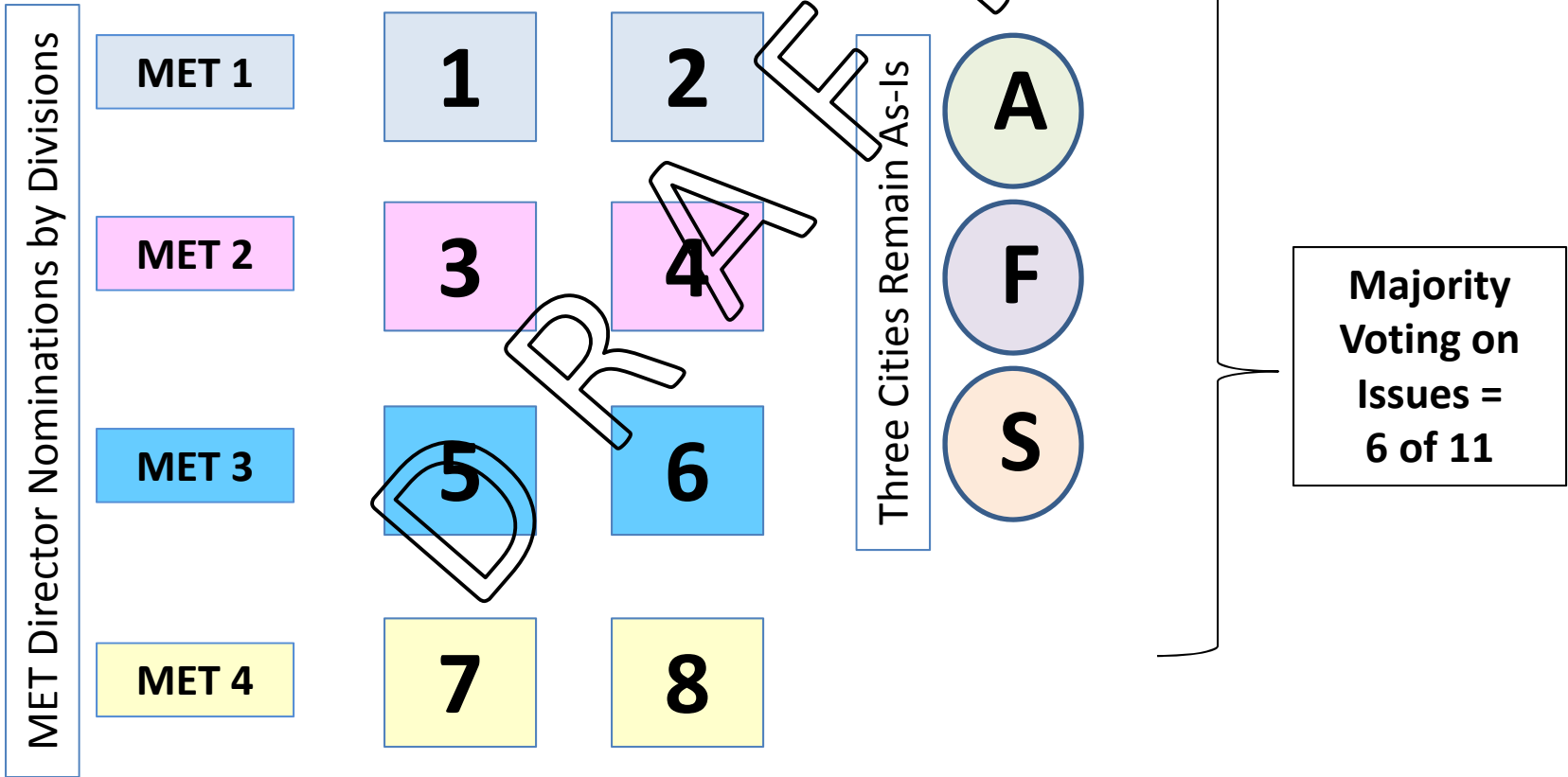


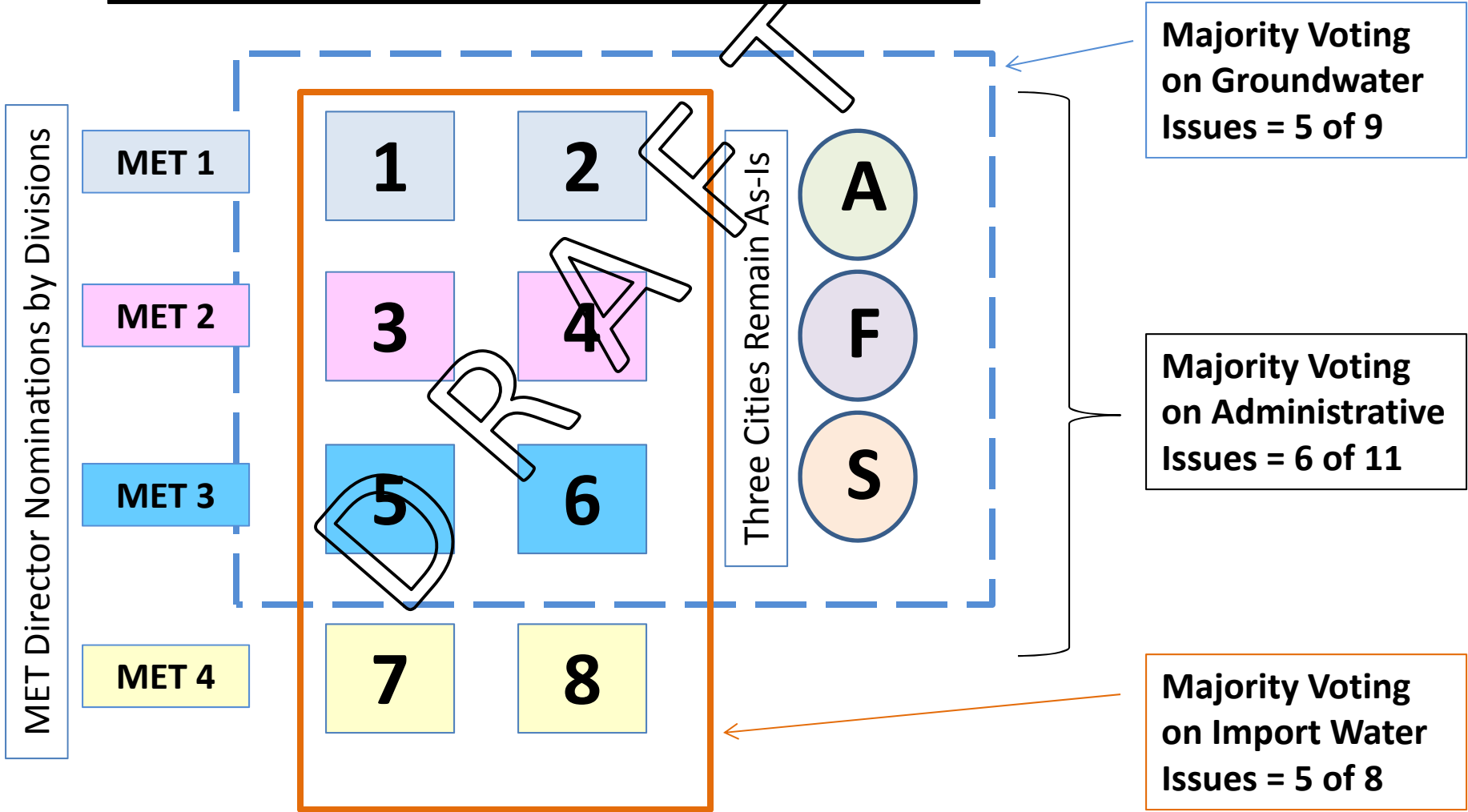
Potential Consolidation Organization in Orange County

11 Directors for Consolidated Entity



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Narrative to Graphic on Potential Consolidation Organization in Orange County

1. The graphic is just one scenario that could be developed and serves to assist in the discussions regarding how governance issues could be approached; there are many other alternatives.
2. The basic premise is that the Cities of Anaheim, Fullerton and Santa Ana would not be changed in any way; they would still appoint their representatives to the New Entity Board, they would appoint their MET directors to the MET Board and they would maintain their relationship with MET on imported water issues.
3. The MWDOC service area, which is the County of Orange Water Service area less the Three Cities areas, would be divided into 8 divisions; based on a general apportionment by population, 6 would be from the OCWD basin area and 2 would be from the South County area.
4. The resulting entity would have 11 directors, 8 elected plus the Three Cities. Voting issues for the new entity would be defined as either "Import Water", "Groundwater" or "Administrative" issues, with three groups of directors voting including a different majority for votes to pass.
5. The New Entity would have four MET directors and they could be appointed by the Board; the graphic includes an option for the nomination of the MET directors to occur based on four regions of the County by directors divisions (if the number of elected directors is divisible by 4). It should also be noted that with the increase in Board size, it would be possible for the New Entity to have the four MET directors come directly from the NEW Entity Board, because they would not constitute a major of the Board while working at MET.
6. Again, this is only one option to begin the discussions – there are many more that could be considered.