



- Board of Directors

1/11/2011 Board Meeting

7-5

Subject

Amend Metropolitan Water District Administrative Code provisions regarding new committee structure

Description

At its December 2010 meeting the Board revised its committee structure by dividing the Communications and Legislation Committee into two committees, the Communications Committee and the Legislation Committee. The Business and Finance Committee also was renamed the Finance and Insurance Committee. The proposed amendments to the Administrative Code will implement this committee structure change. The proposed substantive amendments are set forth on [Attachment 1](#), with strikeouts showing deletions and underlining showing additions. [Attachment 2](#) shows the new version of the Metropolitan Water District Administrative Code as it would read upon board approval.

Policy

Committee structure of Metropolitan's Board of Directors. Administrative Code section 2416(a)(3) requiring the Executive Committee to study, advise and make recommendations with regard to policies and procedures to be considered by the Board or committees thereof except for policy matters within the jurisdiction of a specific standing committee

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

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). The proposed action also involves organizational or administrative activities that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) 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)(5), and 15061(b)(3) of the State CEQA Guidelines.

Board Options

Option #1

Adopt the CEQA determination and the proposed revisions to the Metropolitan Water District Administrative Code set forth in [Attachment 1](#).

Fiscal Impact: None

Business Analysis: Board committee structure

Option #2

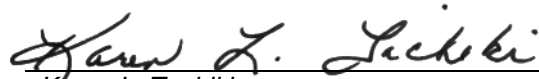
Adopt the CEQA determination and the proposed revisions to the Metropolitan Water District Administrative Code set forth in **Attachment 1** with the changes proposed by the Board or Executive Committee.

Fiscal Impact: None

Business Analysis: Board committee structure

Staff Recommendation

Option #1



Karen L. Tachiki
General Counsel

12/27/2010
Date



Jeffrey Knightlinger
General Manager

12/28/2010
Date

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

Attachment 2 – The Metropolitan Water District of Southern California Administrative Code (with amendments included)

Ref# 112609838

Chapter 4

STANDING COMMITTEES

Article	Sec.
1 General	2400
2 Executive Committee	2410
3 Engineering and Operations Committee	2430
4 Business and Finance <u>and Insurance</u> Committee 2440	
5 Legal and Claims Committee	2450
6 Water Planning and Stewardship Committee	2460
7 Communications and Legislation Committee	2470
8 Organization and Personnel Committee	2480
9 <u>Legislation Committee</u>	<u>2490</u>

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
~~Business and~~ Finance and Insurance Committee
 Legal and Claims Committee
 Water Planning and Stewardship Committee
 Communications ~~and Legislation~~ Committee
 Organization and Personnel Committee
Legislation Committee

Article 4**~~BUSINESS AND FINANCE~~ FINANCE AND INSURANCE COMMITTEE**

Sec.

2440. Day of Regular Meeting

2441. Duties and Functions

§ 2440. Day of Regular Meetings.

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

§2441. Duties and Functions.

The ~~Business and Finance~~ Finance 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) Determinations by the General Manager with respect to appeals concerning charges for water service, including readiness-to-serve charges and capacity charges, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(t) Appeals from determinations by the General Manager to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

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

(v) Proposed rules and proposals regarding business development opportunities for real property;

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

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

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

(z) The operation and maintenance of buildings;

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

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

(cc) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations;

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

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

Article 7

COMMUNICATIONS ~~AND LEGISLATION~~ COMMITTEE

Sec.

2470. Day of Regular Meeting

2471. Duties and Functions

§ 2470. Day of Regular Meeting.

The regular meetings of the Communications ~~and Legislation~~ Committee shall be on the Tuesday of regular board meetings.

§2471. Duties and Functions.

The Communications ~~and Legislation~~ Committee shall study, advise and make recommendations to the Board with regard to:

~~(a) Proposals of the General Manager, other committees, and board members concerning State and Federal legislation, or amendments thereto, that may affect the District;~~

~~(b) Recommendations for new legislation identified by members of the Board or the General Manager;~~

~~(c) Opportunities for members of the Board to assist in outreach activities, including efforts to inform members of the Legislature or the Congress of the District's position with regard to proposed legislation;~~

~~(d) The effectiveness of legislative advocacy efforts by staff and members of the Board;~~

(ea) The development and implementation of Directors' inspection trips, including the expectations and goals for these trips;

(fb) The development and implementation of school education programs, including the expectations and goals for these programs;

(gc) The effectiveness of Metropolitan's external affairs programs and general communications efforts directed at member agencies and the general public; and

(hd) The selection of public information consultants and the scope of their assignments.

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Article 9

LEGISLATION COMMITTEE

Sec.

2490. Day of Regular Meeting

2491. Duties and Functions

§ 2490. Day of Regular Meeting.

The regular meetings of the Legislation Committee shall be on the Tuesday of regular board meetings.

§2491. Duties and Functions.

The Legislation Committee shall study, advise and make recommendations to the Board with regard to:

(a) Proposals of the General Manager, other committees, and board members concerning State and Federal legislation, or amendments thereto, that may affect the District;

(b) Recommendations for new legislation identified by members of the Board or the General Manager;

(c) Opportunities for members of the Board to assist in outreach activities, including efforts to inform members of the Legislature or the Congress of the District's position with regard to proposed legislation; and

(d) The effectiveness of legislative advocacy efforts by staff and members of the Board;

§ 2701. Treasurer's Reports

(a) The Treasurer shall annually report to the Board on the investment policy of the District.

(b) The Treasurer shall report to the ~~Business and Finance~~Finance and Insurance Committee:

(1) All payments after loss of a bond interest coupon made pursuant to Section 5104; and

(2) All issuances of duplicate bonds made pursuant to Section 5105

§ 2720. General Manager's Quarterly Reports.

The General Manager shall quarterly make the following reports:

(a) To the Engineering and Operations Committee:

(1) Service connections approved by the General Manager pursuant to Sections 4700-4708 with the estimated cost and approximate location of each;

(2) The status of all information technology projects throughout the organization;

(3) The execution of any relocation agreements involving an amount in excess of \$100,000 under the authority of Section 8122(c).

(4) The employment of any professional and technical consultant, the extension of any professional and technical consulting agreement, and on the exercise of authority under Section 8121(c) and 8122(h) during the preceding calendar quarter. The report covering the last calendar quarter of the year may be combined with and included in the annual report. Each such report shall indicate when a consultant is a former employee of the District.

(b) To the ~~Business and Finance~~Finance and Insurance Committee:

(1) A summary of financial performance including Comparative Statements of Operations and Comparative Balance Sheets and variances thereof from estimates;

(2) The execution of any contract authorized pursuant to Section 8122(g);

(3) Deeds or grants accepted during the preceding quarter;

(4) Easements, or similar rights, granted during the preceding quarter under the authority of Section 8220, and shall also include in such report any relocation or protection agreement made in connection therewith;

(5) All leases made during the preceding quarter under the authority of Sections 8222, 8223, 8230 and 8232;

(6) The details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District; and

(7) Property sold pursuant to the authority granted by Section 8240 et seq.

(c) To the Legal and Claims Committee, jointly with the General Counsel, the exercise of any power delegated to them by Sections 6431, 6433 and 6434.

§ 2750. Escheat to District of Unclaimed Funds.

The Treasurer shall file a report with the ~~Business and Finance~~Finance and Insurance Committee after each publication made pursuant to Section 5113 regarding moneys unclaimed in the District treasury.

§ 2751. Report of Exercise of Authority.

The General Manager shall report to the next following meeting of the ~~Business and Finance~~Finance and Insurance Committee any exercise of authority pursuant to Sections 5300-5303.

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

(a) Not later than at its January meeting the General Manager shall present to the ~~Business and Finance~~Finance and Insurance Committee of the Board:

(1) Determinations of the revenue requirements and cost of service analysis supporting the rates and changes required during the fiscal year beginning the following July 1, as determined by the General Manager 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 General Manager'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 General Manager shall also present to the ~~Business and Finance~~Finance and Insurance Committee at its January meeting recommendations regarding the continuation of a water standby charge or the imposition of an availability of service charge (such as the readiness-to-serve charge and capacity charge) which charge shall be the General Manager'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 ~~Business and Finance~~Finance and Insurance Committee has determined to be necessary.

(c) Not later than its January meeting the ~~Business and Finance~~Finance and Insurance Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the ~~Business and Finance~~Finance and Insurance Committee to be held prior to its regular April meeting at which interested parties may present their views regarding the proposed water rates

and availability of service charges to said committee. The ~~Business and Finance~~Finance and Insurance Committee shall direct the General Manager 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) At its regular April meeting the ~~Business and Finance~~Finance 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 April meeting.

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

(f) Not later than its regular May meeting, the ~~Business and Finance~~Finance 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.

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

(h) 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.

§ 4507. Billing and Payment for Water Deliveries.

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(m) **Review Process.** With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District, and excluding Interim Agricultural Water Program Service, which shall be reviewed as provided in Section 4902, and 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 General Manager's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's ~~Business and Finance~~Finance and Insurance 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.

(n) Discovery of Mistakes or Errors. In the event a mistake or error is discovered in a District water sales record, the General Manager 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 General Manager 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.

(o) **Rate Change.** In the event that deliveries of water are made by the District to member public agencies over a billing period during which the District's water rates change, the General Manager may cause the meters recording deliveries of water during such period to be read at the end of the period and the statement of charges for such deliveries of water may be based on a proration between the previous and new water rates for the periods of time during which each were in effect as determined by the General Manager.

(p) **Supply Rates.** Deliveries to a member public agency shall be charged at the Tier 2 Supply Rate when the cumulative total of full service deliveries to the member public agency for the year exceeds 60 percent of the member agency's Base Firm Demand. A member public agency that executed a Purchase Order shall be charged at the Tier 2 Supply Rate when the cumulative total of full service deliveries to the member public agency for the year exceeds 90 percent of the member public agency's Base Firm Demand.

§ 4903. Program Reviews.

Effective January 1, 2009, the Program will be reviewed by Metropolitan at the end of each calendar year. Member public agencies shall provide to Metropolitan the following monthly information for such review by the applicable due date shown below: (1) total water use, (2) Metropolitan deliveries, (3) local water use, (4) Metropolitan deliveries to agriculture for Program purposes, and (5) local deliveries to agriculture for Program purposes and any other information the General Manager deems necessary to complete the review. Metropolitan will complete its annual review within six months from the due date for submission of the original supporting documentation (except that the annual review for Program water delivered during fiscal year 2007-08 shall be completed by December 31, 2009). The schedule for submittal of supporting documentation and completion of the Interim Agricultural Water Program annual review is:

Schedule for Submittal of Supporting Documentation for IAWP Assessments, and IAWP Assessment Completion Dates		
Assessment Year	Supporting Documentation Due Date	Assessment Completion Date
FY 07-08	December 31, 2008	December 31, 2009
CY 2008	June 30, 2009	December 31, 2009
CY 2009	June 30, 2010	December 31, 2010
CY 2010	June 30, 2011	December 31, 2011
CY 2011	June 30, 2012	December 31, 2012
CY 2012	June 30, 2013	December 31, 2013

Reviews may be provided sooner or more frequently if requested by the member public agency or Metropolitan.

(1) Should the District not complete its review within six months of the due date for all source documentation for the calendar year, 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 General Manager's oversight. If the ruling is unsatisfactory to the member agency, it can be appealed to Metropolitan's ~~Business and Finance~~ Finance and Insurance Committee.

(4) If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60 day comment period as specified in subsection (2) above, then it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.

§ 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 to the ~~Business and Finance~~[Finance 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 to the ~~Business and Finance~~[Finance 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 General Manager, 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 ~~Business and Finance~~[Finance and Insurance](#) Committee meeting. The ~~Business and~~

~~Finance~~Finance 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.

§ 5305. Report of Exercise of Authority.

The General Manager shall report to the next following meeting of the ~~Business and Finance~~Finance and Insurance Committee of the Board any exercise of authority pursuant to this Chapter.

§ 8240. Preliminary Requirements.

The General Manager shall establish a procedure for the continuous review of real property owned by the District for the purpose of determining which of such property is surplus to the District's needs. When the General Manager determines that property is surplus, the General Manager shall notify the ~~Business and Finance~~Finance and Insurance Committee of that determination, unless the estimated value of the property is less than \$75,000.

(a) If the ~~Business and Finance~~Finance and Insurance Committee does not overrule such determination and the estimated value of the property is \$75,000 or more, the General Manager shall:

(1) Notify the ~~Business and Finance~~Finance and Insurance Committee of the estimated value of the property and recommend the appropriate marketing procedure authorized by this Article 4;

(2) Cause the property to be appraised by one or more independent appraisers.

(b) If the estimated value of the property is less than \$75,000, the General Manager shall cause the property to be appraised by a member of the staff of the General Manager or an independent appraiser, and disposed of as authorized by Article 4;

(c) The General Manager shall comply with the California Environmental Quality Act and the legal requirements pertaining to the disposition of property in cities or counties which have a general plan. If upon such compliance, any official body objects to the proposed sale, the Board of Directors shall first expressly uphold or reject the objections. There being no objections, or the objections having been rejected, and the appraisal or appraisals having been completed, the General Manager may then sell or lease the surplus property under the provisions of this Article 4.

§ 8243. Disposal of Unnecessary Improvements.

(a) The General Manager is authorized to dispose of, in the manner the General Manager deems to be in the best interest of the District, any improvements that must be removed to make land acquired for District operations suitable for District use.

(b) The General Manager shall report quarterly to the ~~Business and Finance~~[Finance and Insurance](#) Committee the details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District.

§ 8245. Open Listing.

If the General Manager elects to sell the property by using the services of licensed real estate brokers, the General Manager shall do so by offering it for sale by advertising in a newspaper or newspapers that the property is being offered for sale with courtesy to brokers, and by notifying real estate boards in the area in which the property is located that the property is being offered for sale with courtesy to licensed brokers. The initial offer for sale shall be for no less than the highest appraised valuation of the property. The General Manager is authorized to sell the property for the highest price obtainable; provided, however, that such price shall be no lower than the lowest appraisal without the approval of the ~~Business and Finance~~[Finance and Insurance](#) Committee and no lower than 90 percent of the lowest appraisal without the approval of the Board. The General Manager is authorized to pay to the broker who procures the accepted offer, a commission not to exceed the prevailing rate in the area in which the property is located.

§ 8246. Exclusive Listing.

The General Manager may with the approval of the ~~Business and Finance~~[Finance and Insurance](#) Committee give an exclusive listing to an individual licensed broker; provided, however, that the property shall not be sold for less than the lowest appraisal without the approval of the ~~Business and Finance~~[Finance and Insurance](#) Committee and for no less than 90 percent of the lowest appraisal without the approval of the Board. In such case, the General Manager is authorized to pay a commission, upon consummation of the sale, not to exceed the prevailing rate in the area in which the property is located.

§ 8257. **Quarterly Reports.**

The General Manager shall report to the ~~Business and Finance~~Finance and Insurance Committee quarterly on the property sold pursuant to this Article 4~~herewith~~.

Chapter 4**STANDING COMMITTEES**

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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
- Finance and Insurance Committee
- Legal and Claims Committee
- Water Planning and Stewardship Committee
- Communications Committee
- Organization and Personnel Committee
- Legislation Committee

Article 4**FINANCE AND INSURANCE COMMITTEE**

Sec.

2440. Day of Regular Meeting

2441. Duties and Functions

§ 2440. Day of Regular Meetings.

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

§2441. Duties and Functions.

The Finance 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) Determinations by the General Manager with respect to appeals concerning charges for water service, including readiness-to-serve charges and capacity charges, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(t) Appeals from determinations by the General Manager to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

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

(v) Proposed rules and proposals regarding business development opportunities for real property;

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

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

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

(z) The operation and maintenance of buildings;

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

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

(cc) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations;

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

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

Article 7

COMMUNICATIONS COMMITTEE

Sec.

2470. Day of Regular Meeting

2471. Duties and Functions

§ 2470. Day of Regular Meeting.

The regular meetings of the Communications Committee shall be on the Tuesday of regular board meetings.

§2471. Duties and Functions.

The Communications Committee shall study, advise and make recommendations to the Board with regard to:

(a) The development and implementation of Directors' inspection trips, including the expectations and goals for these trips;

(b) The development and implementation of school education programs, including the expectations and goals for these programs;

(c) The effectiveness of Metropolitan's external affairs programs and general communications efforts directed at member agencies and the general public; and

(d) The selection of public information consultants and the scope of their assignments.

...

Article 9

LEGISLATION COMMITTEE

Sec.

2490. Day of Regular Meeting

2491. Duties and Functions

§ 2490. Day of Regular Meeting.

The regular meetings of the Legislation Committee shall be on the Tuesday of regular board meetings.

§2491. Duties and Functions.

The Legislation Committee shall study, advise and make recommendations to the Board with regard to:

(a) Proposals of the General Manager, other committees, and board members concerning State and Federal legislation, or amendments thereto, that may affect the District;

(b) Recommendations for new legislation identified by members of the Board or the General Manager;

(c) Opportunities for members of the Board to assist in outreach activities, including efforts to inform members of the Legislature or the Congress of the District's position with regard to proposed legislation; and

(d) The effectiveness of legislative advocacy efforts by staff and members of the Board;

§ 2701. Treasurer's Reports

(a) The Treasurer shall annually report to the Board on the investment policy of the District.

(b) The Treasurer shall report to the Finance and Insurance Committee:

(1) All payments after loss of a bond interest coupon made pursuant to Section 5104; and

(2) All issuances of duplicate bonds made pursuant to Section 5105.

§ 2720. General Manager's Quarterly Reports.

The General Manager shall quarterly make the following reports:

(a) To the Engineering and Operations Committee:

(1) Service connections approved by the General Manager pursuant to Sections 4700-4708 with the estimated cost and approximate location of each;

(2) The status of all information technology projects throughout the organization;

(3) The execution of any relocation agreements involving an amount in excess of \$100,000 under the authority of Section 8122(c).

(4) The employment of any professional and technical consultant, the extension of any professional and technical consulting agreement, and on the exercise of authority under Section 8121(c) and 8122(h) during the preceding calendar quarter. The report covering the last calendar quarter of the year may be combined with and included in the annual report. Each such report shall indicate when a consultant is a former employee of the District.

(b) To the Finance and Insurance Committee:

(1) A summary of financial performance including Comparative Statements of Operations and Comparative Balance Sheets and variances thereof from estimates;

(2) The execution of any contract authorized pursuant to Section 8122(g);

(3) Deeds or grants accepted during the preceding quarter;

(4) Easements, or similar rights, granted during the preceding quarter under the authority of Section 8220, and shall also include in such report any relocation or protection agreement made in connection therewith;

(5) All leases made during the preceding quarter under the authority of Sections 8222, 8223, 8230 and 8232;

(6) The details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District; and

(7) Property sold pursuant to the authority granted by Section 8240 et seq.

(c) To the Legal and Claims Committee, jointly with the General Counsel, the exercise of any power delegated to them by Sections 6431, 6433 and 6434.

§ 2750. Escheat to District of Unclaimed Funds.

The Treasurer shall file a report with the Finance and Insurance Committee after each publication made pursuant to Section 5113 regarding moneys unclaimed in the District treasury.

§ 2751. Report of Exercise of Authority.

The General Manager shall report to the next following meeting of the Finance and Insurance Committee any exercise of authority pursuant to Sections 5300-5303.

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

(a) Not later than at its January meeting the General Manager shall present to the Finance and Insurance Committee of the Board:

(1) Determinations of the revenue requirements and cost of service analysis supporting the rates and changes required during the fiscal year beginning the following July 1, as determined by the General Manager 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 General Manager'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 General Manager shall also present to the Finance and Insurance Committee at its January meeting recommendations regarding the continuation of a water standby charge or the imposition of an availability of service charge (such as the readiness-to-serve charge and capacity charge) which charge shall be the General Manager'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 Finance and Insurance Committee has determined to be necessary.

(c) Not later than its January meeting the Finance and Insurance Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the Finance and Insurance Committee to be held prior to its regular April meeting at which interested parties may present their views regarding the proposed water rates and availability of service charges to said committee. The Finance and Insurance Committee shall direct the General Manager 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) At its regular April meeting the Finance 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 April meeting.

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

(f) Not later than its regular May meeting, the Finance 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.

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

(h) 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.

§ 4507. Billing and Payment for Water Deliveries.

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(m) **Review Process.** With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District, and excluding Interim Agricultural Water Program Service, which shall be reviewed as provided in Section 4902, and 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 General Manager's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's Finance and Insurance 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.

(n) **Discovery of Mistakes or Errors.** In the event a mistake or error is discovered in a District water sales record, the General Manager 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 General Manager 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.

(o) **Rate Change.** In the event that deliveries of water are made by the District to member public agencies over a billing period during which the District's water rates change, the General Manager may cause the meters recording deliveries of water during such period to be read at the end of the period and the statement of charges for such deliveries of water may be based on a proration between the previous and new water rates for the periods of time during which each were in effect as determined by the General Manager.

(p) **Supply Rates.** Deliveries to a member public agency shall be charged at the Tier 2 Supply Rate when the cumulative total of full service deliveries to the member public agency for the year exceeds 60 percent of the member agency's Base Firm Demand. A member public agency that executed a Purchase Order shall be charged at the Tier 2 Supply Rate when the cumulative total of full service deliveries to the member public agency for the year exceeds 90 percent of the member public agency's Base Firm Demand.

§ 4903. Program Reviews.

Effective January 1, 2009, the Program will be reviewed by Metropolitan at the end of each calendar year. Member public agencies shall provide to Metropolitan the following monthly information for such review by the applicable due date shown below: (1) total water use, (2) Metropolitan deliveries, (3) local water use, (4) Metropolitan deliveries to agriculture for Program purposes, and (5) local deliveries to agriculture for Program purposes and any other information the General Manager deems necessary to complete the review. Metropolitan will complete its annual review within six months from the due date for submission of the original supporting documentation (except that the annual review for Program water delivered during fiscal year 2007-08 shall be completed by December 31, 2009). The schedule for submittal of supporting documentation and completion of the Interim Agricultural Water Program annual review is:

Schedule for Submittal of Supporting Documentation for IAWP Assessments, and IAWP Assessment Completion Dates		
Assessment Year	Supporting Documentation Due Date	Assessment Completion Date
FY 07-08	December 31, 2008	December 31, 2009
CY 2008	June 30, 2009	December 31, 2009
CY 2009	June 30, 2010	December 31, 2010
CY 2010	June 30, 2011	December 31, 2011
CY 2011	June 30, 2012	December 31, 2012
CY 2012	June 30, 2013	December 31, 2013

Reviews may be provided sooner or more frequently if requested by the member public agency or Metropolitan.

(1) Should the District not complete its review within six months of the due date for all source documentation for the calendar year, 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 General Manager's oversight. If the ruling is unsatisfactory to the member agency, it can be appealed to Metropolitan's Finance and Insurance Committee.

(4) If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60 day comment period as specified in subsection (2) above, then it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.

§ 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 to the Finance 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 to the Finance 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 General Manager, 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 Finance and Insurance Committee meeting. The Finance 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.

§ 5305. Report of Exercise of Authority.

The General Manager shall report to the next following meeting of the Finance and Insurance Committee of the Board any exercise of authority pursuant to this Chapter.

§ 8240. Preliminary Requirements.

The General Manager shall establish a procedure for the continuous review of real property owned by the District for the purpose of determining which of such property is surplus to the District's needs. When the General Manager determines that property is surplus, the General Manager shall notify the Finance and Insurance Committee of that determination, unless the estimated value of the property is less than \$75,000.

(a) If the Finance and Insurance Committee does not overrule such determination and the estimated value of the property is \$75,000 or more, the General Manager shall:

(1) Notify the Finance and Insurance Committee of the estimated value of the property and recommend the appropriate marketing procedure authorized by this Article 4;

(2) Cause the property to be appraised by one or more independent appraisers.

(b) If the estimated value of the property is less than \$75,000, the General Manager shall cause the property to be appraised by a member of the staff of the General Manager or an independent appraiser, and disposed of as authorized by Article 4;

(c) The General Manager shall comply with the California Environmental Quality Act and the legal requirements pertaining to the disposition of property in cities or counties which have a general plan. If upon such compliance, any official body objects to the proposed sale, the Board of Directors shall first expressly uphold or reject the objections. There being no objections, or the objections having been rejected, and the appraisal or appraisals having been completed, the General Manager may then sell or lease the surplus property under the provisions of this Article 4.

§ 8243. Disposal of Unnecessary Improvements.

(a) The General Manager is authorized to dispose of, in the manner the General Manager deems to be in the best interest of the District, any improvements that must be removed to make land acquired for District operations suitable for District use.

(b) The General Manager shall report quarterly to the Finance and Insurance Committee the details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District.

§ 8245. Open Listing.

If the General Manager elects to sell the property by using the services of licensed real estate brokers, the General Manager shall do so by offering it for sale by advertising in a newspaper or newspapers that the property is being offered for sale with courtesy to brokers, and by notifying real estate boards in the area in which the property is located that the property is being offered for sale with courtesy to licensed brokers. The initial offer for sale shall be for no less than the highest appraised valuation of the property. The General Manager is authorized to sell the property for the highest price obtainable; provided, however, that such price shall be no lower than the lowest appraisal without the approval of the Finance and Insurance Committee and no lower than 90 percent of the lowest appraisal without the approval of the Board. The General Manager is authorized to pay to the broker who procures the accepted offer, a commission not to exceed the prevailing rate in the area in which the property is located.

§ 8246. Exclusive Listing.

The General Manager may with the approval of the Finance and Insurance Committee give an exclusive listing to an individual licensed broker; provided, however, that the property shall not be sold for less than the lowest appraisal without the approval of the Finance and Insurance Committee and for no less than 90 percent of the lowest appraisal without the approval of the Board. In such case, the General Manager is authorized to pay a commission, upon consummation of the sale, not to exceed the prevailing rate in the area in which the property is located.

§ 8257. Quarterly Reports.

The General Manager shall report to the Finance and Insurance Committee quarterly on the property sold pursuant to this Article 4.