



- Board of Directors
Legal and Claims Committee

12/10/2019 Board Meeting

7-2

Subject

Approve amendments to the Metropolitan Water District Administrative Code to conform to current law, practices and regulations; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The proposed amendments to the Administrative Code (Code) will update the Code so that the Code conforms to current law, practices and regulations. The proposed changes include modifications to the process of nominating candidates for the offices of Chair and Board Secretary by the Executive Committee, amendments for the transfer of responsibility from the Treasurer to the Controller for the publication of notices of unclaimed funds and reports on the publications to the Finance and Insurance Committee, authority for the Treasurer to designate persons approved to electronically transfer District funds, and the deletion of an outdated section concerning management of investments for the Deferred Compensation Fund.

Details

This letter proposes amendments to Metropolitan's Administrative Code to conform the Code to current law, practices and regulations. 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 will appear in the Administrative Code if the changes are approved.

The Administrative Code is proposed to be amended as follows:

1. Section 2520 on nominations by the Executive Committee for the offices of Chair and Secretary of the Board is amended to conform to current practices and for consistency between sections of the Code.
2. Section 2750 is amended to transfer responsibility for reporting to the Finance and Insurance Committee after each publication of Unclaimed Funds from the Treasurer to the Controller to conform to current practice.
3. Section 5101(b)(6) is deleted as the Treasurer no longer manages investments for the Deferred Compensation Plan.
4. Section 5102 on authorization for electronic transfer of funds is amended to permit the Treasurer to delegate this authority to designated persons. The section currently delegates this authority to the Treasurer, the Assistant Treasurer and Deputy Treasurer. The position of Deputy Treasurer has been deleted and this change will conform to existing practice permitting the Treasurer to delegate authority for the electronic transfer of funds to designated persons within this office.
5. Section 5113 is amended to transfer responsibility for the publication of notices of unclaimed funds and the transfer of unclaimed amounts of less than \$15 per item to the general fund if unclaimed after one year from the Treasurer to the Controller to conform to current practice. Also, in conformance with state law, prior approval of the Board for this action is no longer required.

Policy

Metropolitan Water District Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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 defined as a project under CEQA because it involves government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Approve amendments to the Administrative Code set forth in Attachment 2 to reflect all changes recommended by this letter

Fiscal Impact: None

Business Analysis: To conform the Administrative Code to current law, practices and regulations

Option #2

Do not approve amendments to the Administrative Code set forth in Attachment 2 to reflect the changes recommended in this letter

Fiscal Impact: None

Business Analysis: The Administrative Code will not be amended to conform to current law, practices and regulations.

Staff Recommendation

Option #1



 Marcia L. Scully
 General Counsel

11/22/2019

 Date



 Jeffrey Kightlinger
 General Manager

11/25/2019

 Date

Attachment 1 – The Administrative Code of The Metropolitan Water District of Southern California (with changes marked)

Attachment 2 – The Administrative Code of The Metropolitan Water District of Southern California (clean version)

DRAFT ATTACHMENT 1—2019 CLEANUP LETTER**Division II****PROCEDURES PERTAINING TO BOARD, COMMITTEES
AND DIRECTORS****Chapter 5****OTHER COMMITTEES: MISCELLANEOUS COMMITTEE MATTERS****Article 2****BOARD AND COMMITTEE NOMINATION PROCEDURES****§ 2520. In General.**

The Executive Committee shall:

(a) Nominate members for the offices of Chair ~~man~~ and Secretary of the Board. ~~Members of the Executive Committee may be nominated by the committee.~~ If a member is ~~undernominated as a candidate by the committee, consideration,~~ he ~~or she~~ shall be ~~so~~ advised by the committee and shall immediately cease further participation in the committee's deliberations and action on that office.

(b) Establish procedures for the fair and impartial election of members to the offices of Chair and Secretary of the Board including, but not limited to, sponsorship of forums for communication of the views of the candidates to Board members. Nominations from the floor shall be made at the meeting of the Board at which an election is scheduled. ~~Written notice of any proposed nomination shall be given by the committee to each director.~~ The committee will provide each director with written notice of any candidate nomination at least 10 days prior to the scheduled date of the election.

Chapter 7**PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES****Article 4****MISCELLANEOUS REPORTS****§ 2750. Escheat to District of Unclaimed Funds.**

The ~~Treasurer~~Controller 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.

Division V

FINANCIAL MATTERS

Chapter 1

ADMINISTRATIVE MATTERS

§ 5101. Investment of Surplus Funds.

(a) Pursuant to Government Code Section 53607, this Board shall delegate to the Treasurer of the District annually the authority to invest or to reinvest funds of the District subject to the terms and conditions set forth in this Section 5101. The Treasurer shall report each month transactions made pursuant to this delegation.

(b) The terms and conditions of this delegation to the Treasurer are as follows:

...

~~(6) Investment of Deferred Compensation Fund.~~

~~_____ (i) The Treasurer may invest funds held by the District pursuant to the District's deferred compensation plan in accordance with this Section 5101, and may liquidate such investments to comply with the provisions of the plan in accordance with the determinations of the General Manager.~~

~~_____ (ii) The Treasurer may also deposit for purposes of investment funds held by the District, pursuant to the District's deferred compensation plans, in the Metropolitan Water District Federal Credit Union to the limit insured by the National Credit Union Share Insurance Fund.~~

§ 5102. Facsimile Signature re Banks; Authorization for Electronic Funds Transfers.

Any state or national bank designated by the Treasurer as an official depository for funds of this District (including their respective correspondent banks) may be requested, authorized and directed to honor all checks, drafts or other orders for the payment of money drawn in this District's name on its accounts (including those drawn to the individual order of any person whose name appears thereon as signer) when bearing the facsimile signature of the Treasurer, ~~the Assistant Treasurer, or a Deputy Treasurer,~~ and any other person designated by the Treasurer, the said banks (including their respective correspondent banks) shall be entitled to honor and to charge this District for all such instruments, regardless of by whom or by what means the actual facsimile signature thereon may have been affixed thereto, if such facsimile signature is identical to one of the specimen facsimile signatures filed with the said banks. Each of said banks shall also be entitled to honor instructions for funds transfers or electronic payments given in accordance with the security procedures set forth in an agreement for electronic payments services between such bank and the Treasurer, ~~and the Treasurer, the Assistant Treasurer, and~~

~~Deputy Treasurer,~~ and any other person designated by the Treasurer pursuant to such an agreement is authorized to initiate, amend, cancel, confirm or verify the authenticity of such instructions.

...

§ 5113. Escheat to District of Unclaimed Funds.

~~Subject to prior approval by the Board,~~ The Treasurer Controller is authorized from time to time to cause a notice to be published, pursuant to Government Code Sections 50050 et seq., whereby money unclaimed in the District treasury for three years prior to such publication, including unredeemed bonds and coupons, shall become the property of the District. Such money shall then be transferred to the District's general fund. Unclaimed funds in an amount less than \$15 per individual item which remain unclaimed for one year may be transferred to the general fund, ~~subject to prior approval by the Board,~~ as provided in Government Code Section 50055.

ATTACHMENT 2—2019 CLEANUP LETTER

Division II

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

Chapter 5

OTHER COMMITTEES: MISCELLANEOUS COMMITTEE MATTERS

Article 2

BOARD AND COMMITTEE NOMINATION PROCEDURES

§ 2520. In General.

The Executive Committee shall:

(a) Nominate members for the offices of Chair and Secretary of the Board. If a member is nominated as a candidate by the committee, he or she shall be advised by the committee and shall immediately cease further participation in the committee's deliberations and action on that office.

(b) Establish procedures for the fair and impartial election of members to the offices of Chair and Secretary of the Board including, but not limited to, sponsorship of forums for communication of the views of the candidates to Board members. Nominations from the floor shall be made at the meeting of the Board at which an election is scheduled. The committee will provide each director with written notice of any candidate nomination at least 10 days prior to the scheduled date of the election.

Chapter 7

PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES

Article 4

MISCELLANEOUS REPORTS

§ 2750. Escheat to District of Unclaimed Funds.

The Controller 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.

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