



● **Board of Directors**

***Finance, Audit, Insurance, and Real Property Committee***

3/14/2023 Board Meeting

---

**7-1**

**Subject**

---

Adopt the Twenty-Fifth Supplemental Resolution to the Master Bond Resolution authorizing the issuance of up to \$330 million of Water Revenue Bonds, 2023 Series; and approve expenditures to fund the costs of issuance of the Bonds; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

**Executive Summary**

---

The Twenty-Fifth Supplemental Resolution to the Master Bond Resolution (the Twenty-Fifth Supplemental Resolution) in **Attachment 1** would authorize the issuance of up to \$330 million of Water Revenue Bonds. Bond proceeds would fund a portion of projected FYs 2023 and 2024 Capital Investment Plan (CIP) expenditures, reimburse a portion of capital expenditures made during FY 2023, and all or a portion of the costs of issuance.

**Details**

---

**Background**

On September 15, 2020, Metropolitan's Board adopted Ordinance No. 151, which determined that the interests of Metropolitan require the use of revenue bonds up to an aggregate amount of \$500 million to fund a portion of capital expenditures. Approximately \$104 million of revenue bonds have been issued under Ordinance No. 151. The Twenty-Fifth Supplemental Resolution would authorize the issuance of up to \$330 million from the approximately remaining \$396 million authorization under Ordinance No. 151.

If authorized, the bonds are expected to be issued in one or more series. Annual debt service on \$330 million of bonds is estimated to be approximately \$19.1 million per year. The costs of issuance, estimated to be \$1.1 million, would be funded from bond proceeds or Metropolitan funds.

The proceeds from the sale of bonds under the Twenty-Fifth Supplemental Resolution would be used to pay for capital expenditures, primarily for FYs 2022/23 and 2023/24. The Biennial Budget for Fiscal Years 2022/23 and 2023/24, adopted by the Board on April 12, 2022, includes funding for CIP expenditures of \$300 million for each of FYs 2022/23 and 2023/24. The CIP funding for FYs 2022/23 and 2023/24 each consists of \$165 million from revenue bonds and \$135 million from operating revenues. Under current market conditions, issuance of \$293.5 million in par would provide approximately \$330 million in total proceeds.

Consistent with past Board practice, the Twenty-Fifth Supplemental Resolution establishes an Ad Hoc Committee of the Board with authority to determine the aggregate principal amount and the terms and conditions of each sale of bonds. The Ad Hoc Committee consists of the Chair of the Board, the Chair of the Finance, Audit, Insurance, and Real Property Committee, and the General Manager.

## Policy

---

Metropolitan Water District Act Section 57: Vote Required for Board Action

Metropolitan Water District Act Section 61: Ordinances, Resolutions and Orders

Metropolitan Water District Act Section 123: Borrowing, Limitation

Metropolitan Water District Act Sections 235-239.4: Revenue Bonds

Metropolitan Board Ordinance No. 126, dated March 12, 1974: Revenue Bond Election

Metropolitan Board Ordinance No. 151, dated September 15, 2020: Determining that the Interests of the District Require the Use of Revenue Bonds in the Aggregate Principal Amount of \$500,000,000 to Finance a Portion of Capital Expenditures

By Minute Item 52790, dated April 12, 2022, the Board approved the FYs 2022/23 and 2023/24 Biennial Budget, approved appropriations for debt service, and approved the budget for capital expenditures.

Metropolitan Water District Administrative 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 (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and 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 the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State of CEQA Guidelines). Finally, it can be seen with certainty that there is no possibility that the proposed action may have a significant impact on the environment; therefore, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

### CEQA determination for Option #2:

None required

## Board Options

---

### Option #1

- a. Adopt the Twenty-Fifth Supplemental Resolution to the Master Bond Resolution authorizing the issuance of up to \$330 million of Water Revenue Bonds, 2023 Series, and providing the terms and conditions for the sale and issuance of said Water Revenue Bonds; and
- b. Approve approximately \$1.1 million for the payment of the costs of issuance of the Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds.

**Fiscal Impact:** Estimated increase in debt service payments of approximately \$19.1 million per year will be paid from net operating revenues.

**Business Analysis:** Approval would enable Metropolitan to access the capital markets to provide funding for ongoing capital expenditures in accordance with the Adopted Budget, Fiscal Years 2022/23 and 2023/24.

### Option #2

Do not adopt the Twenty-Fifth Supplemental Resolution to the Master Bond Resolution.

**Fiscal Impact:** May miss the opportunity to fund capital expenditures at favorable interest rate levels, thereby resulting in higher debt service costs and/or higher water rates.

**Business Analysis:** Capital market access would be delayed, thereby limiting Metropolitan's options or ability to fund ongoing capital expenditures, or Metropolitan may have to curtail funding capital projects. Inflation could further increase the estimated cost of CIP projects if delayed.

**Staff Recommendation**

---

Option #1

  
\_\_\_\_\_  
Katano Kasaine  
Assistant General Manager/  
Chief Financial Officer

3/1/2023  
Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

3/2/2023  
Date

**Attachment 1 – Resolution Authorizing The Issuance Of Up To \$330,000,000 Of Water Revenue Bonds and Providing The Terms And Conditions For The Sale And Issuance Of Said Water Revenue Bonds (Twenty-Fifth Supplemental Resolution)**

Ref# cfo12691443

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
RESOLUTION \_\_\_\_\_

RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO  
\$330,000,000 OF WATER REVENUE BONDS  
AND PROVIDING THE TERMS AND CONDITIONS  
FOR THE SALE AND ISSUANCE OF SAID WATER REVENUE BONDS  
(TWENTY-FIFTH SUPPLEMENTAL RESOLUTION)

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I AUTHORIZATION OF WATER REVENUE BONDS; DEFINITIONS .....	2
SECTION 1.01    Definitions.....	2
ARTICLE II THE BONDS .....	4
SECTION 2.01    Authorization .....	4
SECTION 2.02    Terms of the Bonds. ....	5
SECTION 2.03    Interest. ....	5
SECTION 2.04    Place of Payment.....	6
SECTION 2.05    Redemption. ....	6
SECTION 2.06    Form of Bonds.....	7
SECTION 2.07    CUSIP Identification Numbers .....	7
SECTION 2.08    Book-Entry System .....	7
SECTION 2.09    Representation Letter.....	8
SECTION 2.10    Transfers Outside Book-Entry System .....	8
SECTION 2.11    Payments and Notices to the Nominee .....	9
SECTION 2.12    Initial Depository and Nominee .....	9
ARTICLE III APPLICATION OF BOND PROCEEDS; ESTABLISHMENT OF FUNDS; COVENANTS .....	9
SECTION 3.01    Application of Proceeds of the Bonds .....	9
SECTION 3.02    Establishment and Application of Costs of Issuance Funds. ....	10
SECTION 3.03    Establishment and Application of Construction Funds. ....	10
SECTION 3.04    Establishment, Pledge, Funding and Application of Reserve Funds. ....	10
SECTION 3.05    Establishment and Application of Excess Earnings Funds.....	12
SECTION 3.06    Tax Covenants.....	12
SECTION 3.07    Establishment and Application of Additional Funds.....	12
ARTICLE IV FISCAL AGENT AND PAYING AGENT .....	12
SECTION 4.01    Fiscal Agent and Paying Agent.....	12
ARTICLE V SALE OF BONDS; APPROVAL OF SALES DOCUMENTS AND TRUST AGREEMENTS.....	13
SECTION 5.01    Ad Hoc Committee.....	13
SECTION 5.02    Approval of Sales Documents and Trust Agreements .....	13
SECTION 5.03    Further Action.....	14
ARTICLE VI UNDERTAKINGS .....	14
SECTION 6.01    Municipal Securities Disclosure.....	14

SECTION 6.02 Default .....14  
SECTION 6.03 Amendment.....15  
ARTICLE VII MISCELLANEOUS.....15  
SECTION 7.01 Bonds Subject to Master Resolution .....15  
SECTION 7.02 Severability of Invalid Provisions .....15  
SECTION 7.03 Article and Section Headings and References; Interpretation .....15  
SECTION 7.04 Governing Law.....16

THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA

RESOLUTION \_\_\_\_\_

---

RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO  
\$330,000,000 WATER REVENUE BONDS  
AND PROVIDING THE TERMS AND CONDITIONS  
FOR THE SALE AND ISSUANCE OF SAID WATER REVENUE BONDS  
(TWENTY-FIFTH SUPPLEMENTAL RESOLUTION)

---

WHEREAS, pursuant to the Act (as defined in the Master Resolution described below), the Board of Directors of the Metropolitan Water District of Southern California (the “District”) may authorize the issuance of revenue bonds for any purpose permitted under the Act;

WHEREAS, pursuant to Resolution 8329 adopted by the District on July 9, 1991, as amended and supplemented (the “Master Resolution”), the District has authorized the issuance of The Metropolitan Water District of Southern California Water Revenue Bonds (the “Bonds”) by adoption of supplemental resolutions from time to time, with the payment of the principal of, interest on, and any redemption premiums thereon being secured by and payable solely from the Net Operating Revenues (as defined in the Master Resolution) of the District;

WHEREAS, pursuant to Ordinance 151 adopted by the District on September 15, 2020, the District has determined that the interests of the District require the use of revenue bonds in the aggregate principal amount of \$500,000,000 to fund a portion of the District’s capital expenditures, the cost of which is too great to be paid out of the ordinary annual income and revenue of the District;

WHEREAS, the interests of the District require the District to proceed under the Master Resolution and Ordinances 151, and issue and sell from time to time revenue bonds in an aggregate principal amount not to exceed \$330,000,000 secured by and payable from the Net Operating Revenues for the purpose of, among other things, paying all or a portion of the costs of acquisition, construction and improvements to the Water System (as defined in the Master Resolution); and

WHEREAS, the District desires to adopt this Supplemental Resolution to the Master Resolution (the “Twenty-Fifth Supplemental Resolution”) for the purposes of authorizing the issuance of revenue bonds;

NOW, THEREFORE, the Board of Directors of the District, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

## ARTICLE I

### AUTHORIZATION OF BONDS; DEFINITIONS

SECTION 1.01 Definitions. All terms which are defined in Section 1.01 of the Master Resolution or in the Act shall, unless otherwise defined herein, have the same meanings, respectively, in this Twenty-Fifth Supplemental Resolution. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Twenty-Fifth Supplemental Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and the plural forms of any of the terms herein defined.

“Ad Hoc Committee” has the meaning set forth in Section 5.01 hereof.

“Authorized Denominations” means, with respect to the Fixed Rate Bonds, \$5,000 and integral multiples thereof, and with respect to the Variable Rate Bonds, except as otherwise set forth in the applicable Trust Agreement, \$100,000 and integral multiples of \$5,000 in excess thereof.

“Bond Reserve Requirement” means the reserve requirement established for a Series of Bonds under the terms of the Sales Documents or Trust Agreement with respect to such Series and pursuant to the terms of Section 3.04 hereof.

“Bonds” means the Bonds described in Section 2.01 hereof, authorized and issued pursuant to the Master Resolution, as supplemented by this Twenty-Fifth Supplemental Resolution, and includes Fixed Rate Bonds and Variable Rate Bonds.

“Capital Appreciation Bonds” means the Bonds issued as Capital Appreciation Bonds as described in Section 2.02(B) of this Twenty-Fifth Supplemental Resolution.

“Current Interest Bonds” means the Bonds issued as Current Interest Bonds as described in Section 2.02(A) of this Twenty-Fifth Supplemental Resolution.

“Code” means the Internal Revenue Code of 1986, as amended.

“Construction Costs” means the cost of acquiring, constructing, reconstructing, replacing, extending and improving any project eligible to be financed under the Act.

“Construction Fund” means, with respect to a Series of Bonds, the Construction Fund, established for such Series pursuant to Section 3.03 hereof.

“Continuing Disclosure Certificate” means, with respect to a Series of Bonds, the Continuing Disclosure Certificate or Undertaking of the District, delivered by the District in connection with the issuance of such Series of Bonds.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of a Series of Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any agent including any Fiscal Agent, Paying Agent, Remarketing Agent, legal fees and charges, underwriter discounts, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, and any other cost, charge or fee in connection with the delivery of the Bonds.

“Costs of Issuance Fund” means, with respect to a Series of Bonds, the Costs of Issuance Fund established for such Series pursuant to Section 3.02 hereof.

“DTC” means the Depository Trust Company, New York, New York, and its successors and assigns.

“Excess Earnings Fund” means, with respect to a Series of Bonds, the Water Revenue Excess Earnings Fund established for such Series pursuant to Section 3.05 hereof.

“Final Compounded Amount” shall have the meaning ascribed to such term in the Master Resolution; provided that upon redemption of any Capital Appreciation Bonds prior to their respective maturity date, then such term shall refer to the Accreted Value of such Bonds on their respective redemption date.

“Fiscal Agent” means the fiscal agent appointed pursuant to Section 4.01 hereof.

“Fixed Rate Bonds” means Bonds other than Variable Rate Bonds.

“Master Resolution” means Resolution 8329 adopted by the District on July 9, 1991, as from time to time amended and supplemented.

“Nominee” means the nominee of the Securities Depository, which may be the Securities Depository, as determined from time to time pursuant hereto.

“Participants” means those broker-dealers, banks and other financial institutions for which the Securities Depository directly or indirectly holds certificates as securities depository.

“Paying Agent” means a paying agent appointed pursuant to Section 4.01 of this Twenty-Fifth Supplemental Resolution.

“Record Date” means, with respect to Fixed Rate Bonds of a Series, the close of business on the fifteenth (15th) day of each month preceding an interest payment date, and with respect to Variable Rate Bonds of a Series means the record date established pursuant to the applicable Trust Agreement.

“Remarketing Agent” means, with respect to a Series of Variable Rate Bonds, a remarketing agent appointed by the District from time to time pursuant to the applicable Trust Agreement.

“Representation Letter” means a representation letter from the District to the Securities Depository as described in Section 2.09 hereof.

“Reserve Fund” means, with respect to a Series of Bonds, the Reserve Fund established for such Series pursuant to Section 3.04 hereof.

“Reserve Fund Credit Policy” means, with respect to a Series of Bonds, an insurance policy, surety bond, letter of credit or other credit facility deposited with the Fiscal Agent pursuant to Section 3.04(D) hereof.

“Sales Documents” means, in the case of a negotiated sale, that certain bond purchase contract or other agreement for the purchase of one or more Series of Bonds between the District and the Underwriters for such Series or, in the case of a competitive sale, the notice of sale, bid form and other documents providing for the sale of one or more Series of Bonds by the District to the Underwriters.

“Securities Depository” means the Securities Depository acting as such hereunder (initially DTC) and which may be the District.

“Twenty-Fifth Supplemental Resolution” means this resolution of the District, and any amendments, modifications or supplements hereto.

“Tax Certificate” means, with respect to a Series of Bonds, the Tax and Nonarbitrage Certificate of the District delivered by the District in connection with the issuance of such Series of Bonds.

“Trust Agreement” means the trust agreement, paying agent agreement or such other instrument or instruments executed and delivered in connection with the issuance of a Series of Bonds and which sets forth the terms and conditions of such Series of Bonds and which appoints any Paying Agent, Remarketing Agent or other agent with respect to such Series of Bonds.

“Underwriters” means, with respect to a Series of Bonds, in the case of a negotiated sale, the original purchaser or purchasers of such Series of Bonds and in the case of a competitive sale, the successful bidder or bidders for such Series of Bonds.

“Variable Rate Bonds” means Bonds bearing interest as determined from time to time by a Remarketing Agent or a calculation agent, pursuant to an index or otherwise in accordance with the provisions of the Trust Agreement with respect to such Series of Bonds.

## ARTICLE II

### THE BONDS

SECTION 2.01 Authorization. Bonds are hereby authorized to be issued pursuant to the Act and the Master Resolution. The Bonds shall be designated as “The Metropolitan Water District of Southern California Water Revenue Bonds, 2023 Series (the “2023 Water Revenue Bonds”); or as otherwise designated by the District. The Bonds may be issued in one or more Series at one time or from time to time in accordance with the terms hereof, and each Series of Bonds shall bear

such additional designation as may be ascribed thereto in the Sales Documents for such Series. A Series of Bonds may be issued as Fixed Rate Bonds (including Current Interest Bonds and Capital Appreciation Bonds) or Variable Rate Bonds and shall be issued in the aggregate principal amount specified in the Sales Documents for such Series; provided, however, in no event shall the total aggregate principal amount of the Bonds exceed \$330,000,000.

#### SECTION 2.02 Terms of the Bonds.

(A) Current Interest Bonds. Each Series of Current Interest Bonds, if any, shall be Current Interest Bonds as described in the Master Resolution and shall be issued in the aggregate principal amount and be dated such date as shall be specified in the Sales Documents for such Series, shall bear interest from such dated date at the rates and shall mature on the date or dates and in the principal amount or amounts set forth in such Sales Documents, or Trust Agreement, if any, for such Series. Each Series of Current Interest Bonds, if any, shall be delivered in fully registered form in principal amounts in Authorized Denominations, and shall be numbered in such manner as the Fiscal Agent determines.

The Sales Documents or Trust Agreement, if any, with respect to a Series of Bonds shall designate which, if any, of the Current Interest Bonds of such Series shall be Term Bonds.

(B) Capital Appreciation Bonds. Each Series of Capital Appreciation Bonds shall be Capital Appreciation Bonds as described in the Master Resolution and, if any shall be issued, shall be issued in the aggregate Initial Amount, shall mature on the dates and have a yield to maturity as set forth in the Sales Documents for such Series. The Capital Appreciation Bonds, if any, shall be issued, shall be dated the date of delivery thereof, shall be delivered in fully registered form with Final Compounded Amounts in Authorized Denominations, and shall be numbered in such manner as determined by the Fiscal Agent.

The Accreted Value for a Capital Appreciation Bond having a \$5,000 Final Compounded Amount shall be illustrated by the Accreted Value Table set forth as an exhibit to the Sales Documents for such Capital Appreciation Bonds.

(C) Sources of Payment. The payment of the principal, Accreted Value and Final Compounded Amount of, and interest and any redemption premiums on the Bonds shall be secured by and payable solely from Net Operating Revenues and other funds pledged under the Master Resolution and the Twenty-Fifth Supplemental Resolution.

#### SECTION 2.03 Interest.

(A) Current Interest Bonds. The Current Interest Bonds of any Series which are Fixed Rate Bonds, if any, shall bear interest at the rates set forth in the Sales Documents for such Series (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable on the dates set forth in such Sales Documents. Current Interest Bonds of any Series which are Variable Rate Bonds, if any, shall bear interest as determined pursuant to the Trust Agreement for such Series (calculated on the basis of a 365- or 366-day year, as applicable, and actual days elapsed, unless otherwise provided in the Trust Agreement) payable as provided in such Trust Agreement. Each Current Interest Bond shall bear interest from the interest payment date before the date of authentication thereof unless it is authenticated during the period after a Record Date but on or

before the next interest payment date, in which event it shall bear interest from that interest payment date, or unless it is authenticated prior to the first Record Date, in which event it shall bear interest from the dated date of the Current Interest Bonds specified in the Sales Documents, or Trust Agreement if any, or unless at the time of authentication interest is in default, in which event it shall bear interest from the interest payment date to which interest has been paid or provided for.

(B) Capital Appreciation Bonds. Interest with respect to the Capital Appreciation Bonds of any maturity shall be compounded at the original yield thereof set forth in the Sales Documents on the dates specified in such Sales Documents, computed using a year of 360 days comprised of twelve months of 30 days and shall be payable only at maturity or upon redemption as part of the Accreted Value. Accreted Value on any date other than the dates on which interest is compounded as specified in such Sales Documents shall be calculated by straight line interpolation of the Accreted Value as of the immediately preceding and succeeding dates on which interest is compounded as specified in such Sales Documents.

(C) Payment of Interest. Each Bond shall bear or accrete interest until the principal or Final Compounded Amount thereof has been paid; provided, however, that if at the maturity date of any Bond or if on the redemption date thereof if the same has been fully called for redemption, in each case, funds are available for the payment thereof in full in accordance with the terms of Article IX of the Master Resolution, such Bond shall then cease to bear or accrete interest.

SECTION 2.04 Place of Payment. Subject to Section 2.08 hereof, for so long as the Treasurer is the Fiscal Agent, the principal or Final Compounded Amount of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender of such Fixed Rate Bonds at the corporate office of the District. Interest on the Current Interest Bonds shall be paid by check or draft mailed by first class mail to the persons whose names appear on the registration books of the Fiscal Agent as the registered Owners of such Current Interest Bonds as of the close of business on the Record Date at such persons' addresses as they appear on such registration books, except that an Owner of \$1,000,000 or more in principal amount of Fixed Rate Bonds which are Current Interest Bonds may be paid interest by wire transfer to an account in the United States if such Owner makes a written request of the Fiscal Agent at least thirty (30) days preceding any interest payment date specifying the wire transfer instructions for such Owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Payments of default interest shall be paid by check, draft or wire transfer to the Owners as of a special record date to be fixed by the Fiscal Agent, notice of which special record date shall be given to the Owners by the Fiscal Agent not less than ten (10) days prior thereto. Principal of and interest on the Variable Rate Bonds shall be payable as provided in the applicable Trust Agreement.

SECTION 2.05 Redemption.

(A) Optional Redemption. The Fixed Rate Bonds of any Series shall be subject to call and redemption prior to maturity, at the option of the District, in the amounts, at the redemption prices and on the dates set forth in the Sales Documents with respect to such Series. The Variable Rate Bonds of any Series shall be subject to call or redemption as provided in the Trust Agreement with respect to such Series.

(B) Mandatory Sinking Account Payments. The Term Bonds of any Series, if any, shall be called before maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments with respect to such Series which have been deposited in the Bond Service Fund, in the amounts and upon the dates established for each such maturity, as set forth in the Sales Documents or Trust Agreement, as the case may be, with respect to such Series.

(C) Disposition of Redemption Rights. The Sales Documents applicable to a Series of Bonds may contain provisions with respect to the sale or disposition of the right of the District to redeem any Bonds of such Series.

(D) Conditional Notice of Redemption. In addition to the notice requirements for redemption included in the Master Resolution, each such notice may also state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the Redemption Date sufficient money to pay the full Redemption Price of the Bonds to be redeemed. Upon deposit of sufficient money to pay the full Redemption Price and provision of irrevocable instructions to the Fiscal Agent or Paying Agent to apply such money to the payment of the Redemption Price and interest with respect to the Bonds to be redeemed, all liability of the District in respect of such Bonds shall be discharged as provided in Section 9.02 of the Master Resolution.

SECTION 2.06 Form of Bonds. Except as otherwise provided in the applicable Sales Documents, the Current Interest Bonds and Capital Appreciation Bonds of each Series that are Fixed Rate Bonds shall be issued in substantially the form set forth in Exhibit A1 and Exhibit A2, respectively, which exhibits are incorporated herein by this reference as if set forth in full. The Variable Rate Bonds of each Series shall be issued in substantially the form set forth in the Trust Agreement relating to such Series of Bonds.

SECTION 2.07 CUSIP Identification Numbers. CUSIP identification numbers shall be ordered by the Underwriters and caused by the District to be printed on the Bonds, but such numbers shall not be deemed a part of the Bonds or a part of the contract evidenced thereby and no liability shall attach to the District or its officers, employees or agents because of or on account of such CUSIP identification numbers.

SECTION 2.08 Book-Entry System. Except as otherwise provided in the Trust Agreement with respect to Variable Rate Bonds of any Series, the Bonds shall be initially issued in the form of a single (unless more than a single Bond is required by the Securities Depository), separate, fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register of the Fiscal Agent in the name of the Nominee of the Securities Depository. Except as provided in Section 2.10 hereof, the ownership of each Outstanding Bond shall be registered in the Bond Register of the Fiscal Agent in the name of the Nominee.

With respect to the Bonds registered in the Bond Register of the Fiscal Agent in the name of the Nominee, the District and the Fiscal Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Fiscal Agent shall have no responsibility or obligation (unless the Fiscal Agent is at such time the Securities Depository)

with respect to (i) the accuracy of the records of the Securities Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register of the Fiscal Agent, of any notice with respect to the Bonds, or (iii) the payment to any Participant or any other person, other than an Owner as shown in the Bond Register of the Fiscal Agent, of any amount with respect to principal of or interest and premium, if any, on the Bonds. The District and the Fiscal Agent may treat and consider the person in whose name each Bond is registered in the Bond Register of the Fiscal Agent as the holder and absolute Owner of such Bond for the purpose of payment of principal or Final Compounded Amount of, and interest on, such Bond, for the purpose of giving notices and other matters with respect to such Bond, and for all other purposes whatsoever.

The Fiscal Agent shall pay all principal and Accreted Value of and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Bond Register of the Fiscal Agent, or their respective attorneys, duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to the payment of principal and Final Compounded Amount of, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register of the Fiscal Agent, shall receive a Bond evidencing the obligation to make payments of principal, Final Compounded Amount and interest and premium, if any, pursuant to this Twenty-Fifth Supplemental Resolution. Upon delivery by the Securities Depository to the Fiscal Agent and the District of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to record dates, the word Nominee in this Twenty-Fifth Supplemental Resolution shall refer to such new nominee of the Securities Depository.

SECTION 2.09 Representation Letter. To qualify the Bonds for the Securities Depository's book-entry system, the Authorized Representative is hereby authorized to execute and deliver on behalf of the District to such Securities Depository a letter, if necessary, from the District representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.08 hereof or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond Register of the Fiscal Agent. In the Representation Letter, the Fiscal Agent shall agree to take all actions necessary to comply with all representations of the District in the Representation Letter. In addition to the execution and delivery of the Representation Letter, each Authorized Representative of the District is hereby authorized to take any other actions, not inconsistent with this Twenty-Fifth Supplemental Resolution, to qualify the Bonds for the Securities Depository's book-entry program.

SECTION 2.10 Transfers Outside Book-Entry System. In the event (i) the Securities Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Securities Depository shall, subject to the provisions of the applicable Trust Agreement with respect to Variable Rate Bonds of such Series, no longer so act and delivers a written certificate to the Fiscal Agent to that effect, then the District will discontinue the book-entry system with the Securities Depository. Subject to the provisions of the applicable Trust Agreement with respect to Variable Rate Bonds of any Series, if the District determines to replace the Securities Depository with another qualified securities depository, the District shall prepare or

direct the preparation of a new, single, separate, fully registered Bond for each of the maturities of the Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangement acceptable to the District and the Securities Depository as are not inconsistent with the terms of this Twenty-Fifth Supplemental Resolution. If the District fails to identify another qualified securities depository to replace the Securities Depository, then the Bonds shall no longer be restricted to being registered in the Bond Register of the Fiscal Agent in the name of the Nominee, but shall be registered in whatever name or names the Participants transferring or exchanging Bonds shall designate, in accordance with the provisions of Article II of the Master Resolution and, with respect to the Variable Rate Bonds, the provisions of the applicable Trust Agreement.

SECTION 2.11 Payments and Notices to the Nominee. Notwithstanding any other provision of this Twenty-Fifth Supplemental Resolution or the Master Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal and Final Compounded Amount of, and interest and premium, if any, on, such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Securities Depository.

SECTION 2.12 Initial Depository and Nominee. The initial Securities Depository under this Twenty-Fifth Supplemental Resolution shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

### ARTICLE III

#### APPLICATION OF BOND PROCEEDS; ESTABLISHMENT OF FUNDS; COVENANTS

SECTION 3.01 Application of Proceeds of Bonds. The proceeds of the sale of a Series of Bonds and such other moneys as are available and necessary to accomplish the purposes of this Twenty-Fifth Supplemental Resolution from time to time shall be deposited with the Treasurer and shall be held in trust and, unless otherwise specified in a Certificate of an Authorized Representative, shall be set aside by the Treasurer as follows:

- (a) The Treasurer shall deposit in the Bond Service Fund the amount of such proceeds representing interest accrued, if any, on such Series of Bonds to the date of delivery thereof.
- (b) The Treasurer shall deposit in the applicable Reserve Fund, if any, for each Series of Bonds an amount equal to the Bond Reserve Requirement for each such Series of Bonds or provide for a Reserve Fund Credit Policy to satisfy the Bond Reserve Requirement for each such Series of Bonds.
- (c) The Treasurer shall deposit in the Costs of Issuance Fund for the applicable Series of Bonds the amount of such proceeds necessary to pay all Costs of Issuance that are not to be paid from other sources.
- (d) The remaining proceeds shall be deposited in the Construction Fund for the applicable Series of Bonds.

SECTION 3.02 Establishment and Application of Costs of Issuance Funds.

(A) The District shall establish, and the Treasurer shall maintain and hold in trust one or more separate funds which shall be designated as the “Water Revenue Bonds 2023 Series \_\_\_\_\_ Costs of Issuance Fund” (inserting the designation for each Series or multiple Series of Bonds, as applicable), and shall bear such additional designation as shall be determined by an Authorized Representative. The moneys in each such Costs of Issuance Fund shall be used and withdrawn by the Treasurer to pay Costs of Issuance incurred in connection with the issuance of the applicable Series of Bonds. The Treasurer shall hold moneys in each such Costs of Issuance Fund uninvested until expended unless directed otherwise by a Certificate of an Authorized Representative. Any amounts remaining in a Costs of Issuance Fund six months following the date of issuance of the Bonds with respect thereto either (i) shall be transferred to the corresponding Construction Fund and applied as provided in Section 3.03 or (ii) shall be applied for such other lawful purposes determined by the District as are approved in an Opinion of Bond Counsel to the effect that such action shall not, in and of itself, adversely affect the tax-exempt status of interest on the Bonds.

(B) The Treasurer shall keep a record of all payments from each Costs of Issuance Fund, which record shall state: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the District in the case of reimbursement for costs theretofore paid by the District; and (iii) the purpose by general classification for which each obligation to be paid was incurred.

SECTION 3.03 Establishment and Application of Construction Funds.

(A) The District shall establish, and the Treasurer shall maintain and hold in trust, one or more separate funds which shall be designated as the “Water Revenue Bonds 2023 Series \_\_\_\_\_ Construction Fund” (inserting the designation for each Series or multiple Series of Bonds, as applicable), and shall bear such additional designation as shall be determined by an Authorized Representative. The moneys in each Construction Fund shall be used and withdrawn by the Treasurer to pay Construction Costs. All investment earnings on funds held in each Construction Fund shall be credited to such fund unless otherwise specified in a Certificate of an Authorized Representative.

(B) The Treasurer shall keep a record of all payments from each Construction Fund, which record shall state: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the District in the case of reimbursement for costs theretofore paid by the District; and (iii) the purpose by general classification for which each obligation to be paid was incurred.

SECTION 3.04 Establishment, Pledge, Funding and Application of Reserve Funds.

(A) In connection with the issuance of each Series of Bonds pursuant to this Twenty-Fifth Supplemental Resolution, the District may establish and, if established, the Treasurer shall maintain and hold in trust a separate fund for such Series designated as the “Water Revenue Bonds 2023 Series \_\_\_\_\_ Reserve Fund” (inserting the designation for each Series or multiple Series of Bonds, as applicable) and shall bear such additional designation as shall be determined by an

Authorized Representative. Each Reserve Fund shall be funded as set forth in Section 3.01 hereof and applied as set forth in this Section 3.04. All amounts held by the Treasurer in a Reserve Fund established with respect to a Series of Bonds shall be pledged to secure the payment of the principal and Final Compounded Amount of, and interest on, such Series of Bonds in accordance with their terms.

(B) The District shall at all times maintain an amount equal to the applicable Bond Reserve Requirement in a Reserve Fund established with respect to a Series of Bonds until such Series is discharged in accordance with the provisions of Article IX of the Master Resolution. The amount of the Bond Reserve Requirement applicable to a designated Series of Bonds shall be set forth in the Sales Documents for such Series of Bonds. In the event of any deficiency in a Reserve Fund, the Treasurer shall replenish such deficiency in accordance with the provisions of Section 5.07 of the Master Resolution.

(C) All amounts in a Reserve Fund established with respect to a Series of Bonds shall be used and withdrawn by the Treasurer, as hereinafter provided, solely for the purpose of (i) paying principal and Final Compounded Amount of, and interest on, such Series of Bonds in the event moneys in the Bond Service Fund are insufficient, or (ii) for the payment of the final principal and Final Compounded Amount and interest payment on such Series of Bonds. Any amounts in a Reserve Fund established with respect to a Series of Bonds in excess of the Bond Reserve Requirement for such Series shall be transferred to the Bond Service Fund for such Series unless otherwise specified in a Certificate of an Authorized Representative.

All Authorized Investments credited to a Reserve Fund shall be valued as of June 30 of each year (or the next preceding or succeeding Business Day, as determined by the District, if such day is not a Business Day) at their fair market value determined to the extent practical by reference to the closing bid price thereof published in The Wall Street Journal or any other financial publication or quotation service selected by the Treasurer at his or her discretion.

(D) Notwithstanding anything herein to the contrary, at the option of the District, amounts required to be held in a Reserve Fund may be substituted, in whole or in part, by the deposit with the Fiscal Agent of a Reserve Fund Credit Policy in a stated amount equal to the amounts so substituted, provided that prior to the substitution of such Reserve Fund Credit Policy the Rating Agencies shall have been notified of such proposed substitution and the substitution shall not result in a downgrading or withdrawal of any rating of such Series of Bonds then in effect by the Rating Agencies. Any such substituted moneys shall be applied as provided in a Certificate of an Authorized Representative.

So long as a Reserve Fund Credit Policy shall be in force and effect with respect to such Series of Bonds, any deposits required to be made with respect to the applicable Reserve Fund pursuant to Section 5.07 of the Master Resolution shall include any amounts due to the provider of such Reserve Fund Credit Policy resulting from a draw on such Reserve Fund Credit Policy (which amounts shall constitute a “deficiency” or “withdrawal” from the applicable Reserve Fund within the meaning of Section 5.07 of the Master Resolution). Any such amounts shall be paid to the provider of such Reserve Fund Credit Policy as provided in such Reserve Fund Credit Policy or any related agreement.

SECTION 3.05 Establishment and Application of Excess Earnings Funds. To ensure proper compliance with the tax covenants contained in Section 3.06 hereof, the District shall establish when required and, if established, the Treasurer shall maintain, a fund for each Series of Bonds issued hereunder, which fund, if any, shall be separate from any other fund or account established and maintained hereunder or under the Master Resolution. The fund, if any, shall be designated as the “Water Revenue Bonds 2023 Series \_\_\_\_\_ Excess Earnings Fund” (inserting the designation for each Series or multiple Series of Bonds, as applicable), and shall bear such additional designation as shall be determined by an Authorized Representative. All money at any time deposited in the Excess Earnings Fund with respect to a Series of Bonds in accordance with the provisions of the Tax Certificate applicable to such Series shall be held by the Treasurer for the account of the District in trust for payment to the federal government of the United States of America, and neither the District nor the Owner of any bonds of such Series of Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in any such Excess Earnings Fund shall be governed by this Twenty-Fifth Supplemental Resolution and by the applicable Tax Certificate. The Treasurer shall invest all amounts held in any such Excess Earnings Fund in accordance with the applicable Tax Certificate. Money shall not be transferred from the Excess Earnings Fund established for a Series of Bonds except in accordance with the Tax Certificate with respect to such Series.

SECTION 3.06 Tax Covenants. In order to maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes, the District covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the District agrees to comply with the covenants contained in, and the instructions given pursuant to, each Tax Certificate which by this reference is incorporated herein, as a source of guidance for compliance with such provisions.

Notwithstanding any other provisions of the Master Resolution or this Twenty-Fifth Supplemental Resolution to the contrary, upon the District’s failure to observe, or refusal to comply with, the foregoing covenant, no Person other than the Owners of the Bonds shall be entitled to exercise any right or remedy provided to the Owners under the Master Resolution or this Twenty-Fifth Supplemental Resolution on the basis of the District’s failure to observe, or refusal to comply with, such covenant.

SECTION 3.07 Establishment and Application of Additional Funds. In addition to the funds established pursuant to the Master Resolution and this Twenty-Fifth Supplemental Resolution, there shall be established and maintained such additional funds and/or accounts as shall be set forth in the Trust Agreement, if any, including funds with respect to the purchase and remarketing of Variable Rate Bonds, with respect to the payments to be made by the District under any interest rate swap agreement or agreements entered into by the District, and for such other purposes as the District or the Fiscal Agent deem necessary or desirable.

#### ARTICLE IV

##### FISCAL AGENT AND PAYING AGENT

SECTION 4.01 Fiscal Agent and Paying Agent. The Treasurer of the District is hereby appointed as Fiscal Agent with respect to the Bonds. In addition, with respect to a Series of

Variable Rate Bonds, if any, an Authorized Representative may appoint a Paying Agent, which shall have such duties as shall be set forth in the respective Trust Agreement.

## ARTICLE V

### SALE OF BONDS; APPROVAL OF SALES DOCUMENTS AND TRUST AGREEMENTS

SECTION 5.01 Ad Hoc Committee. The Chair of the Board, or in the event of a vacancy, the Acting Chair of the Board, the Chair of the Finance, Audit, Insurance, and Real Property Committee of the Board (or in the event the Finance, Audit, Insurance, and Real Property Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Audit, Insurance, and Real Property Committee prior to such renaming, dissolution, or reorganization), or in the event of a vacancy, the Vice Chair or Acting Chair of the Finance, Audit, Insurance, and Real Property Committee of the Board (or in the event the Finance, Audit, Insurance, and Real Property Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Audit, Insurance, and Real Property Committee prior to such renaming, dissolution, or reorganization), and the General Manager or his or her designee, or in the event of a vacancy, the Acting General Manager or his or her designee, acting jointly, are hereby constituted an ad hoc committee (the “Ad Hoc Committee”).

SECTION 5.02 Approval of Sales Documents and Trust Agreements. The Ad Hoc Committee is authorized and directed to determine on behalf of the District the aggregate principal amount, terms and conditions of each Series of Bonds, and the terms and conditions of the sale of each Series of Bonds at either a private sale or a competitive sale to one or more purchasers. The Ad Hoc Committee is hereby empowered to establish on behalf of the District such aggregate principal amount, terms and conditions of each Series of Bonds, and the terms and conditions of the sale of each Series of Bonds to the Underwriters, as the members of the Ad Hoc Committee shall agree upon in their sole discretion as being in the best interests of the District, subject only to the provisions of the Act and of this Twenty-Fifth Supplemental Resolution, and shall be so empowered solely to implement the fundamental policies established by this Twenty-Fifth Supplemental Resolution in a manner that is most advantageous to the District, and, if required, to deem the preliminary official statement relating to each Series of Bonds as being final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

Such aggregate principal amount, terms and conditions of each Series of Bonds and the terms and conditions of their sale shall be set forth in the Sales Documents with respect to such Series of Bonds and, with respect to Variable Rate Bonds of a Series, if any, in the respective Trust Agreement. Such terms and conditions as so set forth, together with the other terms and conditions of each Series of Bonds set forth in this Twenty-Fifth Supplemental Resolution, shall, upon execution and delivery of the Sales Documents with respect to such Series and, if any, the Trust Agreement, by the Ad Hoc Committee, or its designee, on behalf of the District, be all the terms and conditions of each Series of Bonds, as if all such terms and conditions were fully set forth in this Twenty-Fifth Supplemental Resolution.

The provisions of the Sales Documents, and Trust Agreement, if any, pertaining to the terms of each Series of Bonds are hereby incorporated by reference into this Twenty-Fifth Supplemental Resolution with the same force and effect as if set forth herein.

In connection with the sale of Bonds, the Ad Hoc Committee or its designee is further hereby authorized to approve on behalf of the District, one or more credit enhancement instruments (such as municipal bond insurance), all upon such terms and conditions as the Ad Hoc Committee shall determine to be in the best interests of the District.

In connection with the sale of Bonds that are Variable Rate Bonds, the Ad Hoc Committee or its designee is further hereby authorized to approve on behalf of the District, one or more remarketing agreements providing for the remarketing of such Variable Rate Bonds, if necessary, fiscal agent agreements, calculation agent agreements or any other agreement in connection with such Variable Rate Bonds and one or more liquidity or credit agreements, standby bond purchase agreements and/or similar agreements providing liquidity or credit support for remarketing the Variable Rate Bonds, if applicable, and one or more agreements providing for reimbursement of draws under such liquidity or credit support instrument, all upon such terms and conditions as the Ad Hoc Committee shall determine to be in the best interests of the District.

The Board hereby finds and determines that the interests of the District and the public interest and necessity require that the provisions of Section 225 and of Section 226 of the Act be waived.

The Ad Hoc Committee shall file a certificate concerning its actions pursuant to this Twenty-Fifth Supplemental Resolution with the District. The Controller of the District shall maintain true and correct copies of the final Sales Documents and any Trust Agreement for each Series of Bonds in the files of the District.

SECTION 5.03 Further Action. The Chair of the Board, the General Manager, and the Assistant General Manager/Chief Financial Officer of the District shall be and each of them is hereby authorized, empowered and directed to execute such other documents and agreements in addition to those enumerated herein and take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Twenty-Fifth Supplemental Resolution.

## ARTICLE VI

### UNDERTAKINGS

SECTION 6.01 Municipal Securities Disclosure. The District hereby agrees to provide or cause to be provided certain annual financial information and notices of certain material events to the extent required by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, with respect to each Series of Bonds in accordance with the terms of the Continuing Disclosure Certificate, delivered by the District in connection with such Series of Bonds.

SECTION 6.02 Default. Failure to comply with the provisions of Section 6.01 hereof shall not be deemed an Event of Default under the Master Resolution. The sole remedy under this

Article VI in the event of any failure of the District to comply with this Article VI shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

SECTION 6.03 Amendment. This Article VI may be amended, supplemented, modified or deleted, from time to time and at any time, as the District may determine without the consent of any Owner of the Bonds.

## ARTICLE VII

### MISCELLANEOUS

SECTION 7.01 Bonds Subject to Master Resolution. This Twenty-Fifth Supplemental Resolution is adopted in accordance with the provisions of the Master Resolution. The Master Resolution, as supplemented by this Twenty-Fifth Supplemental Resolution, is in all respects ratified and approved. Except as expressly provided in this Twenty-Fifth Supplemental Resolution, every term and condition contained in the Master Resolution shall apply to this Twenty-Fifth Supplemental Resolution and to the Bonds with the same force and effect as if it were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Twenty-Fifth Supplemental Resolution.

SECTION 7.02 Severability of Invalid Provisions. If any one or more of the provisions contained in this Twenty-Fifth Supplemental Resolution or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Twenty-Fifth Supplemental Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Twenty-Fifth Supplemental Resolution, and this Twenty-Fifth Supplemental Resolution shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Twenty-Fifth Supplemental Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Twenty-Fifth Supplemental Resolution may be held illegal, invalid or unenforceable.

SECTION 7.03 Article and Section Headings and References; Interpretation. The headings or titles of the several Articles and Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Twenty-Fifth Supplemental Resolution.

All references herein to "Article," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Twenty-Fifth Supplemental Resolution; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Twenty-Fifth Supplemental Resolution as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 7.04 Governing Law. This Twenty-Fifth Supplemental Resolution shall be construed and governed in accordance with the laws of the State of California.

**I HEREBY CERTIFY** that the foregoing is a full, true and correct copy of a Resolution adopted by the affirmative votes of members representing more than 50 percent (50%) of the total number of votes of all members of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on March 14, 2023.

---

Secretary of the Board of Directors  
of The Metropolitan Water District of  
Southern California

**EXHIBIT A1****FORM OF FIXED RATE 2023 WATER REVENUE CURRENT INTEREST BOND**

UNITED STATES OF AMERICA

No. \_\_\_\_\_

\$ \_\_\_\_\_

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
 WATER REVENUE BONDS, 2023  
 SERIES \_\_

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE TWENTY-FIFTH SUPPLEMENTAL RESOLUTION) TO THE FISCAL AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP #
_____%	_____	_____	_____

REGISTERED OWNER: CEDE &amp; CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ (\$ \_\_\_\_\_)

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, FOR VALUE RECEIVED, hereby promises to pay, solely from Net Operating Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) on such principal amount from the interest payment date before the date of authentication hereof (unless this 2023 Water Revenue Series \_\_ Bond is authenticated during the period after a record date but on or before the next interest payment date, in which event this 2023 Water Revenue Series \_\_ Bond shall bear interest from that interest payment date, or unless this 2023 Water Revenue Series \_\_ Bond is authenticated prior to the first record date, in which event this 2023 Water Revenue Series \_\_ Bond shall bear interest from \_\_\_\_\_, 2023 or unless at the time of authentication interest is in default, in which event it shall bear interest from the interest payment date to which interest has been paid or provided for), semi-annually on \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing \_\_\_\_\_, 2023 at the interest rate set forth above, until

the principal amount hereof is paid or made available for payment. For so long as the Treasurer of the District is the Fiscal Agent (the "Fiscal Agent"), the principal of this 2023 Water Revenue Series \_\_ Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this 2023 Water Revenue Series \_\_ Bond at the corporate office of the District. Interest on this 2023 Water Revenue Series \_\_ Bond shall be paid by check or draft of the Fiscal Agent mailed by first class mail to the registered holder hereof as of the close of business on the 15th day of the month immediately preceding an interest payment date (a "record date") at such registered holder's address as it appears on the registration books maintained by the Fiscal Agent, except that a registered holder of \$1,000,000 or more in principal amount of the 2023 Water Revenue Series \_\_ Bonds may be paid interest by wire transfer to an account in the United States if such registered owner makes a written request of the Fiscal Agent at least 30 days preceding any interest payment date specifying the wire transfer instructions for such registered owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice.

This 2023 Water Revenue Series \_\_ Bond is one of a duly authorized issue of "The Metropolitan Water District of Southern California Water Revenue Bonds, 2023 Authorization" (the "2023 Water Revenue Bonds") issued in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended and supplemented (the "Act"), Resolution 8329 of the District adopted on July 9, 1991 (as amended and supplemented, the "Master Resolution") and Resolution \_\_\_\_ adopted by the District on March 14, 2023 (the "Twenty-Fifth Supplemental Resolution"; the Master Resolution as supplemented by the Twenty-Fifth Supplemental Resolution is referred to herein as the "Resolution"). Reference is hereby made to the Master Resolution, the Twenty-Fifth Supplemental Resolution and to the Act for a description of the terms on which the 2023 Water Revenue Series \_\_ Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Net Operating Revenues (as defined in the Master Resolution), and all of the terms of the Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this 2023 Water Revenue Series \_\_ Bond, and by acceptance hereof the registered holder of this 2023 Water Revenue Series \_\_ Bond assents to said terms and conditions. The Resolution is adopted under, and this 2023 Water Revenue Series \_\_ Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

This 2023 Water Revenue Series \_\_ Bond is a special limited obligation of the District payable from and secured by a pledge of and a lien and charge upon the Net Operating Revenues on a parity with all Bonds and all other debt issued or incurred and payable from Net Operating Revenues on a parity with the Bonds. The principal of, premium (if any) and interest on this 2023 Water Revenue Series \_\_ Bond is not a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues. The general fund of the District is not liable for the payment of the 2023 Water Revenue Series \_\_ Bonds or their interest, nor is the credit or the taxing power of the District or the forfeiture of any of its property for the payment of this 2023 Water Revenue Series \_\_ Bond or any interest hereon.

The 2023 Water Revenue Series \_\_ Bonds are payable as to principal, interest and any redemption premium exclusively from the Net Operating Revenues and other funds pledged under the Master Resolution and the Twenty-Fifth Supplemental Resolution.

This 2023 Water Revenue Series \_\_ Bond is one of the 2023 Water Revenue Current Interest Bonds described in the Resolution.

[Redemption provisions to be inserted]

This 2023 Water Revenue Series \_\_ Bond may be transferred without charge upon the registration books required to be kept by the Fiscal Agent, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of this 2023 Water Revenue Series \_\_ Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any 2023 Water Revenue Series \_\_ Bond is surrendered for transfer, the District shall execute and the Fiscal Agent shall authenticate and deliver a new 2023 Water Revenue Series \_\_ Bond or Bonds, of the same tenor and maturity and for a like aggregate principal amount. This 2023 Water Revenue Series \_\_ Bond may be exchanged without charge at the office of the Fiscal Agent in Los Angeles, California for 2023 Water Revenue Series \_\_ Bonds of authorized denominations having the same aggregate principal amount, tenor and maturity. The Fiscal Agent need not transfer registration or exchange any 2023 Water Revenue Series \_\_ Bond later than 15 days prior to the date of selection of 2023 Water Revenue Series \_\_ Bonds for redemption or any portion thereof for redemption. The Fiscal Agent may require the holder of any 2023 Water Revenue Series \_\_ Bond requesting transfer of registration or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer of registration or exchange.

The rights and obligations of the District, the Fiscal Agent and of the owners of the 2023 Water Revenue Series \_\_ Bonds may be modified or amended from time to time in the manner, to the extent and upon the terms provided in the Resolution, provided that no such modification or amendment shall extend the fixed maturity of this 2023 Water Revenue Series \_\_ Bond, or reduce the amount of principal hereof, or extend the time of payment, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof without the consent of the owner hereof, or reduce the percent of 2023 Water Revenue Series \_\_ Bonds the consent of the holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Operating Revenues and other assets pledged under the Resolution prior to the lien created by the Resolution, or deprive the holders of the 2023 Water Revenue Series \_\_ Bonds of the lien created by the Resolution on such Net Operating Revenues and other assets (in each case, except as expressly provided in the Resolution), without the consent of the holders of all of the 2023 Water Revenue Series \_\_ Bonds then outstanding.

This 2023 Water Revenue Series \_\_ Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Fiscal Agent. It is hereby certified and recited that any and all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in the issuance of this 2023 Water Revenue Series \_\_ Bond to exist, have happened, and have been performed in due time, form and manner

as required by the Constitution and laws of the State of California and that this 2023 Water Revenue Series \_\_\_ Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by the Constitution and laws of the State of California and the Act and is not in excess of the amount of 2023 Water Revenue Series \_\_\_ Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the District has caused this 2023 Water Revenue Series \_\_\_ Bond to be signed by the Chair of the Board of Directors and the Secretary of the Board of Directors of the District, and countersigned by the Controller of the District, each by their facsimile or manual signatures, and sealed with the corporate seal of said District as of the Original Issue Date specified above.

---

Chairman of the Board of Directors,  
The Metropolitan Water District  
of Southern California

---

Secretary of the Board of Directors,  
The Metropolitan Water  
District of Southern California

COUNTERSIGNED:

---

Controller of The Metropolitan  
Water District of Southern California

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This Bond is one of The Metropolitan Water District of Southern California Water Revenue Bonds, 2023 Water Revenue Series \_\_ delivered pursuant to the within mentioned Master Resolution and Twenty-Fifth Supplemental Resolution.

Treasurer of The Metropolitan  
Water District of Southern  
California, as Fiscal Agent

By \_\_\_\_\_  
Authorized Signature

ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within-mentioned 2023 Water Revenue Series \_\_ Bond and in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM: as tenants in common

TEN ENT: as tenants by the entireties

JT TEN: as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered 2023 Water Revenue Series \_\_ Bond and hereby irrevocably constitute(s) \_\_\_\_\_ and \_\_\_\_\_ appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within 2023 Water Revenue Series \_\_ Bond in every particular, without alteration or enlargement or any change whatsoever.

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

**EXHIBIT A2**

**FORM OF FIXED RATE 2023 WATER REVENUE CAPITAL APPRECIATION BOND**

UNITED STATES OF AMERICA

No. \_\_\_\_\_ \$ \_\_\_\_\_

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
WATER REVENUE BONDS, 2023

Series \_\_

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE TWENTY-FIFTH SUPPLEMENTAL RESOLUTION) TO THE FISCAL AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

YIELD TO MATURITY	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP #
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

INITIAL AMOUNT: \_\_\_\_\_ (\$ \_\_\_\_\_)

FINAL COMPOUNDED AMOUNT: \_\_\_\_\_ (\$ \_\_\_\_\_)

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, FOR VALUE RECEIVED, hereby promises to pay, solely from Net Operating Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the Final Compounded Amount set forth above. Interest with respect to the Initial Amount hereof will accrete at the Yield to Maturity per annum shown above from the Original Issuer Date above, shall be compounded on \_\_\_\_\_, 2023 and semiannually on \_\_\_\_\_ and \_\_\_\_\_ of each year until the maturity date specified above, but shall be payable only at maturity or the earlier redemption hereof as part of the Accreted Value hereof. The Accreted Value hereof as of any date of calculation shall equal to the sum of the Initial Amount hereof and the interest accreted and compounded semiannually hereon at the Yield to maturity set forth above, all as determined in accordance with the provisions of the Twenty-Fifth Supplemental Resolution (as hereinafter defined). For so long as the Treasurer

of the District is the Fiscal Agent (the “Fiscal Agent”), the Final Compounded Amount of this 2023 Water Revenue Series \_\_ Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this 2023 Water Revenue Series \_\_ Bond at the corporate office of the District.

This 2023 Water Revenue Series \_\_ Bond is one of a duly authorized issue of “The Metropolitan Water District of Southern California Water Revenue Bonds, 2023 Series” (the “2023 Water Revenue Bonds”) issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended and supplemented (the “Act”), Resolution 8329 of the District adopted on July 9, 1991 (as amended and supplemented, the “Master Resolution”) and Resolution \_\_\_\_ adopted by the District on March 14, 2023 (the “Twenty-Fifth Supplemental Resolution”; the Master Resolution as supplemented by the Twenty-Fifth Supplemental Resolution is referred to herein as the “Resolution”). Reference is hereby made to the Master Resolution, the Twenty-Fifth Supplemental Resolution and to the Act for a description of the terms on which the 2023 Water Revenue Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Net Operating Revenues (as defined in the Master Resolution), and all of the terms of the Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this 2023 Water Revenue Series \_\_ Bond, and by acceptance hereof the registered holder of this 2023 Water Revenue Series \_\_ Bond assents to said terms and conditions. The Resolution is adopted under, and this 2023 Water Revenue Series \_\_ Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

This 2023 Water Revenue Series \_\_ Bond is a special limited obligation of the District payable from and secured by a pledge of and a lien and charge upon the Net Operating Revenues on parity with all Bonds and all other debt issued or incurred and payable from Net Operating Revenues on parity with the Bonds. The Accreted Value of and premium (if any) on this 2023 Water Revenue Series \_\_ Bond is not a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues. The general fund of the District is not liable for the payment of the 2023 Water Revenue Series \_\_ Bonds or their interest, nor is the credit or the taxing power of the District or the forfeiture of any of its property for the payment of this 2023 Water Revenue Series \_\_ Bond or any interest hereon.

The 2023 Water Revenue Series \_\_ Bonds are payable as to Accreted Value and any redemption premium exclusively from the Net Operating Revenues and other funds pledged under the Master Resolution and the Twenty-Fifth Supplemental Resolution.

This 2023 Water Revenue Series \_\_ Bond is one of the 2023 Water Revenue Capital Appreciation Bonds described in the Resolution.

[Redemption provisions to be inserted]

This 2023 Water Revenue Series \_\_ Bond may be transferred without charge upon the registration books required to be kept by the Fiscal Agent, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of this 2023 Water

Revenue Series \_\_ Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any 2023 Water Revenue Series \_\_ Bond is surrendered for transfer, the District shall execute and the Fiscal Agent shall authenticate and deliver a new 2023 Water Revenue Series \_\_ Bond or Bonds, of the same tenor and maturity and for a like aggregate Final Compounded Amount. This 2023 Water Revenue Series \_\_ Bond may be exchanged without charge at the office of the Fiscal Agent in Los Angeles, California for 2023 Water Revenue Series \_\_ Bonds of authorized denominations having the same aggregate Final Compounded Amount, tenor and maturity. The Fiscal Agent need not transfer registration or exchange any 2023 Water Revenue Series \_\_ Bond later than 17 days prior to the date of selection of 2023 Water Revenue Series \_\_ Bonds for redemption or any portion thereof for redemption. The Fiscal Agent may require the holder of any 2023 Water Revenue Series \_\_ Bond requesting transfer of registration or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer of registration or exchange.

The rights and obligations of the District, the Fiscal Agent and of the owners of the 2023 Water Revenue Series \_\_ Bonds may be modified or amended from time to time in the manner, to the extent and upon the terms provided in the Resolution, provided that no such modification or amendment shall extend the fixed maturity of this 2023 Water Revenue Series \_\_ Bond, or reduce the Final Compounded Amount hereof, or extend the time of payment, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof without the consent of the owner hereof, or reduce the percent of 2023 Water Revenue Series \_\_ Bonds the consent of the holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Operating Revenues and other assets pledged under the Resolution prior to the lien created by the Resolution, or deprive the holders of the 2023 Water Revenue Series \_\_ Bonds of the lien created by the Resolution on such Net Operating Revenues and other assets (in each case, except as expressly provided in the Resolution) without the consent of the holders of all of the 2023 Water Revenue Series \_\_ Bonds then outstanding.

This 2023 Water Revenue Series \_\_ Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Fiscal Agent. It is hereby certified and recited that any and all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in the issuance of this 2023 Water Revenue Series \_\_ Bond to exist, have happened, and have been performed in due time, form and manner as required by the Constitution and laws of the State of California and that this 2023 Water Revenue Series \_\_ Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by the Constitution and laws of the State of California and the Act and is not in excess of the amount of 2023 Water Revenue Series \_\_ Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the District has caused this 2023 Water Revenue Series \_\_\_ Bond to be signed by the Chair of the Board of Directors and the Secretary of the Board of Directors of the District, and countersigned by the Controller of the District, each by their facsimile or manual signatures, and sealed with the corporate seal of said District as of the Original Issue Date specified above.

---

Chairman of the Board of Directors,  
The Metropolitan Water District  
of Southern California

---

Secretary of the Board of Directors,  
The Metropolitan Water  
District of Southern California

COUNTERSIGNED:

---

Controller of The Metropolitan  
Water District of Southern California

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This Bond is one of The Metropolitan Water District of Southern California Water Revenue Bonds, 2023 Water Revenue Series \_\_ delivered pursuant to the within mentioned Master Resolution and Twenty-Fifth Supplemental Resolution.

Treasurer of The Metropolitan  
Water District of Southern  
California, as Fiscal Agent

By \_\_\_\_\_  
Authorized Signature

ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within-mentioned 2023 Water Revenue Series \_\_ Bond and in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM: as tenants in common

TEN ENT: as tenants by the entireties

JT TEN: as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered 2023 Water Revenue Series \_\_ Bond and hereby irrevocably constitute(s) \_\_\_\_\_ and \_\_\_\_\_ appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within 2023 Water Revenue Series \_\_ Bond in every particular, without alteration or enlargement or any change whatsoever.

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.