first day of the first payroll period that begins in the month next following the date such election is received and processed by the District and shall remain effective for a minimum of one calendar month. The election shall thereafter continue in full force and effect unless revoked by the District or the Participant by written notice by the revoking party to the other party not later than the last business day of the month prior to the calendar month in which the revocation is to be effective. The effective date for any election or revocation must be as of the first day of a District payroll period, unless otherwise provided by the Chief Executive Officer. The form of enrollment shall specify the amount per pay period or the percentage of compensation which is to be deferred pursuant to the 1997 Plan. If the employee is married, the District may require the consent of the employee's spouse to the terms and conditions of the participation.