MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

December 16, 1992

To: Board of Directors (Finance and Insurance Committee--Action)

From: General Manager

Subject: Forms of Resolutions for Issuance of Water Revenue Refunding Bonds, Issue of 1993, and Waterworks Refunding General Obligation Bonds, Issue of 1993

Report

Staff is making the necessary preparations to refund certain outstanding revenue bonds and general obligation bonds of the District should interest rates decline in the tax-exempt municipal bond market. Transmitted herewith for the Board's consideration are proposed resolutions authorizing the issuance of Water Revenue Refunding Bonds, Issue of 1993, and Waterworks Refunding General Obligation Bonds, Issue of 1993.

The resolutions provide flexibility to use either the crossover method or defeasance method for refunding bond issues. The revenue bond resolution provides for the issuance of current interest bonds, capital appreciation bonds, paired obligations, and derivative financial products.

Under the defeasance method, the refunding bonds are issued and the proceeds are placed in an escrow fund whereby sufficient funds are generated to cover the debt service on the refunded bonds until called. The old issues are defeased and are no longer listed as outstanding obligations of the District on the balance sheet. The new bonds instead are shown on the balance sheet as outstanding obligations.

Under the crossover method, the refunding bond proceeds are placed in escrow and are used to make debt service payments on the refunding bonds to the call date. On the call date, the monies in the escrow fund are used to pay

the principal on the refunded bonds. After the call date (the crossover date) District revenues pay debt service on the refunding bonds. The outstanding bonds are shown on the balance sheet as obligations of the District until the call date at which time the refunding bonds are shown as obligations on the balance sheet.

Three major factors will be considered in selecting either the crossover or defeasance method. They are: a smaller bond size with the crossover method would preserve general obligation authorization capacity; if negative arbitrage exists at the time of pricing, the crossover method would allow the investment of the escrow fund in securities other than direct U.S. government obligations, thereby increasing yields; and the timing of savings realized by the District. Savings are realized at closing for a standard defeasance while savings in a crossover refunding do not become realized until the call date and thereafter.

The proposed resolutions provide for the formation of an Ad Hoc Committee authorized and directed by the Board to negotiate on behalf of the District the structure of the bond issues and the terms and conditions of the sale of the bonds, and to negotiate the sale of the bonds at a private sale to one or more purchasers without the necessity of public or competitive bidding. The Chairman of the Board, the Chairman of the Finance and Insurance Committee of the Board, and the General Manager or his designee, acting jointly, would comprise the Ad Hoc Committee.

The proposed action is exempt from the provisions of the California Environmental Quality Act because there is no possibility that it would have a significant effect on the environment.

Board Committee Assignment

This letter was referred for action to the Finance and Insurance Committee because of its authority to study, advise and make recommendations with regard to the sale of bonds, pursuant to Administrative Code Section 2441 (b).

Recommendation

FINANCE AND INSURANCE COMMITTEE FOR ACTION.

It is recommended that the Board of Directors, by a vote of two-thirds of the total vote of the Board, adopt the resolutions in the form attached hereto, authorizing the issuance of Water Revenue Refunding Bonds, Issue of 1993 and Waterworks Refunding General Obligation Bonds, Issue of 1993.

Carl Boronkay

KRN:jg
Resos93.jg

DRAFT OF
12-27-92

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

RESOLUTION _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA TO PROVIDE FOR THE ISSUANCE OF WATERWORKS REFUNDING GENERAL OBLIGATION BONDS, ISSUE OF 1993

(ADOPTED JANUARY ___, 1993)

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RESOLUTION _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
TO PROVIDE FOR THE ISSUANCE OF
WATERWORKS REFUNDING BONDS, ISSUE OF 1993

(Adopted _____, 1993)

WHEREAS, pursuant to the Metropolitan Water District Act, California Stats. 1969, Ch. 209, (as amended, the "Act"), the Board of Directors of The Metropolitan Water District of Southern California (the "District") on June 13, 1989 duly adopted Resolution 8230 providing for the issuance of $215,000,000 Waterworks Bonds, Election 1966, Series G (the "1989 Bonds"); and

WHEREAS, pursuant to Chapter 5 of Part 5 of the Act and Article 11, Chapter 3, Part 1, Division 2, Title 5 of the Government Code the Board of Directors of the District (the "Board") on March 11, 1986 duly adopted Resolution 8106 providing for the issuance of up to $125,000,000 in aggregate principal amount of Waterworks Refunding General Obligation Bonds, Issue of 1986 (the "1986 Bonds"); and

WHEREAS, 1986 Bonds in the aggregate principal amount of $96,470,000 and 1989 Bonds in the aggregate principal amount of $215,000,000 were thereafter sold, issued and delivered; and

WHEREAS, the 1986 Bonds were to mature on March 1 in each of the years and in the amounts as follows:

Maturity	Principal Amount	Maturity	Principal Amount
1988	$630,000	1996	$ 3,740,000
1989	660,000	1997	3,970,000
1990	690,000	1998	4,215,000
1991	725,000	1999	4,485,000
1992	765,000	2000	4,770,000
1993	805,000	2001	5,080,000
1994	850,000	2006	30,980,000
1995	900,000	2010	33,205,000

; and

WHEREAS, the 1986 Bonds maturing by their terms on or after March 1, 1997 are subject to redemption on or after March 1, 1996 at the option of the District; and

WHEREAS, the 1989 Bonds were to mature on March 1 in each of the years and in the amounts as follows:

Maturity	Principal Amount	Maturity	Principal Amount
1991	$3,565,000	1999	$ 6,585,000
1992	3,885,000	2000	7,005,000
1993	4,220,000	2001	7,455,000
1994	4,575,000	2002	7,935,000
1995	4,960,000	2003	8,450,000
1996	5,385,000	2009	63,780,000
1997	5,820,000	2012	42,315,000
1998	6,195,000	2014	32,807,000

; and

WHEREAS, the 1989 Bonds maturing by their terms on or after March 1, 2000 are subject to redemption on or after March 1, 1999 at the option of the District; and

WHEREAS, pursuant to Chapter 5 of Part 5 of the Metropolitan Water District Act and Articles 11, Chapter 3, Part 1, Division 2, Title 5 of the Government Code, the Board may provide for the issuance of refunding bonds to redeem or retire all or part of the outstanding bonds of the District; and

WHEREAS, the Board has determined that prudent management of the fiscal affairs of the District requires that it issue refunding bonds for the purposes and in the manner hereinafter set forth;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of The Metropolitan Water District of Southern California, as follows:

ARTICLE I

DETERMINATION TO ISSUE WATERWORKS REFUNDING GENERAL OBLIGATION BONDS, ISSUE OF 1993; DESCRIPTION OF BONDS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall have the respective meanings set forth below.

"Act" means the Metropolitan Water District Act, California Stats. 1969, Ch. 209, as amended, and as supplemented by Articles 9 and 11 of Chapter 3, Part 1, Division 2, Title 5 (commencing with Sections 53550 and 53580, respectively) of the Government Code of the State of California.

"Ad Hoc Committee" has the meaning ascribed to such term in Section 7.01 hereof.

"Authorized Newspapers" means newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, respectively, in Los Angeles, California, and in the Borough of Manhattan, City and State of New York.

"Authorized Representative" means each of the General Manager and the Director of Finance and any other officer or employee of the District authorized by the General Manager or the Director of Finance to act as an Authorized Representative.

"Board" means the Board of Directors of the District.

"Bond Counsel" means O'Melveny & Myers or any othwer firm of attorneys selcted by the District specializing in the field of municipal finance law.

"Bondholder" or "Holder" or "Bond owner" or "owner of a Bond" shall mean the registered owner of an Outstanding Bond.

"Bonds" means the Waterworks Refunding General Obligation Bonds, Issue of 1993, authorized by this Resolution, including the Serial Bonds and the Term Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"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 the 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 paying agent, legal fees and charges, 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 1993 Bonds, and any other cost, charge or fee in connection with the issuance and delivery of the Bonds.

"Costs of Issuance Fund" means the Waterworks Refunding General Obligation Bonds, Issue of 1993 Costs of Issuance Fund established pursuant to Section 3.07 hereof.

"Crossover Conditions" has the meaning ascribed to such term in Section 3.02(D) hereof.

"Crossover Method" has the meaning ascribed to such term in Section 3.02(D) hereof.

"Current Official Banks" means banks or trust companies in both The City of Los Angeles, California, and The City of New York, New York, designated by the District to act as fiscal agents for the Bonds during the time, if any, that the Bonds are not in book-entry form pursuant to Article V.

"Defeasance Method" has the meaning ascribed to such term in Section 3.02(C) hereof.

"Depository" means the securities depository acting as Depository under Article V, which may be the District.

"District" means The Metropolitan Water District of Southern California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Escrow Agent" means the escrow agent selected and appointed by an Authorized Representative in accordance with Section 3.02 hereof to act in accordance with and to carry out the Escrow Instructions.

"Escrow Instructions" means the escrow instructions authorized or required by Section 3.02 hereof to be given by an Authorized Representative to the Escrow Agent in accordance with Section 3.02 hereof.

"Exchange Bonds" means the Bonds described in Section 1.05.

"Federal Securities" means direct obligations of, or obligations the timely payment of which are unconditionally guaranteed by, the United States of America in which the District may lawfully invest its moneys.

"Interest and Principal Fund" means the fund of that name established by Resolution 6954 of the District.

"Mandatory Redemption Fund" means the fund of that name established by Resolution 6954 of the District.

"Mandatory Term Bond Redemption Schedule" means the schedule to be set forth in the Purchase Contract if Term Bonds are issued depicting the dates at which designated principal amounts of Term Bonds must be redeemed by mandatory redemption.

"Net Proceeds" means the amount to be paid to the District for the Bonds pursuant to the Purchase Contract.

"1989 Bonds" means, collectively, all outstanding Metropolitan Water District of Southern California, Waterworks

Bonds, Election 1966, Series G, issued pursuant to the 1989 Resolution.

"1989 Crossover Account" means the account of that name within the 1989 Escrow Fund established by Section 3.02 hereof.

"1989 Crossover Date" means the date on which the 1989 Crossover Refunded Bonds are redeemed in accordance with the Escrow Instructions.

"1989 Crossover Escrow Requirements" means those amounts necessary from time to time to pay when due the principal, if any, to become due on the 1989 Crossover Refunding Bonds prior to, and the interest to become due on the 1989 Crossover Refunding Bonds on or prior to, the first optional redemption date of the 1989 Crossover Refunded Bonds, and the redemption price of the 1989 Crossover Refunded Bonds calculated in accordance with the provisions of the 1989 Resolution on such redemption date.

"1989 Crossover Refunded Bonds" means the 1989 Bonds selected by an Authorized Representative to be refunded using the Crossover Method in accordance with Section 3.02(D) hereof and as specified in the Escrow Instructions.

"1989 Crossover Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1989 Crossover Refunded Bonds, as designated by an Authorized Representative in the Escrow Instructions pursuant to and in accordance with Section 3.02 hereof.

"1989 Defeasance Account" means the account of that name within the 1989 Escrow Fund established by Section 3.02 hereof.

"1989 Defeasance Escrow Requirements" means those amounts necessary from time to time to pay when due the redemption price of the 1989 Defeasance Refunded Bonds, calculated in accordance with the provisions of the 1989 Resolution on the first optional redemption date of such 1989 Defeasance Refunded Bonds, and the principal, if any, and the interest to become due on the 1989 Defeasance Refunded Bonds on or prior to such redemption date.

"1989 Defeasance Refunded Bonds" means the 1989 Bonds selected by an Authorized Representative to be refunded using the Defeasance Method in accordance with Section 3.02(C) hereof and as specified in the Escrow Instructions.

"1989 Defeasance Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1989 Defeasance Refunded Bonds, as designated by an Authorized Representative in the Escrow

Instructions pursuant to and in accordance with Section 3.02 hereof.

"1989 Escrow Fund" means the Waterworks Refunding General Obligation Bonds, Issue of 1993, 1989 Escrow Fund established pursuant to Section 3.02 hereof.

"1989 Refunded Bonds" has the meaning ascribed to such term in Section 3.02 hereof.

"1989 Resolution" means Resolution 8230 of the District adopted on June 13, 1989.

"1986 Bonds" means, collectively, all outstanding Metropolitan Water District of Southern California, Waterworks Refunding General Obligation Bonds, Issue of 1986, issued pursuant to the 1986 Resolution.

"1986 Crossover Account" means the account of that name within the 1986 Escrow Fund established by Section 3.02 hereof.

"1986 Crossover Date" means the date on which the 1986 Crossover Refunded Bonds are redeemed in accordance with the Escrow Instructions.

"1986 Crossover Escrow Requirements" means those amounts necessary from time to time to pay when due the principal, if any, to become due on the 1986 Crossover Refunding Bonds prior to, and the interest to become due on the 1986 Crossover Refunding Bonds on or prior to, the first optional redemption date of the 1986 Crossover Refunded Bonds, and the redemption price of the 1986 Crossover Refunded Bonds calculated in accordance with the provisions of the 1986 Resolution on such redemption date.

"1986 Crossover Refunded Bonds" means the 1986 Bonds selected by an Authorized Representative to be refunded using the Crossover Method in accordance with Section 3.02(D) hereof and as specified in the Escrow Instructions.

"1986 Crossover Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1986 Crossover Refunded Bonds, as designated by an Authorized Representative in the Escrow Instructions pursuant to and in accordance with Section 3.02 hereof.

"1986 Defeasance Account" means the account of that name within the 1986 Escrow Fund established by Section 3.02 hereof.

"1986 Defeasance Escrow Requirements" means those amounts necessary from time to time to pay when due the redemption price of the 1986 Defeasance Refunded Bonds,

calculated in accordance with the provisions of the 1986 Resolution on the first optional redemption date of such 1986 Defeasance Refunded Bonds, and the principal, if any, and the interest to become due on the 1986 Defeasance Refunded Bonds on or prior to such redemption date.

"1986 Defeasance Refunded Bonds" means the 1986 Bonds selected by an Authorized Representative to be refunded using the Defeasance Method in accordance with Section 3.02(C) hereof and as specified in the Escrow Instructions.

"1986 Defeasance Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1986 Defeasance Refunded Bonds, as designated by an Authorized Representative in the Escrow Instructions pursuant to and in accordance with Section 3.02 hereof.

"1986 Escrow Fund" means the Waterworks Refunding General Obligation Bonds, Issue of 1993, 1986 Escrow Fund established pursuant to Section 3.02 hereof.

"1986 Refunded Bonds" has the meaning ascribed to such term in Section 3.02 hereof.

"1986 Resolution" means Resolution 8106 of the District adopted on March 11, 1986.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5.02.

"Nonarbitrage Certificate" means the Nonarbitrage Certificate described in Section 3.08.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Optional Call and Redemption Schedule" means the schedule to be set forth in the Purchase Contract depicting the prices at which Bonds may be prepaid on various dates prior to their stated maturities.

"Optional Redemption Fund" means the "Waterworks Bonds, Election 1966, Optional Redemption Fund," established by Resolution 6954 of the District.

"Outstanding" when used as of any particular time with reference to the Bonds shall mean all the Bonds theretofore issued and delivered by the District under this Resolution except:

(a) Bonds theretofore cancelled by the Treasurer or surrendered to the Treasurer for cancellation;

(b) Bonds for the payment or redemption of which money or securities in the necessary amount (as provided in Section 7.06) shall have been theretofore deposited with the Treasurer (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 2.02 or provision satisfactory to the Treasurer shall have been made for the giving of such notice; and

(c) Bonds in lieu of, or in substitution for, which other Bonds shall have been issued and delivered by the District pursuant to the terms of Section 7.04 or 7.08.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository.

"Person" means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

"Purchase Contract" means the contract for the purchase of the Bonds between the District and the Underwriters authorized pursuant to Section 7.01 hereof.

"Record Date" means the fifteenth day of the month immediately preceding each interest payment date.

"Refunded Bonds" means, collectively, the 1989 Bonds and the 1986 Bonds.

"Registrar" means the Treasurer, or his successor, as custodian of the bond registration books for the Bonds.

"Representation Letter" means a representation letter from the District to the Depository, described in Section 5.03.

"Resolution" means this Resolution of the Board, as it currently exists or is hereafter modified.

"Retirement Fund" means "The Waterworks Bonds, Election 1966, Retirement Fund," established by Resolution 6954 of the District.

"Serial Bonds" means Bonds not subject to mandatory redemption prior to maturity.

"Term Bonds" means Bonds which are subject to mandatory redemption prior to maturity.

"Treasurer" means the Treasurer of the District.

"Underwriters" means the original purchasers of the Bonds.

Section 1.02. Determination to Issue Bonds. In accordance with the Act, the Board hereby authorizes the issuance of bonds to be designated as Metropolitan Water District of Southern California, "Waterworks Refunding General Obligation Bonds, Issue of 1993," for the purpose of refunding all or any portion of the 1989 Bonds and the 1986 Bonds in accordance with the terms hereof and in accordance with the terms of the 1989 Resolution and the 1986 Resolution. Such Bonds shall be issued in an amount to be established by the Purchase Contract, but shall not in any event be issued in a principal amount exceeding the principal amount permitted to be issued by the Act, taking into account the total net interest cost to maturity of the the Bonds and the Refunded Bonds.

Section 1.03. Description of the Bonds. The Bonds shall be issued in fully registered form in denominations of $5,000 or any integral multiple thereof, shall each be of a single maturity and shall be numbered as shall be provided in the Purchase Contract.

The Bonds shall be dated as shall be provided in the Purchase Contract, and shall be payable as shall be provided in the Purchase Contract in each year of maturity in the amounts to be specified in the Purchase Contract; provided that none of the Bonds shall mature later than March 1, 2014; and provided further that the payment of the principal of the Bonds shall begin not later than a date fifteen (15) years following the date of issuance of the Bonds.

Section 1.04. Interest, Medium and Place of Payment of Bonds. The Bonds shall bear interest at a rate or rates to be established by the Purchase Contract, but not to exceed eight percent (8%) per annum, payable on the first days of March and September of each year, commencing September 1, 1993. The Board hereby finds and determines, pursuant to the Act, that the interests of the District and the public interest or necessity requires that the interest rate or rates on the Bonds must be permitted to exceed seven percent per annum in order to insure that there will be purchasers for the Bonds and thereby obtain needed funds for the District. The interest rate or rates shall be such that the total net interest cost to maturity on the Bonds plus the principal amount of the Bonds plus costs of issuing the Bonds paid by the District other than from Net Proceeds or from interest or other gains derived from the investment of Net Proceeds is less than or equal to the total net interest cost to maturity on the Refunded Bonds as of the date of issuance of the Bonds. Each Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if at the maturity date or redemption date of any Bond or part thereof funds are available for the payment or redemption of such Bond or part

thereof, in full accordance with the terms of this Resolution, said Bond or part thereof, as the case may be, shall then cease to bear interest. Each Bond shall bear interest from the interest payment date next preceding its date of registration to which interest has been duly paid or provided for on the Bond, unless (i) the Bond is registered on an interest payment date to which interest has been duly paid or provided for, in which event it shall bear interest from such date, (ii) no interest has been duly paid or provided for on the Bond, in which event it shall bear interest from its dated date, or (iii) the Bond is registered between a Record Date and the next succeeding interest payment date in which event interest shall accrue from the next succeeding interest payment date.

The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds is payable to the registered owners thereof by check or draft mailed to their respective addresses as they appear on the registration books kept by the Registrar at the close of business on the applicable Record Date. Principal of the Bonds is payable at the location designated by the Nominee, or, at any time the Bonds are not in book-entry form pursuant to Article V, at the offices of the Current Official Banks.

Nothing in this Resolution shall preclude or be construed to preclude the payment of interest, principal or premium, if any, on the Bonds from any funds available for such purpose under the Act or under any other law of the State of California.

Section 1.05. Execution. The Bonds shall be signed by the Chairman of the Board, or, in the event of a vacancy, the Acting Chairman of the Board or by such other officer as the Board shall, by resolution adopted by a majority vote of its members, authorize and designate for that purpose. The Bonds shall also be signed by the Controller or Assistant Controller and countersigned by the Secretary of the Board. All such signatures and countersignatures, excepting that of the Controller or Assistant Controller (which may be by original signature or by a signature stamp), may be printed, lithographed or engraved. The seal of the District shall be impressed, imprinted or reproduced on the Bonds. In case any officer whose signature or countersignature appears on the Bonds (including Exchange Bonds) shall cease to be such officer before the delivery of the Bonds to their purchasers, such signature or countersignature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until the delivery of the Bonds.

The Chairman of the Board, or, in the event of a vacancy, the Acting Chairman of the Board, the Secretary and the Controller or Assistant Controller are authorized to execute,

countersign and seal, from time to time, in the manner described above, Bonds to be issued and delivered for the purpose of effecting transfers and exchanges of Bonds pursuant to Section 1.06 (the "Exchange Bonds"). At the time of the execution, countersigning and sealing of the Exchange Bonds, the payee, principal amount, maturity and interest rate shall be in blank. Upon any transfer or exchange of Bonds pursuant to Section 1.06, the Registrar shall cause to be inserted in appropriate Exchange Bonds the appropriate payee, principal amount, maturity and interest rate. The Registrar is hereby authorized and directed to store the Exchange Bonds, and to complete, certify as to registration and deliver the Exchange Bonds, for the purpose of effecting transfers and exchanges of Bonds; provided that any Exchange Bonds registered and delivered by the Registrar shall bear the same series, interest rate and maturity as Bonds delivered to the Registrar for exchange or transfer, and shall bear the name of such payee as the owner requesting an exchange or transfer shall designate; and provided further, that upon the delivery of any Exchange Bonds by the Registrar a like principal amount of Bonds submitted for transfer or exchange, and of like series, maturities and interest rates shall be cancelled. The execution, countersigning and sealing by the District and delivery to the Registrar of any Exchange Bond shall constitute full and due authorization of such Exchange Bond containing such payee, principal amount, maturity and interest rate as the Registrar shall cause to be inserted, and the Registrar shall thereby be authorized to register and deliver such Exchange Bond in accordance with the provisions hereof.

Section 1.06. Registration, Discharge and Exchange. This Resolution shall constitute a system of registration within the meaning and for purposes of the Registered Public Obligations Act of California, Government Code §§ 5050, et seq. Transfer of ownership of a Bond shall be made by exchanging the same for a new Bond or Bonds. All of such exchanges shall be made in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Board. Any exchange of a Bond shall be free of any costs or charges to the Person requesting it, except for any tax or governmental charge that may be imposed in connection with the exchange.

The Bonds shall be delivered to the person, firm, corporation or syndicate established by the Purchase Contract and shall be registered in the name of the Nominee, or otherwise as may be designated pursuant to the Purchase Contract.

The Treasurer shall keep at his office in Los Angeles, California, proper bond registration books to indicate registration, exchange and transfer of the Bonds. The Treasurer is hereby appointed Registrar. The Treasurer may resign as Registrar, and such resignation shall become effective upon the appointment of a successor Registrar by the District and the acceptance of such appointment by the successor Registrar.

The Registrar shall not be required to register the transfer of or exchange any Bond selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. Upon surrender of any Bond redeemed in part only, the District shall execute and the Registrar shall certify as to registration and deliver to the owner, at the expense of the District, a new Bond or Bonds (which may be an Exchange Bond or Exchange Bonds pursuant to Section 1.05) of the same series, designation, maturity and interest rate and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. The Registrar shall not be required to register the transfer of or exchange any Bond from the period 15 days prior to the date Bonds are selected for call and redemption to the date notice of redemption is given.

ARTICLE II

CALL AND REDEMPTION PRIOR TO MATURITY

Section 2.01. Redemption Prior to Maturity and Redemption Prices. Except as expressly stated in this Section 2.01 as supplemented by the Purchase Contract, the Bonds shall not be subject to call and redemption prior to maturity.

(A) Optional Redemption. The Bonds shall, to the extent, if any, set forth in the Purchase Contract and on such dates and at such prices as may be set forth therein, be subject to redemption prior to their respective stated maturities, from any source of available funds (including the proceeds of refunding bonds issued for such purpose), as a whole or in part, or in part within a maturity, as may be set forth in the Purchase Contract. The optional redemption of Serial Bonds pursuant to this subsection (A) shall not relieve the District of its obligation, if any, to redeem annually the principal amounts of Term Bonds shown in the Mandatory Term Bond Redemption Schedule. The optional redemption of Term Bonds shall have the effect of reducing pro rata the principal amount of Term Bonds shown on the Mandatory Term Bond Redemption Schedule for such Term Bonds.

(B) Mandatory Sinking Fund Redemption. The outstanding Term Bonds, if any, shall be called and redeemed prior to maturity on such date as may be specified in each year by the Purchase Contract at a redemption price equal to the principal amount thereof without premium, or purchased in lieu of call as permitted by Section 3.04 hereof, in the amounts for each of the several years as specified in the Purchase Contract.

(C) Special Mandatory Redemption. If any Bonds are issued as 1989 Crossover Refunding Bonds, such Bonds shall be redeemed in whole at par on the 1989 Crossover Date from any and all amounts available in the 1989 Crossover Account of the 1989 Escrow Fund in accordance with the Escrow Instructions unless the

Crossover Conditions specified in the Escrow Instructions have been timely satisfied on or before the 1989 Crossover Date. If any Bonds are issued as 1986 Crossover Refunding Bonds, such Bonds shall be redeemed in whole at par on the 1986 Crossover Date from any and all amounts available in the 1986 Crossover Account of the 1986 Escrow Fund in accordance with the Escrow Instructions unless the Crossover Conditions specified in the Escrow Instructions have been timely satisfied on or before the 1986 Crossover Date.

Section 2.02. Notice of Redemption. If less than all of the outstanding Term Bonds are to be redeemed prior to maturity, the District shall select by lot the specific Term Bonds, or portions thereof equal to $5,000, to be redeemed. The Term Bonds, or portions thereof, which are to be called and redeemed prior to maturity as required by the Mandatory Term Bond Redemption Schedule shall be determined by lot prior to and separately from the determination of the additional Term Bonds to be optionally redeemed on the same redemption date. Notice of the intended redemption shall be mailed, postage prepaid, not less than 30, nor more than 60, days prior to the redemption date, to the respective owners of the affected Bonds at their addresses appearing on the bond registration books of the Registrar. Such notice of redemption shall (a) state the redemption date; (b) state the redemption price or prices; (c) state the numbers and maturity dates of the Bonds or portions thereof, to be redeemed in whole or in part, provided that where the redemption includes all of the outstanding Serial Bonds or all of the outstanding Term Bonds, the numbers of such Bonds need not be stated; (d) require that the affected Bonds be surrendered at the office of the Treasurer or such other place as shall be acceptable to the Depository and the District except that if the Bonds are not then in book-entry form pursuant to Article V, then such Bonds shall be surrendered at the office of one of the Current Official Banks; and (e) give notice that further interest on the Bonds, or parts thereof, called for redemption shall cease to accrue after the designated redemption date.

The actual receipt by any Bond owner of notice of redemption shall not be a condition precedent to the redemption, and failure to receive such notice shall not affect the validity of the proceedings for redemption of the Bond, or the cessation of interest on the redemption date. The notice or notices required by this Section shall be given by the Treasurer. A certificate of the Treasurer, approved by the Board, that notice of redemption has been given as provided in this Section shall be conclusive as against all parties.

Section 2.03. Allocation of Redemption Money. Prior to any mandatory redemption date required by the Mandatory Term Bond Redemption Schedule, the District shall transfer and pay into the Mandatory Redemption Fund the amount of the applicable redemption price of Term Bonds to be called and redeemed prior to

maturity in accordance with the Mandatory Term Bond Redemption Schedule.

Prior to any optional redemption pursuant to subsection 2.01(A), the District shall transfer and pay into the Optional Redemption Fund the amount of the applicable redemption price of the Bonds which the District has called for redemption.

Money set aside and placed in either the Mandatory Redemption Fund or the Optional Redemption Fund shall be irrevocably allocated to the redemption of the Bonds called for redemption, shall remain therein until from time to time expended for such redemption, and shall not be used for any other purpose whatsoever, except that: (1) any money set aside and placed in either of such funds may be temporarily invested as is then provided by law, subject to the provisions of the Nonarbitrage Certificate, but such investment shall not affect the obligation of the District to cause the full amount required by the terms of this Section to be available in such funds on the redemption date, (2) any money set aside in the Mandatory Redemption Fund may be used as provided in Section 3.04, and (3) if Term Bonds are to be optionally redeemed, any money set aside in the Optional Redemption Fund may be used, prior to the date when the Term Bonds to be redeemed are selected by lot, in lieu of optional redemption, for the purchase of any of the then outstanding Term Bonds subject to such optional redemption, at a purchase price (including brokerage and other fees) not exceeding the principal amount thereof plus accrued interest, which accrued interest shall be paid from the Interest and Principal Fund. Moneys in amounts sufficient to pay the redemption price of all Bonds to be called for optional or mandatory redemption shall be transferred by the Treasurer to the Nominee on the redemption date, or, if the Bonds are not then in book-entry form pursuant to Article V, to the offices of the Current Official Banks prior to the redemption date. Any money remaining in either of such Funds in excess of the amount required to accomplish the intended redemption may be returned and transferred to the Interest and Principal Fund to the extent the money was derived from the Interest and Principal Fund, and all other excess money may be transferred to the General Fund of the District or such other fund as the Board may designate. Redemption expenses shall not be paid from moneys in either of such funds, but shall instead be paid from other funds of the District available therefor.

Section 2.04. Payment of Redemption Price. The Treasurer shall provide for payment from the applicable redemption fund of the applicable redemption price of the Bonds called for redemption in accordance with the terms of the Bonds and this Resolution.

Bonds called for redemption shall be presented for payment at the office of the Treasurer or at such other location as shall be acceptable to the Depository and the District, or if

the Bonds are not in book-entry form pursuant to Article V, then at the offices of either of the Current Official Banks. If at the date of redemption the Bonds are not in book-entry form pursuant to Article V, the Current Official Banks shall act as fiscal agents in connection with the presentation for payment of Bonds called for redemption.

Section 2.05. Effect of Notice and of Availability of Redemption Money. When notice of redemption has been given as provided above, and when the applicable redemption price is set aside for that purpose in the applicable Redemption Fund:

(1) the Bonds, or parts thereof, designated for redemption shall become due and payable on the redemption date at the redemption price provided in this Resolution;

(2) upon presentation and surrender thereof, such Bonds shall be redeemed at the applicable redemption price out of moneys in the Mandatory Redemption Fund or Optional Redemption Fund, as the case may be, and, if any accrued interest is payable, it shall be paid from the Interest and Principal Fund;

(3) after the redemption date, the Bonds, or parts thereof, designated for redemption shall be deemed to be no longer outstanding, and such Bonds shall cease to bear further interest; and

(4) after the redemption date, no owner of any Bonds, or parts thereof, designated for redemption shall be entitled to any of the benefits of this Resolution or to any other rights, except with respect to payment of the redemption price and accrued interest, if any, from the amount made available, and, in the case of partial redemption of a Bond, to the issuance of a new Bond in an amount equal to the portion left outstanding; all unpaid interest payable at or prior to the redemption date upon Bonds, or parts thereof, designated for redemption shall continue to be payable to the owners of such Bonds, but without interest thereon.

Section 2.06. Purchase of Bonds; Cancellation of Redeemed, Purchased or Exchanged Bonds. The District, to the extent and in the manner then provided by law, may purchase with surplus or other available funds designated by the Board any outstanding Bonds, provided such purchase does not violate any terms of this Resolution. Each Bond which is (1) redeemed in whole or in part prior to maturity pursuant to the provisions of this Article, (2) purchased in lieu of mandatory redemption as permitted by Section 3.04, (3) purchased with the proceeds of refunding bonds or exchanged for refunding bonds, or (4) purchased with surplus or other available funds designated by the

Board, shall be redeemed and cancelled, and shall not be reissued.

ARTICLE III

USE OF PROCEEDS AND TAX LEVY

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

(a) The Treasurer shall deposit into a special account in the Interest and Principal Fund the amount of such proceeds representing interest accrued, if any, on the Bonds (other than those Bonds which are 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds) to the date of delivery thereof.

(b) If any of the Bonds are 1989 Crossover Refunding Bonds, the Treasurer shall deposit in the 1989 Crossover Account of the 1989 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1989 Crossover Escrow Requirements when due, as set forth in the Escrow Instructions.

(c) If any of the Bonds are 1986 Crossover Refunding Bonds, the Treasurer shall deposit in the 1986 Crossover Account of the 1986 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1986 Crossover Escrow Requirements when due, as set forth in the Escrow Instructions.

(d) If any of the Bonds are 1989 Defeasance Refunding Bonds, the Treasurer shall deposit in the 1989 Defeasance Account of the 1989 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1989 Defeasance Escrow Requirements when due, as set forth in the Escrow Instructions.

(e) If any of the Bonds are 1986 Defeasance Refunding Bonds, the Treasurer shall deposit in the 1986 Defeasance Account of the 1986 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1986 Defeasance Escrow Requirements when due, as set forth in the Escrow Instructions.

(f) The remaining proceeds shall be deposited in the Costs of Issuance Fund.

Section 3.02. Establishment and Application of Escrow Funds; Escrow Instructions; Defeasance Method; Crossover Method.

(A) Establishment of Escrow Funds. There is hereby established a special trust fund to be designated as the "Waterworks Refunding General Obligation Bonds, Issue of 1993, 1989 Escrow Fund," which shall consist of a 1989 Crossover Account and a 1989 Defeasance Account. There is hereby established a special trust fund to be designated as the "Waterworks Refunding General Obligation Bonds, Issue of 1993, 1986 Escrow Fund," which shall consist of a 1986 Crossover Account and a 1986 Defeasance Account. The 1989 Escrow Fund and the 1986 Escrow Fund shall be held by the Escrow Agent pursuant to the Escrow Instructions. Moneys in the 1989 Escrow Fund and the 1986 Escrow Fund shall be applied solely as provided in the Escrow Instructions.

(B) Establishment of Escrow Instructions and Appointment of Escrow Agent. An Authorized Representative is hereby authorized and directed to execute and deliver the Escrow Instructions, and to select and appoint the Escrow Agent. The Escrow Agent may be any bank or trust company within or without the State of California, or both within and without said State. The selection and appointment of the Escrow Agent shall be subject to such terms and conditions, and the Escrow Instructions shall contain such terms, conditions and provisions, as such Authorized Representative, acting in his or her sole discretion, shall deem to be in the best interests of the District in providing for the refunding of all or a portion of the 1989 Bonds and the 1986 Bonds.

The Escrow Instructions shall specify whether all or only a part of the 1989 Bonds and/or the 1986 Bonds are to be refunded, and if only a part of the the 1989 Bonds and/or the 1986 Bonds are to be refunded, the Escrow Instructions shall specify which of the the 1989 Bonds and/or the 1986 Bonds are to be refunded. The 1989 Bonds which are specified by the Escrow Instructions as the 1989 Bonds to be refunded are referred to herein as the "1989 Refunded Bonds," and the 1986 Bonds which are specified by the Escrow Instructions as the 1986 Bonds to be refunded are referred to herein as the "1986 Refunded Bonds." The Escrow Instructions shall further specify which of the 1989 Refunded Bonds shall be 1989 Crossover Refunded Bonds, if any, and which shall be 1989 Defeasance Refunded Bonds, if any. The Escrow Instructions shall further specify which of the 1986 Refunded Bonds shall be 1986 Crossover Refunded Bonds, if any, and which shall be 1986 Defeasance Refunded Bonds, if any. If any of the Refunded Bonds are designated as 1989 Crossover Refunded Bonds or 1986 Crossover Refunded Bonds, the Escrow Instructions shall specify the 1989 Crossover Date and/or the

1986 Crossover Date, as applicable, and shall specify which of the Bonds shall be designated as 1989 Crossover Refunding Bonds and 1986 Crossover Refunding Bonds.

The Escrow Instructions may provide that upon receipt of certificate from an Authorized Representative directing the Escrow Agent to do so, the Escrow Agent may substitute other Federal Securities for those initially purchased for the 1989 Escrow Fund or the 1986 Escrow Fund only if (i) a nationally recognized firm of independent certified public accountants shall certify that the Federal Securities to be substituted, together with the Federal Securities and uninvested amounts which will continue to be held in such funds will mature at such times and in such amounts to satisfy the applicable escrow requirements when due, and (ii) the District shall have received an Opinion of Bond Counsel to the effect that the sale, transfer, redemption or other disposition and substitution of such Federal Securities does not cause interest on either the Refunded Bonds or the Bonds to be included in gross income for purposes of federal income taxation under relevant provisions of the Code.

(C) Defeasance Method. An Authorized Representative may direct that the Escrow Instructions provide for the refunding of all or any portion of the 1989 Bonds and/or the 1986 Bonds, as such Authorized Representative shall, in his or her sole discretion, deem to be in the best interests of the District, by depositing in the 1989 Defeasance Account of the 1989 Escrow Fund (or, in the case of refunding 1986 Bonds, the 1986 Defeasance Account of the 1986 Escrow Fund) that amount of moneys necessary to purchase Federal Securities, the principal of and the interest on which when due will provide moneys which will be sufficient to pay when due the 1989 Defeasance Escrow Requirements (or, in the case of refunding 1986 Bonds, the 1986 Defeasance Escrow Requirements). The method for refunding 1989 Bonds and 1986 Bonds described in this Section 3.02(C) is referred to herein as the "Defeasance Method."

(D) Crossover Method. An Authorized Representative may direct that the Escrow Instructions provide for the refunding of all or any portion of the 1989 Bonds and/or the 1986 Bonds, as such Authorized Representative shall, in his or her sole discretion, deem to be in the best interests of the District, by depositing in the 1989 Crossover Account of the 1989 Escrow Fund (or, in the case of refunding 1986 Bonds, the 1986 Crossover Account of the 1986 Escrow Fund) that amount of moneys necessary to purchase Federal Securities, the principal of and the interest on which when due will provide moneys which will be sufficient to pay when due the 1989 Crossover Escrow Requirements (or, in the case of refunding 1986 Bonds, the 1986 Crossover Escrow Requirements). The method for refunding 1989 Bonds and 1986 Bonds described in this Section 3.02(D) is referred to herein as the "Crossover Method."

If an Authorized Representative deems it to be in the best interests of the District, in his or her sole discretion, to effect the refunding of all or a portion of the Refunded Bonds using the Crossover Method, such Authorized Representative shall direct that the Escrow Instructions set forth any conditions to the occurrence of the crossover that such Authorized Representative shall deem necessary or appropriate, in his or her sole discretion, in connection with the issuance of 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds, if any shall be issued. Such conditions are herein referred to as the "Crossover Conditions." The Escrow Instructions shall provide that if the Crossover Conditions have not been timely satisfied on or before the 1989 Crossover Date, the 1989 Crossover Refunding Bonds shall be redeemed in whole at par on the 1989 Crossover Date from any and all amounts available in the 1989 Crossover Account of the 1989 Escrow Fund in accordance with the Escrow Instructions. The Escrow Instructions shall provide that if the Crossover Conditions have not been timely satisfied on or before the 1986 Crossover Date, the 1986 Crossover Refunding Bonds shall be redeemed in whole at par on the 1986 Crossover Date from any and all amounts available in the 1986 Crossover Account of the 1986 Escrow Fund in accordance with the Escrow Instructions.

Section 3.03. Tax Levy; Interest and Principal Fund. If, from any cause, the income and revenues of the District shall be inadequate to pay the interest on or principal of the Bonds as the same become due by maturity, redemption or otherwise, then the Board, subject to the provisions of Section 3.06 with respect to 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds, shall, at the time of fixing the tax levy and in the same manner provided for such tax levy, levy and cause to be collected annually, until the Bonds are paid or until there shall be a sum in the Treasury of the District set apart for that purpose sufficient to meet all sums coming due for principal and interest on the Bonds, a tax sufficient to pay the annual interest on the Bonds and such part of the principal of the Bonds as shall become due by maturity, redemption or otherwise before the time when money will be available from the next general tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the District. The taxes that are required by the Act and this Resolution to be levied and collected shall be in addition to all other taxes levied for District purposes and shall, as required by the Act, be collected at the time and in the same manner as other District taxes are collected, and shall be placed in the Interest and Principal Fund, subject to the Nonarbitrage Certificate. Such moneys shall be used for no purpose other than the payment of the Bonds and interest thereon.

Section 3.04. Payment of Serial Bonds. Subject to the provisions of Section 3.06 with respect to 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds, the principal of Serial Bonds, if any, shall be paid from the Interest and

Principal Fund in the following manner: a reasonable time prior to the time when any principal of the Serial Bonds becomes due, by maturity, redemption or otherwise, there shall be transferred from the Interest and Principal Fund and placed in the Retirement Fund such sums as shall be sufficient to meet all amounts coming due for principal of the Serial Bonds. Moneys so transferred from the Interest and Principal Fund to the Retirement Fund shall be used to pay the principal of the Serial Bonds for which the transfer was made and for no other purpose. The principal of Serial Bonds which are 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds shall be paid as directed in the Escrow Instructions until such time as the 1989 Crossover Refunded Bonds and the 1986 Crossover Refunded Bonds, respectively, have been redeemed in accordance with the Escrow Instructions.

Section 3.05. Payment of Term Bonds. Subject to the provisions of Section 3.06 with respect to 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds, the Term Bonds, if any, shall be paid from the Interest and Principal Fund in the following manner: prior to each mandatory redemption date required by the Mandatory Term Bond Redemption Schedule (unless such Term Bonds have previously been redeemed) there shall be transferred from the Interest and Principal Fund and placed in the Mandatory Redemption Fund such sums as shall be sufficient to pay when due that portion of the Term Bonds which are to be paid on the next following mandatory redemption date in accordance with the Mandatory Term Bond Redemption Schedules. The sums transferred to the Mandatory Redemption Fund shall be used to pay the redemption price of the Term Bonds and for no other purpose, except that at any time after such transfer is made, and prior to the date the Term Bonds are selected by lot, the District, in lieu of (or partially in lieu of) selecting by lot such Term Bonds for redemption, may purchase with the transferred funds any of then outstanding Term Bonds at a purchase price for any Bond (including brokerage and other fees) not exceeding the principal amount thereof, plus accrued interest to the date of purchase (which shall be paid from the Interest and Principal Fund). The principal of Term Bonds which are 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds shall be paid as directed in the Escrow Instructions until such time as the 1989 Crossover Refunded Bonds and the 1986 Crossover Refunded Bonds, respectively, have been redeemed in accordance with the Escrow Instructions.

Section 3.06. Security and Sources of Payment for Crossover Refunding Bonds. Notwithstanding anything to the contrary anywhere in this Resolution, 1989 Crossover Refunding Bonds and 1986 Crossover Refunding Bonds, if any of either shall be issued, shall not constitute indebtedness of the District for which the District shall be liable or for which its credit or taxing power is pledged, 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 as set forth immediately

hereafter), but shall each constitute special limited obligations of the District secured and payable solely from moneys on deposit in the 1989 Crossover Account of the 1989 Escrow Fund and the 1986 Crossover Account of the 1986 Escrow Fund, respectively, until such time as the 1989 Crossover Refunded Bonds and the 1986 Crossover Refunded Bonds, respectively, have been redeemed in accordance with the Escrow Instructions, whereupon and whereafter which such 1989 Crossover Refunding Bonds and 1986 Crossover Refunding Bonds, respectively, shall constitute indebtedness of the District and shall be secured and payable on the same basis as all other Bonds issued pursuant to this Resolution that were not issued as 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds.

Section 3.07. Establishment and Application of Costs of Issuance Fund.

(A) The District shall establish, and the Treasurer shall maintain and hold in trust a separate fund designated as the "Waterworks Refunding General Obligation Bonds, Issue of 1993 Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Treasurer to pay Costs of Issuance. The Treasurer shall hold moneys in the Costs of Issuance Fund uninvested until expended unless directed otherwise by a certificate of an Authorized Representative.

(B) The Treasurer shall keep a record of all payments from the 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 3.08. Tax Covenant. In order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Bonds, the District covenants to comply with each applicable requirement of Section 103 and Sections 140 through 150 of the Code. In furtherance of this covenant, the District agrees to comply with the Nonarbitrage Certificate, to be executed by the District upon issuance of the Bonds, as such Nonarbitrage Certificate may be amended from time to time, as a source of guidance for compliance with such provisions.

ARTICLE IV

FORM OF BONDS

Section 4.01. Form of Bonds. Each fully registered Bond shall be substantially in the following form, with such insertions, variations, omissions and endorsements as may be necessary or required, including such insertions, variations,

omissions and endorsements as may be necessary or required in the event such Bond is a 1989 Crossover Refunding Bond or a 1986 Crossover Refunding Bond:

(FORM OF BOND)

Registered Registered

[FORM OF FACE OF BOND]

STATE OF CALIFORNIA

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

WATERWORKS REFUNDING GENERAL OBLIGATION BONDS,
ISSUE OF 1993

Number _____ $_____

SEE REVERSE SIDE FOR ADDITIONAL PROVISIONS	INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
	_____%	_____	_____	
		_____	1993	

Registered Owner:
Principal Amount: _____ DOLLARS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (the "District"), a quasi-municipal corporation organized and existing under the laws of the State of California, for value received, hereby promises to pay to the registered owner identified above, or registered assigns, on the maturity date identified above, upon presentation and surrender of this Bond, the principal amount identified above, and to pay to such registered owner by check or draft mailed thereto, at the address as it appears on the registration books kept by the Registrar (who shall initially be the Treasurer of the District) at the close of business on the fifteenth day of the month immediately preceding each interest payment date, interest on such principal amount at the interest rate per annum identified above, payable on the first days of March and September of each year beginning _____ 1, 1993, until this Bond is paid; provided, however, that if at the maturity date of this Bond (or if this Bond is redeemable and shall have been duly called for redemption, in whole or in part, at the date fixed for redemption) funds are available for the payment or redemption hereof in whole or in part, as provided in the Resolution hereinafter mentioned, this Bond or the part thereof called for redemption shall then cease to bear interest.

The principal of and interest on this Bond and any premium payable upon the redemption of this Bond are payable in lawful money of the United States of America, and (except for

interest which is payable by check or draft as stated above) are payable at the offices of the fiscal agents of the District in the City of Los Angeles, California, and the City of New York, New York. This Bond shall bear interest from the interest payment date next preceding its date of registration to which interest has been duly paid or provided for on this Bond, unless (i) this Bond is registered on an interest payment date to which interest has been duly paid or provided for on this Bond, in which event it shall bear interest from such date, (ii) no interest has been duly paid or provided for on this Bond, in which event it shall bear interest from the Dated Date identified above, or (iii) this Bond is registered between a Record Date and the next succeeding interest payment date, in which event interest shall accrue from the next succeeding interest payment date.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED BELOW AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This is one of a duly authorized issue of Bonds of the District, designated as "Waterworks Refunding General Obligation Bonds, Issue of 1993" (the "Bonds") all of which have been issued pursuant to the Metropolitan Water District Act (California Stats. 1969, Ch. 209, as amended), Articles 9 and 11 of Chapter 3, Part 1, Division 2, Title 5 of the Government Code of the State of California and in pursuance of the Constitution and laws of the State of California. The creation of said issue and the terms and conditions of the Bonds are provided for by said Act, said Articles 9 and 11 and Resolution _____ of the Board of Directors of the District authorizing the Bonds (the "Resolution"); and by reference in this Bond, said Act, said Articles 9 and 11 and said Resolution are incorporated herein; and by acceptance of this Bond the owner hereof assents to said terms and conditions. The Resolution is adopted under and this Bond is issued under and is to be construed in accordance with the laws of the State of California.

This Bond shall not be valid until the Certificate of Registration hereon shall have been manually signed by the Registrar.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to have been performed precedent to and in the incurring of the indebtedness evidenced by this Bond, 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 the issue of Bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of California.

IN WITNESS WHEREOF, THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA has caused this Bond to be executed in its name by its duly authorized representatives and has caused this Bond to be dated as of the Dated Date.

Countersigned

Acting Chairman of the
Board of Directors

Secretary of the
Board of Directors

Controller

[SEAL]

[FORM OF BOND REGISTRAR'S CERTIFICATE
OF REGISTRATION]

This Bond has been registered as to principal and interest in the name of the Registered Owner identified above on the registration books of The Metropolitan Water District of Southern California.

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA,
as Registrar

By _____

Date of Registration: _____

FISCAL AGENTS:

_____

_____

This Bond is issued in fully registered form and is non-negotiable. Transfer of ownership of this Bond shall be made by exchanging the same for a new fully registered Bond or Bonds. All of such exchanges shall be made in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Board of Directors of the District, and such exchange shall be free of any costs or charges to the person, firm or corporation requesting such exchange, except for any tax or governmental charge that may be imposed in connection with such exchange.

[If Term Bonds are issued, insert the following paragraph for each Term Bond maturity:]

The Bonds maturing _____ shall be called and redeemed prior to their maturity at a redemption price equal to the principal amount thereof without premium, or purchased by the District in lieu of call, in the principal amounts and during the years as follows:

March 1 of	Principal Amount

[Insert Mandatory Term Bond Redemption Schedule]

The Bonds [maturing on or prior to _____] are not subject to redemption prior to maturity. [If any Bonds are subject to optional redemption, insert the following:] The Bonds maturing on or after _____ are subject to call and redemption prior to maturity, on or after _____ at the option of the District, as a whole on any date, or in part (by lot within any maturity if less than all of the Bonds within such maturity are to be redeemed) on any interest payment date, at a redemption price equal to (i) the par value thereof, (ii) accrued interest to the date of redemption, and (iii) a premium as to Bonds optionally redeemed prior to _____ of [insert Optional Call and Redemption Schedule].

Details as to the above-mentioned call and redemption provisions are set forth in the Resolution referred to on the face of this Bond, as supplemented by the Purchase Contract (as such term is defined in such Resolution), and such Resolution as supplemented by such Purchase Contract shall control the terms and provisions of call and redemption prior to maturity and the effect thereof. Said Resolution provides for at least 30 days', and not more than 60 days' prior notice of any such call and redemption to be mailed to the owners of Bonds affected thereby.

If notice of redemption shall be given as stated above, then the Bonds or portions thereof specified in the notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the

redemption date, moneys for the payment of the redemption price of all Bonds to be redeemed, together with interest to the redemption date, shall be available for payment on such date, then from and after the redemption date interest on such Bonds shall cease to accrue and be payable.

The actual receipt by the owner of this Bond of notice of redemption shall not be a condition precedent to its redemption, and failure to receive such notice shall not affect the validity of the proceedings for redemption of the Bond, or the cessation of interest on the redemption date. The notice or notices required by the Resolution shall be given by the Treasurer of the District. A certificate of such Treasurer, approved by the Board of Directors of the District, that notice of redemption has been given as provided in the Resolution, shall be conclusive as against all parties.

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of the within 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)

under Uniform Gifts to Minors Act _____
State

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

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

_____
(Insert Social Security or other Identifying Number of Assignee)

_____
(Please Print or Typewrite Name and Address of Assignee)

the within Bond of THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, and hereby irrevocably constitutes and appoints

_____

attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Signature _____

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears upon the face of the within-mentioned Bond in every particular, without alteration, enlargement or any change whatever.

SIGNATURE GUARANTEED:

_____

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

Section 4.02. 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 or on account of such CUSIP identification numbers.

ARTICLE V

BOOK-ENTRY SYSTEM: LIMITED OBLIGATION OF DISTRICT; REPRESENTATION LETTER

Section 5.01. Book-Entry System: Limited Obligation of District. The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds (other than 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds, if any shall be issued), and if any 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds shall be issued, a separate single fully registered Bond (which may be typewritten) for each of the maturities of the 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of the Nominee as nominee of the Depository. Except as provided in Section 5.03 hereof, all of the outstanding Bonds shall be registered in the registration books kept by the Registrar in the name of the Nominee.

With respect to Bonds registered in the registration books kept by the Registrar in the name of the Nominee, the District, the Treasurer and the Registrar shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District, the Treasurer and the Registrar shall have no responsibility or obligation (unless the District is at such time the Depository) with respect to (i) the accuracy of the records of the 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 a Bond owner as shown in the registration books kept by the Registrar, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any Participant or any other Person, other than a Bond owner as shown in the registration books kept by the Registrar, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The District, the Treasurer and the Registrar may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner

of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever.

The Treasurer shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bond owner, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Bond owner, as shown in the registration books kept by the Registrar, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Resolution. Upon delivery by the Depository to the Bond owner of written notice to the effect that the 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 Resolution shall refer to such new nominee of the Depository; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Registrar and the Treasurer.

Section 5.02. Representation Letter. In order to qualify the Bonds for a Depository's book-entry system, the Authorized Representative is hereby authorized to execute, seal, countersign and deliver on behalf of the District to such Depository a letter 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 5.01 or in any other way impose upon the District any obligation whatsoever with respect to Persons having interests in the Bonds other than the Bond owners, as shown on the registration books kept by the Registrar. In the written acceptance of the Treasurer and the Registrar of the Representation Letter, such Treasurer and Registrar, respectively, shall agree to take all action necessary for all representations of the District in the Representation Letter with respect to the Treasurer and Registrar, respectively, to at all times be complied with. 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 Resolution, to qualify the Bonds for the Depository's book-entry program.

Section 5.03. Transfers Outside Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the

District will discontinue the book-entry system with the Depository. If the District determines to replace the 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 (and, if 1989 Crossover Refunding Bonds or 1986 Crossover Refunding Bonds have been issued, a new, single, separate, fully registered Bond for each of the maturities of such 1989 Crossover Refunding Bonds or 1986 Crossover Refunding 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 Depository as are not inconsistent with the terms of this Resolution. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of the Nominee, but shall be registered in whatever name or names owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 1.06.

Section 5.04. Payments to the Nominee. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest 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 Depository.

Section 5.05. Initial Depository and Nominee. The initial Depository under this Article shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

ARTICLE VI

AMENDMENTS

Section 6.01. Amendments Without Consent of Bond Owners. The District may, from time to time and at any Time, adopt resolutions (which resolutions shall thereafter form a part of this Resolution):

(a) To cure any ambiguity or formal defect or omission in this Resolution,

(b) To grant to or confer upon the owners of Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon them, or

(c) To amend or supplement this Resolution in any other respect, provided such amendment or supplement is not adverse to the interests of the registered owners of the Bonds.

Prior to the time that Bonds are issued pursuant to this Resolution, all provisions of this Resolution may be modified by a subsequent resolution of the Board.

Section 6.02. Amendments With Consent of the Bond Owners. This Resolution, and the rights and obligations of the District and of the owners of the Bonds issued hereunder, may be modified or amended at any time by resolution adopted by the Board with the consent of owners of at least sixty percent (60%) in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the District, and obtained as hereinafter set forth; provided, however, that no such modification or amendment shall, without the express written consent of the registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date, reduce the premium payable upon redemption thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any such modification or amendment reduce the percentage of consent required for amendment or modification.

Any act done pursuant to a modification or amendment so consented to shall be binding upon the owners of all of the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution or of the Act, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no owner of a Bond shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the District or any officer thereof from taking any action pursuant thereto.

If the District shall desire to obtain any such consent, it shall cause the Registrar to mail a notice, postage prepaid, to the respective registered owners of the Bonds at their addresses appearing on the registration books.

Such notice shall briefly set forth the nature of the proposed resolution and shall state that a copy thereof is on file at the office of the Treasurer for inspection by all owners of Bonds. The Registrar shall not, however, be subject to any liability to any owners of Bonds by reason of his failure to mail the notice required by this Section, and any such failure shall not affect the validity of such resolution when consented to and approved as provided in this Section.

Whenever at any time within one year after the date of the mailing of such notice, the District shall receive an instrument or instruments purporting to be executed by the owners of not less than 60% in aggregate principal amount of the Bonds then outstanding, exclusive of Bonds, if any, owned by the District, which instrument or instruments shall refer to the proposed resolution described in such notice, and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Treasurer, thereupon, but not otherwise, the Board may adopt such resolution in substantially such form, without liability or responsibility to any owner of any Bond, whether or not such owner shall have consented thereto.

Upon the adoption of any resolution pursuant to the provisions of this Section, this Resolution shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the District and all owners of Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

ARTICLE VII

APPROVAL OF PURCHASE CONTRACT; APPROVAL OF OFFICIAL STATEMENT; MISCELLANEOUS

Section 7.01. **Approval of Purchase Contract**. The Chairman of the Board, or in the event of a vacancy, the Acting Chairman of the Board, the Chairman of the Finance and Insurance Committee of the Board, or in the event of a vacancy, the Acting Chairman of the Finance and Insurance Committee of the Board, and the General Manager, or his designee, acting jointly, are hereby constituted an ad hoc committee (the "Ad Hoc Committee"). The Ad Hoc Committee is authorized and directed to negotiate on behalf of the District the terms and conditions of the Bonds and the terms and conditions of the sale of the Bonds, and to negotiate the sale of the Bonds at private sale to one or more purchasers without the necessity of public or competitive bidding. The Ad Hoc Committee is hereby empowered to establish on behalf of the District such terms and conditions of the Bonds, and of the sale of the 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 Resolution, and shall be so empowered solely to implement the fundamental policies established by this Resolution in a manner that is most advantageous to the District. Such terms and conditions of the Bonds and of their sale shall be set forth in the Purchase Contract. Such terms and conditions as so set forth, together with the other terms and conditions of the Bonds set forth in this Resolution, shall, upon execution and delivery of the

Purchase Contract by the Ad Hoc Committee on behalf of the District, be all the terms and conditions of the Bonds, as if all such terms and conditions were fully set forth in this Resolution.

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 Metropolitan Water District Act, California Stats. 1969, Ch. 209, as amended, be waived.

The Bonds may be sold pursuant to the Purchase Contract at a discount not to exceed three percent (3%) (excluding original issue discount, if any).

The Ad Hoc Committee shall not permit the issuance of an amount of Bonds greater than that required for the purposes set forth in this Resolution. Subject to such limitation, the principal amount of the Bonds may be more than, less than or the same as the principal amount of the Refunded Bonds, and all such other terms and conditions as are consistent with the spirit and intent of this Resolution may be contained in the Purchase Contract subject to the approval of the Ad Hoc Committee.

The Ad Hoc Committee shall file a report concerning its actions pursuant to this Resolution with the Board along with a copy of the Purchase Contract. The Executive Secretary of the District shall maintain true and correct copies of such documents in the files of the District.

Section 7.02. Current Official Banks; Other Agents. The Board shall from time to time, at any time that the Bonds are not in book-entry form pursuant to Article V, appoint and provide for the payment of fees to banks or trust companies in The City of Los Angeles, California, and The City of New York, New York, each to be designated as a Current Official Bank of the District for the Bonds and each to act as fiscal agent in connection with the presentation for payment in those respective cities of Bonds during such time as the Bonds are not in book-entry form. During such time as the Bonds are in book-entry form pursuant to Article V, the Treasurer shall make all payments on the Bonds.

All Bonds surrendered to either of the Current Official Banks shall be cancelled by the Current Official Bank and promptly transmitted to the Treasurer. Alternatively, under such conditions as the Treasurer may fix with the approval of the Board, the Treasurer or any of the Current Official Banks may destroy any or all of the Bonds which have been previously paid or cancelled.

The Treasurer shall retain custody of Bonds surrendered to him until the District instructs him to cause their destruction.

In furtherance of the purposes of this Resolution, the Board may, in addition to the appointment of the Registrar and the Current Official Banks, and the appointment from time to time of a successor Registrar and successor Current Official Banks, from time to time appoint and provide for the payment of fees to such fiscal agents, paying agents, or other agents, trustees or registrars as it may deem necessary or appropriate in connection with the Bonds. To expedite the registration, discharge and exchange of the Bonds by assisting the Treasurer in the performance of such functions, an agreement may be entered into for certain banks and trust companies to act as exchange agents in Los Angeles, California and New York, New York. Should such agreement, or part thereof, be held unconstitutional, invalid or unenforceable, the same shall not be performed, but such agreement, or part thereof, shall continue in effect to the extent permitted by law and the Registrar shall perform all of the duties required by this Resolution as are legally permissible.

Section 7.03. General Authorization. The Chairman of the Board, or in the event of a vacancy, the Acting Chairman of the Board, the Chairman of the Finance and Insurance Committee of the Board and the Secretary of the Board, the General Manager, the General Counsel, the Treasurer and the Controller or Assistant Controller, are hereby respectively authorized to do and perform, or cause to be done and performed, from time to time any and all acts and things consistent with this Resolution necessary or appropriate to carry the same into effect.

Section 7.04. Lost, Stolen, Destroyed or Mutilated Bonds. In the event that any Bond is lost, stolen, destroyed or mutilated, the District will cause to be issued a new Bond similar to the original to replace the same in such manner and upon such reasonable terms and conditions, including the payments of costs and the posting of a surety bond if the Board deems such surety bond necessary, as may from time to time be determined and prescribed by the District. The Board may authorize such new Bond to be signed and registered in such manner as it may determine.

Section 7.05. Proceedings Constitute Contract. The provisions of this Resolution and of any other resolution supplementing or amending this Resolution and adopted prior to the issuance of the Bonds hereunder or adopted subsequent to such issuance if permitted herein, shall constitute a contract between the District and the owners of the Bonds and the provisions thereof shall be enforceable as herein provided for the equal benefit and protection of all owners of Bonds similarly situated by mandamus, accounting, mandatory injunctions or any other suit, action or preceding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made

under and is to be construed in accordance with the laws of the State of California.

After the issuance and delivery of the Bonds, this Resolution and any amendatory or supplemental resolutions thereto shall be irrepealable, but shall be subject to supplement, modification or amendment to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 7.06. Defeasance. Bonds shall no longer be deemed to be Outstanding and unpaid if the District shall have made adequate provision for the payment, in accordance with the Bonds and this Resolution, of the principal, interest and premiums, if any, to become due thereon at maturity or upon call and redemption prior to maturity. Such provision shall be deemed to be adequate if the District shall have irrevocably set aside, in a special trust fund or account, moneys which when added to the interest earned or to be earned from the investment thereof shall be sufficient to make said payments as they become due. Moneys so set aside may be invested in any direct obligations of, or obligations the timely payment of principal and interest on which are unconditionally guaranteed by, the United States of America, in which the District may lawfully invest its moneys.

Section 7.07. Evidence of Rights of Bond Owners. Any request, consent or other instrument required by this Resolution to be signed and executed by owners of Bonds may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the District if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged the execution thereof.

The ownership of Bonds shall be proved by the register of such Bonds. If the Bonds are in book-entry form pursuant to Article V, the term "owner" throughout this Resolution shall mean the Nominee.

Any request, consent or vote of the owner of any Bond shall bind every future owner of the same Bond and the owner of every bond issued in exchange therefor or in lieu thereof, in

respect of anything done or suffered to be done by the District in pursuance of such request, consent or vote.

In determining whether the owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Resolution, Bonds which are owned by the District, or by any person directly or indirectly controlling or controlled by, or under or indirect common control with the District, shall be disregarded and deemed not to be outstanding for the purpose of any such determination.

Section 7.08. Definitive Bonds; Temporary Bonds. If and when the Bonds are in book-entry form, they may be in typewritten form or in any other form acceptable to the District and the Depository. At any time at which the Bonds are not in book-entry form, the definitive Bonds shall be lithographed or printed with steel engraved borders. Until the definitive Bonds are prepared, the District may execute, in the same manner as is provided in Section 1.05, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bonds are issued, in denominations of $5,000 or any multiple thereof, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The District at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, without charge to the owner thereof, deliver in exchange thereof, at the office of the Treasurer, definitive Bonds of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution.

All temporary Bonds surrendered in exchange for a definitive Bonds or Bonds shall be forthwith cancelled by the Treasurer.

Section 7.09. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Resolution including, without limitation, Section 6.02 and any action taken thereunder, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, then the remainder of this Resolution and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed verbal and shall not be affected thereby, and this Resolution and the Bonds issued pursuant hereto shall remain valid and the owners of the Bonds shall retain all valid rights and benefits accorded to them under this Resolution, the Act, and the Constitution and laws of the State of California.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution adopted by a two-thirds (2/3rds) vote of the total vote of the Board of Directors of The Metropolitan Water District of Southern California at its regular meeting held _____, 1993.

_____
Executive Secretary
The Metropolitan Water
District of Southern
California

DRAFT OF
12/27/92

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION _____

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AUTHORIZING THE ISSUANCE OF
WATER REFUNDING REVENUE BONDS
AND PROVIDING THE TERMS AND CONDITIONS OF SAID BONDS
(FOURTH SUPPLEMENTAL RESOLUTION)

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THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

RESOLUTION _____

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
AUTHORIZING THE ISSUANCE OF
WATER REFUNDING REVENUE BONDS
AND PROVIDING THE TERMS
AND CONDITIONS OF SAID BONDS
(FOURTH SUPPLEMENTAL RESOLUTION)

WHEREAS, pursuant to the Act (as defined in the hereinafter defined Master Resolution), 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 heretofore amended and supplemented, the "Master Resolution"), the District has heretofore authorized the issuance of Water Revenue Bonds (the "Bonds") on behalf of the District 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 and such other moneys, assets or security as may be provided for in the supplemental resolution pursuant to which such Bonds are issued;

WHEREAS, the public interest and necessity require the District to proceed under the Master Resolution and issue and sell Water Revenue Bonds (the "Issue of 1993 Bonds") secured by and payable from the Net Operating Revenues or such other moneys, assets or security as may be provided pursuant to this Fourth Supplemental Resolution for the purpose of refunding certain bonds issued pursuant to Resolution 8107 adopted by the District on March 11, 1986 (the "1986 Bonds") and Resolution 8330 adopted by the District on July 9, 1991 (the "1991 Bonds"), which bonds to be refunded are more particularly described in the Escrow Instructions (as hereafter defined); and

NOW, THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

ARTICLE I

AUTHORIZATION OF BONDS; DEFINITIONS

SECTION 1.01. Fourth Supplemental Resolution; Determinations. This Fourth Supplemental Resolution (this "Fourth Supplemental Resolution") is adopted in accordance with the provisions of the Master Resolution. The District hereby determines that the issuance of the Issue of 1993 Bonds is advisable from an economic and financial viewpoint.

SECTION 1.02. Definitions. All terms which are defined in Section 1.02 of the Master Resolution shall, unless otherwise defined herein, have the same meanings, respectively, in this Fourth Supplemental Resolution. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Fourth 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. Unless otherwise defined in this Fourth Supplemental Resolution, all terms used herein shall have the meanings assigned to such terms by the Act.

"Ad Hoc Committee" has the meaning ascribed to such term in Section 5.01 hereof.

"Authorized Denominations" means $5,000 and integral multiples thereof, except with respect to the Issue of 1993 Paired Obligation Bonds, if any shall be issued, in which case "Authorized Denominations means the minimum denomination specified for the Issue of 1993 Paired Obligation Bonds in the Trust Agreement.

"Bond Purchase Contract" means the contract for the purchase of the Issue of 1993 Bonds between the District and the Underwriters.

"Code" means the Internal Revenue Code of 1986, as amended.

"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 the Issue of 1993 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 paying agent, legal fees and charges, 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 Issue of 1993 Bonds, and any other cost, charge or fee in connection with the issuance and delivery of the Issue of 1993 Bonds.

"Costs of Issuance Fund" means the Water Refunding Revenue Bonds, Issue of 1993 Costs of Issuance Fund established pursuant to Section 3.02 hereof.

"Crossover Conditions" has the meaning ascribed to such term in Section 3.03(D) hereof.

"Crossover Method" has the meaning ascribed to such term in Section 3.03(D) hereof.

"Defeasance Method" has the meaning ascribed to such term in Section 3.03(C) hereof.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Escrow Agent" means the escrow agent selected and appointed by an Authorized Representative in accordance with Section 3.03 hereof to act in accordance with and to carry out the Escrow Instructions.

"Escrow Instructions" means the escrow instructions authorized or required by Section 3.03 hereof to be given by an Authorized Representative to the Escrow Agent in accordance with Section 3.03 hereof.

"Fiscal Agent" means the Treasurer.

"First Supplemental Resolution" means Resolution 8330 adopted by the District on July 9, 1991, and any amendments, modifications or supplements thereto.

"Fourth Supplemental Resolution" means this resolution of the District, and any amendments, modifications or supplements hereto.

"Issue of 1993 Bonds" means the District's Water Revenue Bonds, Issue of 1993 authorized and issued pursuant to the Master Resolution as supplemented by this Fourth Supplemental Resolution.

"Issue of 1993 Capital Appreciation Bonds" means the Issue of 1993 Bonds described in Section 2.02(B) of this Fourth Supplemental Resolution.

"Issue of 1993 Current Interest Bonds" means the Issue of 1993 Bonds described in Section 2.02(A) of this Fourth Supplemental Resolution and shall not include the Issue of 1993 Paired Obligation Bonds.

"Issue of 1993 Paired Obligation Bonds" means the Issue of 1993 Bonds described in Section 2.02(C) of this Fourth Supplemental Resolution.

"Master Resolution" means Resolution 8329 adopted by the District on July 9, 1991, as heretofore amended and supplemented.

"1986 Bonds" means, collectively, all outstanding Metropolitan Water District of Southern California, Water Refunding Bonds, Issue of 1986, issued pursuant to the 1986 Resolution.

"1986 Crossover Account" means the account that name within the 1986 Escrow Fund established by Section 3.03 hereof.

"1986 Crossover Date" means the date on which the 1986 Crossover Refunded Bonds are redeemed in accordance with the Escrow Instructions.

"1986 Crossover Escrow Requirements" means those amounts necessary from time to time to pay when due the principal, if any, to become due on the 1986 Crossover Refunding Bonds prior to, and the interest to become due on the 1986 Crossover Refunding Bonds on or prior to, the first optional redemption date of the 1986 Crossover Refunded Bonds, and the redemption price of the 1986 Crossover Refunded Bonds calculated in accordance with the provisions of the 1986 Resolution on such redemption date.

"1986 Crossover Refunded Bonds" means the 1986 Bonds selected by an Authorized Representative to be refunded using the Crossover Method in accordance with Section 3.03(D) hereof and as specified in the Escrow Instructions.

"1986 Crossover Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1986 Crossover Refunded Bonds, as designated by an Authorized Representative in the Escrow Instructions pursuant to and in accordance with Section 3.03 hereof.

"1986 Defeasance Account" means the account of that name within the 1986 Escrow Fund established in Section 3.03 hereof.

"1986 Defeasance Escrow Requirements" means those amounts necessary from time to time to pay when due the redemption price of the 1986 Defeasance Refunded Bonds, calculated in accordance with the provisions of the 1986 Resolution on the first optional redemption date of such 1986 Defeasance Refunded Bonds, and the principal, if any, and the interest to become due on the 1986 Defeasance Refunded Bonds on or prior to such redemption date.

"1986 Defeasance Refunded Bonds" means the 1986 Bonds selected by an Authorized Representative to be refunded using the Defeasance Method in accordance with Section 3.03(C) hereof and as specified in the Escrow Instructions.

"1986 Defeasance Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1986 Defeasance Refunded Bonds, as designated by an Authorized Representative in the Escrow Instructions pursuant to and in accordance with Section 3.03 hereof.

"1986 Escrow Fund" means the Water Refunding Revenue Bonds, Issue of 1993, 1986 Escrow Fund established pursuant to Section 3.03 hereof.

"1986 Refunded Bonds" has the meaning ascribed to such term in Section 3.03 hereof.

"1986 Resolution" means Resolution 8107 of the District adopted on March 11, 1986.

"1991 Bonds" means the District's Water Revenue Bonds, Issue of 1991 authorized and issued pursuant to the Master Resolution as supplemented by the First Supplemental Resolution.

"1991 Crossover Account" means the account of that name within the 1991 Escrow Fund established by Section 3.03 hereof.

"1991 Crossover Date" means the date on which the 1986 Crossover Refunding Bonds and the 1991 Crossover Refunded Bonds are redeemed in accordance with the Escrow Instructions.

"1991 Crossover Escrow Requirements" means those amounts necessary from time to time to pay when due the principal, if any, to become due on the 1991 Crossover Refunding Bonds prior to, and the interest to become due on the 1991 Crossover Refunding Bonds on or prior to, the first optional redemption date of the 1991 Crossover Refunded Bonds, and the

redemption price of the 1991 Crossover Refunded Bonds calculated in accordance with the provisions of the First Supplemental Resolution on such redemption date.

"1991 Crossover Refunded Bonds" means the 1991 Bonds selected by an Authorized Representative to be refunded using the Crossover Method in accordance with Section 3.03(D) hereof and as specified in the Escrow Instructions.

"1991 Crossover Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1991 Crossover Refunded Bonds, as designated by an Authorized Representative in the Escrow Instructions pursuant to and in accordance with Section 3.03 hereof.

"1991 Defeasance Account" means the account of that name within the 1991 Escrow Fund established by Section 3.03 hereof.

"1991 Defeasance Escrow Requirements" means those amounts necessary from time to time to pay when due the redemption price of the 1991 Defeasance Refunded Bonds, calculated in accordance with the provisions of the First Supplemental Resolution on the first optional redemption date of such 1991 Defeasance Refunded Bonds, and the principal, if any, and the interest to become due on the 1991 Defeasance Refunded Bonds on or prior to such redemption date.

"1991 Defeasance Refunded Bonds" means the 1991 Bonds selected by an Authorized Representative to be refunded using the Defeasance Method in accordance with Section 3.03(C) hereof and as specified in the Escrow Instructions.

"1991 Defeasance Refunding Bonds" means those Issue of 1993 Bonds issued to refund the 1991 Defeasance Refunded Bonds, as designated by an Authorized Representative in the Escrow Instructions pursuant to and in accordance with Section 3.03 hereof.

"1991 Escrow Fund" means the Water Refunding Revenue Bonds, Issue of 1993, 1991 Escrow Fund established pursuant to Section 3.03 hereof.

"1991 Refunded Bonds" has the meaning ascribed thereto in Section 3.03 hereof.

"1993 Excess Earnings Fund" means the Water Refunding Revenue Bonds, Issue of 1993, Excess Earnings Fund established pursuant to Section 3.04 hereof.

"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 holds certificates as securities depository.

"Paying Agent" means, with respect to the Issue of 1993 Paired Obligation Bonds, the paying agent appointed pursuant to an Agency Agreement.

"Record Date" means the close of business on the fifteenth (15th) day of each month preceding an interest payment date, except, in the case of the Issue of 1993 Paired Obligation Bonds, as may be otherwise specified pursuant to Article II hereof.

"Representation Letter" means each representation letter from the District to the Securities Depository as described in Section 2.09 hereof.

"Refunded Bonds" means, collectively, the 1986 Refunded Bonds and the 1991 Refunded Bonds.

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

"Tax and Nonarbitrage Certificate" means the Tax and Nonarbitrage Certificate of the District delivered by the District in connection with the issuance of the Issue of 1993 Bonds.

"Trust Agreement" means such trust agreement or such other instrument or instrument executed and delivered in connection with the issuance of the Issue of 1993 Paired Obligation Bonds which sets forth the terms and conditions of the Issue of 1993 Paired Obligation Bonds and which appoints a Paying Agent in respect of the Issue of 1993 Paired Obligation Bonds.

"Underwriters" means the original purchasers of the Issue of 1993 Bonds.

ARTICLE II

THE ISSUE OF 1993 BONDS

SECTION 2.01. Authorization. There is hereby created a Series of Bonds issued pursuant to the Act and under the Master

Resolution which Bonds are designated as "The Metropolitan Water District of Southern California Water Refunding Revenue Bonds, Issue of 1993" (the "Issue of 1993 Bonds") and which shall be Current Interest Bonds and Capital Appreciation Bonds, as provided in Section 2.02 of this Fourth Supplemental Resolution. The Issue of 1993 Bonds shall be issued in the aggregate principal amount and Initial Amount specified in the Bond Purchase Contract.

SECTION 2.02. Terms of the Issue of 1993 Bonds.

(A) Issue of 1993 Current Interest Bonds. The Issue of 1993 Current Interest Bonds shall be Current Interest Bonds as described in the Master Resolution and shall be issued in the aggregate principal amount set forth in Exhibit A to the Bond Purchase Contract, shall be delivered in fully registered form in Authorized Denominations, and shall be numbered in such manner as the Fiscal Agent determines. The Issue of 1993 Current Interest Bonds shall be dated such date as shall be specified in the Bond Purchase Contract, shall bear interest from such dated date at the rates and shall mature on July 1 in each of the years and in the principal amounts set forth in Exhibit A to the Bond Purchase Contract.

Exhibit A to the Bond Purchase Contract shall designate which, if any, of the Issue of 1993 Current Interest Bonds shall be Term Bonds.

(B) Issue of 1993 Capital Appreciation Bonds. The Issue of 1993 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 July 1 in the years and have a yield to maturity as set forth in the Bond Purchase Contract. The Issue of 1993 Capital Appreciation Bonds, if any shall be issued, shall be dated the date of delivery thereof, shall be delivered in fully registered form in Authorized Denominations, and shall be numbered in such manner as the Fiscal Agent determines.

The Accreted Value for an Issue of 1993 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 Bond Purchase Contract.

(C) Issue of 1993 Paired Obligation Bonds. The Issue of 1993 Paired Obligation Bonds shall be Current Interest Bonds as described in the Master Resolution and, if any shall be issued, shall be issued in the aggregate principal amount, shall be dated such date, shall bear interest at such rates and mature on the dates in each of the years as shall be provided in the Trust Agreement, if any. The Issue of 1993 Paired Obligation

Bonds, if any shall be issued, shall be issued and delivered in fully registered form in Authorized Denominations, and shall be numbered in such manner as the Fiscal Agent (or the Paying Agent, if any, as agent of the Fiscal Agent) determines.

Exhibit A to the Bond Purchase Contract shall designate which, if any, of the Issue of 1993 Paired Obligation Bonds shall be Term Bonds.

(D) Sources of Payment. Except as provided in the next sentence, the payment of the principal of, interest on, and any redemption premiums on the Issue of 1993 Bonds shall be secured by and payable solely from Net Operating Revenues. Notwithstanding the preceding sentence, the Issue of 1993 Bonds which are issued as 1986 Crossover Refunding Bonds and/or 1991 Crossover Refunding Bonds, if any, shall be secured by and payable solely from moneys on deposit in the 1986 Crossover Account of the 1986 Escrow Fund and/or the 1991 Crossover Account of the 1991 Escrow Fund, respectively, unless and until such time as the 1986 Crossover Refunding Bonds and/or the 1991 Crossover Refunded Bonds, if any, have been redeemed in accordance with the Escrow Instructions, whereupon and thereafter which such Issue of 1993 Bonds shall be secured by and payable solely from Net Operating Revenues. If the Crossover Conditions have not been satisfied on the Crossover Date, the 1986 Crossover Refunding Bonds and/or the 1991 Crossover Refunding Bonds shall be subject to special mandatory redemption on the Crossover Date from any and all amounts available in the 1986 Crossover Account of the 1986 Escrow Fund and/or the 1991 Crossover Account of the 1991 Escrow Fund, respectively, in accordance with the Escrow Instructions.

SECTION 2.03. Interest.

(A) Issue of 1993 Current Interest Bonds. The Issue of 1993 Current Interest Bonds shall bear interest at the rates set forth in Exhibit A to the Bond Purchase Contract (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable initially on the date set forth in the Bond Purchase Contract and semiannually thereafter on January 1 and July 1 of each year. Each Issue of 1993 Current Interest Bond shall bear interest from the interest payment date next preceding 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 Issue of 1993 Current Interest Bonds specified in the Bond Purchase Contract, 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) Issue of 1993 Capital Appreciation Bonds. Interest with respect to the Issue of 1993 Capital Appreciation Bonds of each maturity shall be compounded at the original yield thereof set forth in the Bond Purchase Contract commencing on the date specified in the Bond Purchase Contract and semi-annually thereafter on January 1 and July 1 of each year, 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 January 1 and July 1 shall be calculated by straight line interpolation of the Accreted Value as of the immediately preceding and succeeding January 1 and July 1.

(C) Issue of 1993 Paired Obligation Bonds. The Issue of 1993 Paired Obligation Bonds shall bear interest calculated and payable in the manner and on the dates as shall be provided in the Trust Agreement.

(D) Payment of Interest. Each Issue of 1993 Bond shall bear or accrue interest until the principal or Accreted Value thereof has been paid; provided, however, that if at the maturity date of any Issue of 1993 Bond or on the redemption date thereof if the same has been duly called for redemption, funds are available for the payment thereof in full in accordance with the terms of Article IX of the Master Resolution, such Issue of 1993 Bond shall then cease to bear or accrue interest.

SECTION 2.04. Place of Payment. Subject to Section 2.08 of this Fourth Supplemental Resolution, for so long as the Treasurer is the Fiscal Agent, the principal of the Issue of 1993 Bonds (except the Issue of 1993 Paired Obligation Bonds) shall be payable in lawful money of the United States of America upon presentation and surrender of such Issue of 1993 Bonds at the corporate office of the District. Interest on the Issue of 1993 Bonds (except the Issue of 1993 Paired Obligation 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 Issue of 1993 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 Issue of 1993 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 with respect to the Issue of 1993 Paired Obligation Bonds shall be paid as provided in the Trust Agreement.

SECTION 2.05. Redemption.

(A) Optional Redemption. The Issue of 1993 Bonds 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 as set forth in the Bond Purchase Contract.

(B) Mandatory Sinking Account Payments. (i) The Outstanding Issue of 1993 Bonds which are Term Bonds shall be called before maturity and redeemed at a redemption price equal to the par amount thereof from Mandatory Sinking Account Payments 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 Bond Purchase Contract.

(C) Special Mandatory Redemption. If any Issue of 1993 Bonds are issued as 1986 Crossover Refunding Bonds, such Issue of 1993 Bonds shall be redeemed in whole at par on the 1986 Crossover Date from any and all amounts available in the 1986 Crossover Account of the 1986 Escrow Fund in accordance with the Escrow Instructions unless the Crossover Conditions specified in the Escrow Instructions have been timely satisfied on or before the 1986 Crossover Date. If any Issue of 1993 Bonds are issued as 1991 Crossover Refunding Bonds, such Issue of 1993 Bonds shall be redeemed in whole at par on the 1991 Crossover Date from any and all amounts available in the 1991 Crossover Account of the 1991 Escrow Fund in accordance with the Escrow Instructions unless the Crossover Conditions specified in the Escrow Instructions have been timely satisfied on or before the 1991 Crossover Date.

SECTION 2.06. Form of Issue of 1993 Bonds. The Issue of 1993 Capital Appreciation Bonds and Issue of 1993 Current Interest Bonds shall be issued in substantially the forms set forth in Appendix A hereto, with such insertions, variations, omissions and endorsements as may be necessary or required, including such insertions, variations, omissions and endorsements as may be necessary or required in the event any Issue of 1993 Bond is a 1986 Crossover Refunding Bond and/or a 1991 Crossover Refunding Bond. The Issue of 1993 Paired Obligation Bonds shall be issued in substantially the form set forth in the Trust Agreement.

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 Issue of 1993 Bonds, but such numbers shall not be deemed a part of the Issue of 1993 Bonds or a part of the contract evidenced thereby and no liability shall attach to the District or its officers, employees or agents because 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 the Issue of 1993 Paired Obligation Bonds, the Issue of 1993 Current Interest Bonds and the Issue of 1993 Capital Appreciation Bonds shall be initially issued in the form of a separate single fully registered Issue of 1993 Current Interest Bond and Issue of 1993 Capital Appreciation Bond, respectively, for each of the maturities of the Issue of 1993 Current Interest Bonds and the Issue of 1993 Capital Appreciation Bonds (each of which may be typewritten). Upon initial issuance, the ownership of each such Issue of 1993 Bond shall be registered in the Bond Register of the Fiscal Agent in the name of Cede & Co., as nominee of the Securities Depository. Except as provided in Section 2.10 hereof, all of the Outstanding Issue of 1993 Bonds shall be registered in the Bond Register of the Fiscal Agent in the name of the Nominee.

With respect to the Issue of 1993 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 such Participant or to any person on behalf of which such a Participant holds an interest in the Issue of 1993 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 Issue of 1993 Bonds, (ii) the delivery to any Participant or any other person, other than on Owner as shown in the Bond Register of the Fiscal Agent, of any notice with respect to the Issue of 1993 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 on the Issue of 1993 Bonds. The District and the Fiscal Agent may treat and consider the person in whose name each Issue of 1993 Bond is registered in the Bond Register of the Fiscal Agent as the holder and absolute Owner of such Issue of 1993 Bond for the purpose of payment of principal and interest on such Issue of 1993 Bond, for the purpose of giving notices and other matters with respect to such Issue of 1993 Bond, and for all other purposes whatsoever.

The Fiscal Agent shall pay all principal and Accreted Value of and interest on the Issue of 1993 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 of and interest on the Issue of 1993 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 Issue of 1993 Bond evidencing the obligation to make payments of principal, Accreted Value and interest pursuant to this Fourth 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 Fourth Supplemental Resolution shall refer to such new nominee of the Securities Depository.

SECTION 2.09. Representation Letter. In order to qualify the Issue of 1993 Bonds for the Securities Depository's book-entry system, the Authorized Representative is hereby authorized to execute, seal, countersign and deliver on behalf of the District to such Securities Depository a letter or letters from the District representing such matters as shall be necessary to so qualify the Issue of 1993 Bonds (collectively, 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 Issue of 1993 Bonds other than the Owners, as shown on the Bond Register of the Fiscal Agent. In the written acceptance of the Fiscal Agent of the Representation Letter, such Fiscal Agent shall agree to take all actions necessary for all representations of the District in the Representation Letter with respect to the Fiscal Agent to at all times be complied with. 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 Fourth Supplemental Resolution, to qualify the Issue of 1993 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 Issue of 1993 Bonds, or (ii) the District determines that the Securities Depository shall, subject to the provisions of the Trust Agreement with respect to the Issue of 1993 Paired Obligation Bonds, 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 Trust Agreement with respect to the Issue of 1993 Paired Obligation Bonds, 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 Issue of 1993 Bond for each of the maturities of the Issue of 1993 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 the Fourth Supplemental Resolution. If the District fails to identify another qualified securities depository to replace the Securities Depository, then the Issue of 1993 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 certificates shall designate, in accordance with the provisions of Article II of the Master Resolution and, with respect to the Issue of 1993 Paired Obligation Bonds, the provisions of the Trust Agreement.

SECTION 2.11. Payments and Notices to the Nominee. Notwithstanding any other provision of this Fourth Supplemental Resolution to the contrary, so long as any Issue of 1993 Bond is registered in the name of the Nominee, all payments with respect to principal and Accreted Value of and interest on such Issue of 1993 Bond and all notices with respect to such Issue of 1993 Bond shall be made and given, respectively, as provided in the respective Representation Letter or as otherwise instructed by the Securities Depository.

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

ARTICLE III

SALE OF ISSUE OF 1993 BONDS; APPLICATION; FUNDS; COVENANTS

SECTION 3.01. Application of the Proceeds of the Issue of 1993 Bonds. The proceeds of the sale of the Issue of 1993 Bonds and such other moneys as are available and necessary to accomplish the purposes of this Fourth Supplemental Resolution shall be deposited with the Treasurer and shall be held in trust and, unless otherwise specified in a certificate of an Authorized Representative, 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 the Issue of 1993 Bonds (other than those Issue of 1993 Bonds which are 1986 Crossover Refunding Bonds or 1991 Crossover Refunding Bonds) to the date of delivery thereof.

(b) If any of the Bonds are 1986 Crossover Refunding Bonds, the Treasurer shall deposit in the 1986 Crossover Account of the 1986 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1986 Crossover Escrow Requirements when due, as set forth in the Escrow Instructions.

(c) If any of the Bonds are 1991 Crossover Refunding Bonds, the Treasurer shall deposit in the 1991 Crossover Account of the 1991 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1991 Crossover Escrow Requirements when due, as set forth in the Escrow Instructions.

(d) If any of the Bonds are 1986 Defeasance Refunding Bonds, the Treasurer shall deposit in the 1986 Defeasance Account of the 1986 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1986 Defeasance Escrow Requirements when due, as set forth in the Escrow Instructions.

(e) If any of the Bonds are 1991 Defeasance Refunding Bonds, the Treasurer shall deposit in the 1991 Defeasance Account of the 1991 Escrow Fund an amount which, together with other amounts transferred to such account, will be sufficient to satisfy the 1991 Defeasance Escrow Requirements when due, as set forth in the Escrow Instructions.

(f) The remaining proceeds shall be deposited in the Costs of Issuance Fund.

SECTION 3.02. Establishment and Application of Costs of Issuance Fund.

(A) The District shall establish, and the Treasurer shall maintain and hold in trust a separate fund designated as the "Water Refunding Revenue Bonds, Issue of 1993 Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Treasurer to pay Costs of Issuance. The Treasurer shall hold moneys in the Costs of Issuance Fund

uninvested until expended unless directed otherwise by a certificate of an Authorized Representative.

(B) The Treasurer shall keep a record of all payments from the 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 Costs of Issuance Fund.

(A) Establishment of Escrow Funds. There is hereby established a special trust fund to be designated as the "Water Refunding Revenue Bonds, Issue of 1993, 1986 Escrow Fund," which shall consist of a 1986 Crossover Account and a 1986 Defeasance Account. There is hereby established a special trust fund to be designated as the "Water Refunding Revenue Bonds, Issue of 1993, 1991 Escrow Fund," which shall consist of a 1991 Crossover Account and a 1991 Defeasance Account. The 1986 Escrow Fund and the 1991 Escrow Fund shall be held by the Escrow Agent pursuant to the Escrow Instructions. Moneys in the 1986 Escrow Fund and the 1991 Escrow Fund shall be applied solely as provided in the Escrow Instructions.

(B) Establishment of Escrow Instructions and Appointment of Escrow Agent. An Authorized Representative is hereby authorized and directed to execute and deliver the Escrow Instructions, and to select and appoint the Escrow Agent. The Escrow Agent may be any bank or trust company within or without the State of California, or both within and without said State. The selection and appointment of the Escrow Agent shall be subject to such terms and conditions, and the Escrow Instructions shall contain such terms, conditions and provisions, as such Authorized Representative, acting in his or her sole discretion, shall deem to be in the best interests of the District in providing for the refunding of all or a portion of the 1986 Bonds and/or the 1991 Bonds.

The Escrow Instructions shall specify whether all or only a part of the 1986 Bonds and/or the 1991 Bonds are to be refunded, and if only a part of the 1986 Bonds and/or the 1991 Bonds are to be refunded, the Escrow Instructions shall specify which of the 1986 Bonds and/or the 1991 Bonds are to be refunded. The 1986 Bonds which are specified by the Escrow Instructions as the 1986 Bonds to be refunded are referred to herein as the "1986 Refunded Bonds," and the 1991 Bonds which are specified by the Escrow Instructions as the 1991 Bonds to be refunded are referred to herein as the "1991 Refunded Bonds." The Escrow Instructions

shall further specify which of the 1986 Refunded Bonds shall be 1986 Crossover Refunded Bonds, if any, and which shall be 1986 Defeasance Refunded Bonds, if any. The Escrow Instructions shall further specify which of the 1991 Refunded Bonds shall be 1991 Crossover Refunded Bonds, if any, and which shall be 1991 Defeasance Refunded Bonds, if any. If any of the Refunded Bonds are designated as 1986 Crossover Refunded Bonds or 1991 Crossover Refunded Bonds, the Escrow Instructions shall specify the 1986 Crossover Date and/or the 1991 Crossover Date, as applicable, and shall specify which of the Issue of 1993 Bonds shall be designated as 1986 Crossover Refunding Bonds and 1991 Crossover Refunding Bonds.

The Escrow Instructions may provide that upon receipt of certificate from an Authorized Representative directing the Escrow Agent to do so, the Escrow Agent may substitute other Federal Securities for those initially purchased for the 1986 Escrow Fund and/or the 1991 Escrow Fund only if (i) a nationally recognized firm of independent certified public accountants shall certify that the Federal Securities to be substituted, together with the Federal Securities and uninvested amounts which will continue to be held in such funds will mature at such times and in such amounts to satisfy the applicable escrow requirements when due, and (ii) the District shall have received an Opinion of Bond Counsel to the effect that the sale, transfer, redemption or other disposition and substitution of such Federal Securities does not cause interest on either the Refunded Bonds or the Issue of 1993 Bonds to be included in gross income for purposes of federal income taxation under relevant provisions of the Code.

(C) Defeasance Method. An Authorized Representative may direct that the Escrow Instructions provide for the refunding of all or any portion of the 1986 Bonds and/or the 1991 Bonds, as such Authorized Representative shall, in his or her sole discretion, deem to be the best interests of the District, by depositing in the 1986 Defeasance Account of the 1986 Escrow Fund (or, in the case of refunding 1991 Bonds, the 1991 Defeasance Account of the 1991 Escrow Fund) that amount of moneys necessary to purchase Federal Securities, the principal of and the interest on which when due will provide moneys which will be sufficient to pay when due the 1986 Defeasance Escrow Requirements (or, in the case of refunding 1991 Bonds, the 1991 Defeasance Escrow Requirements). The method for refunding 1986 Bonds and 1991 Bonds described in this Section 3.03(C) is referred to herein as the "Defeasance Method."

(D) Crossover Method. An Authorized Representative may direct that the Escrow Instructions provide for the refunding of all or any portion of the 1986 Bonds and/or the 1991 Bonds, as such Authorized Representative shall, in his or her sole discretion, deem to be the best interests of the District, by

depositing in the 1986 Crossover Account of the 1986 Escrow Fund (or, in the case of refunding 1991 Bonds, the 1991 Crossover Account of the 1991 Escrow Fund) that amount of moneys necessary to purchase Federal Securities, the principal of and the interest on which when due will provide moneys which will be sufficient to pay when due the 1986 Crossover Escrow Requirements (or, in the case of refunding 1991 Bonds, the 1991 Crossover Escrow Requirements). The method for refunding 1986 Bonds and 1991 Bonds described in this Section 3.03(D) is referred to herein as the "Crossover Method."

If an Authorized Representative deems it to be in the best interests of the District, in his or her sole discretion, to effect the refunding of all or a portion of the Refunded Bonds using the Crossover Method, such Authorized Representative shall direct that the Escrow Instructions set forth any conditions to the occurrence of the crossover that such Authorized Representative shall deem necessary or appropriate, in his or her sole discretion, in connection with the issuance of 1986 Crossover Refunding Bonds or 1991 Crossover Refunding Bonds, if any shall be issued. Such conditions are herein referred to as the "Crossover Conditions." The Escrow Instructions shall provide that if the Crossover Conditions have not been timely satisfied on or before the 1986 Crossover Date, the 1986 Crossover Refunding Bonds shall be redeemed in whole or in par on the 1986 Crossover Date from any and all amounts available in the 1986 Crossover Account of the 1986 Escrow Fund in accordance with the Escrow Instructions. The Escrow Instructions shall provide that if the Crossover Conditions have not been timely satisfied on or before the 1991 Crossover Date, the 1991 Crossover Refunding Bonds shall be redeemed in whole at par on the 1991 Crossover Date from any and all amounts available in the 1991 Crossover Account of the 1991 Escrow Fund in accordance with the Escrow Instructions.

SECTION 3.04. Tax Covenants. In order to maintain the exclusion from gross income of the interest on the Issue of 1993 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, the Tax and Nonarbitrage 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 Fourth 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 Issue of 1993 Bonds shall be entitled to exercise any right or remedy provided to the Owners under the Master

Resolution or this Fourth Supplemental Resolution on the basis of the District's failure to observe, or refusal to comply with, such covenant.

ARTICLE IV

FISCAL AGENT AND PAYING AGENT

SECTION 4.01. Fiscal Agent and Paying Agent. The Treasurer is hereby appointed as Fiscal Agent with respect to the Issue of 1993 Bonds. In addition, with respect to the Issue of 1993 Paired Obligation Bonds, if any, an Authorized Representative shall appoint a Paying Agent, which shall have such duties and obligations as shall be set forth in the Trust Agreement.

ARTICLE V

APPROVAL OF BOND PURCHASE CONTRACT AND TRUST AGREEMENT

SECTION 5.01. Approval of Bond Purchase Contract and Trust Agreement. The Chairman of the Board, or in the event of a vacancy, the Acting Chairman of the Board, the Chairman of the Finance and Insurance Committee of the Board, or in the event of a vacancy, the Acting Chairman of the Finance and Insurance Committee of the Board, and the General Manager, or his designee, acting jointly, are hereby constituted an ad hoc committee (the "Ad Hoc Committee"). The Ad Hoc Committee is authorized and directed to negotiate on behalf of the District the terms and conditions of the Issue of 1993 Bonds and the terms and conditions of the sale of the Issue of 1993 Bonds, and to negotiate the sale of the Issue of 1993 Bonds at private sale to one or more purchasers without the necessity of public or competitive bidding. The Ad Hoc Committee is hereby empowered to establish on behalf of the District such terms and conditions of the Issue of 1993 Bonds, and of the sale of the Issue of 1993 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 Fourth Supplemental Resolution, and shall be so empowered solely to implement the fundamental policies established by this Fourth Supplemental Resolution in a manner that is most advantageous to the District. Such terms and conditions of the Issue of 1993 Bonds and of their sale shall be set forth in the Bond Purchase Contract and, with respect to the Issue of 1993 Paired Obligation Bonds, if any, in the Trust Agreement. Such terms and conditions as so set forth, together with the other terms and conditions of the Issue of 1993 Bonds set forth in this Fourth Supplemental Resolution, shall, upon

execution and delivery of the Bond Purchase Contract 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 the Issue of 1993 Bonds, as if all such terms and conditions were fully set forth in this Fourth Supplemental Resolution.

The provisions of the Bond Purchase Contract and Trust Agreement, as appropriate, pertaining to the terms of the Issue of 1993 Bonds are hereby incorporated by reference into this Fourth Supplemental Resolution with the same force and effect as if set forth herein.

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 Issue of 1993 Bonds may be sold pursuant to the Bond Purchase Contract at a discount not to exceed three percent (3%) (excluding original issue discount, if any).

The Ad Hoc Committee shall file a report concerning its actions pursuant to this Fourth Supplemental Resolution with the Board along with a copy of the Bond Purchase Contract and Trust Agreement, if any. The Executive Secretary of the District shall maintain true and correct copies of such documents in the files of the District.

SECTION 5.02. Further Action. The Chairman of the Board, the General Manager and Director of Finance of the District be and each of them is hereby authorized, empowered and directed to execute such other documents 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 Fourth Supplemental Resolution.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Issue of 1993 Bonds Subject to the Master Resolution. Except as expressly provided in this Fourth Supplemental Resolution, every term and condition contained in the Master Resolution shall apply to this Fourth Supplemental Resolution and to the Issue of 1993 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 Fourth Supplemental Resolution. The Master Resolution, as amended and supplemented

by this Fourth Supplemental Resolution, is in all respects ratified and approved.

SECTION 6.02. Severability of Invalid Provisions. If any one or more of the provisions contained in this Fourth Supplemental Resolution or in the Issue of 1993 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 Fourth Supplemental Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Fourth Supplemental Resolution, and this Fourth Supplemental Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Fourth Supplemental Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Issue of 1993 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Fourth Supplemental Resolution may be held illegal, invalid or unenforceable.

SECTION 6.03. 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 Fourth Supplemental Resolution.

All references herein to "Article," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Fourth Supplemental Resolution; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Fourth 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 6.04. Governing Law. This Fourth 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 a two-thirds (2/3) vote of the total vote of the Board of Directors of The Metropolitan Water District of Southern California at its regular meeting held on _____, 1993.

_____
Executive Secretary
The Metropolitan Water District
of Southern California

EXHIBIT A-1

FORM OF ISSUE OF 1993 CURRENT INTEREST BOND

UNITED STATES OF AMERICA

No. _____ **$** _____

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA
WATER REFUNDING REVENUE BOND, ISSUE OF 1993

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE CUSIP#

REGISTERED OWNER:

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 Issue of 1993 Bond is authenticated during the period after a record date but on or before the next interest payment date, in which event this Issue of 1993 Bond shall bear interest from that interest payment date, or unless this Issue of 1993 Bond is authenticated prior to the first record date, in which event this Issue of 1993 Bond shall bear interest from _____ 1, 199__, 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 January 1 and July 1 of each year, commencing _____ 1, 199__ 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 Issue of 1993 Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this Issue of 1993 Bond at the corporate office of the Treasurer of the District. Interest on this Issue of 1993 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 Issue of 1993 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 account address. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice.

This Issue of 1993 Bond is one of a duly authorized issue of "The Metropolitan Water District of Southern California Water Refunding Revenue Bonds, Issue of 1993" (the "Issue of 1993 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 heretofore amended and supplemented, the "Master Resolution") and Resolution _____ of the District adopted on _____, 1993 (the "Fourth Supplemental Resolution"; the Master Resolution as supplemented by the Fourth Supplemental Resolution is referred to herein as the "Resolution"). Reference is hereby made to the Master Resolution, the Fourth Supplemental Resolution and to the Act for a description of the terms on which the Issue of 1993 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 here in and constitute a contract between the District and the registered owner from time to time of this Issue of 1993 Bond, and by acceptance hereof the registered holder of this Issue of 1993 Bond assents to said terms and conditions. The Resolution is adopted under, and this Issue of 1993 Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

This Issue of 1993 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 Issue of 1993 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 Issue of 1993 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 the Issue of 1993 Bonds or any interest hereon. The Issue of 1993 Bonds are payable as to both principal and interest exclusively from the Net Operating Revenues and other funds pledged under the Master Resolution and the Fourth Supplemental Resolution.

The Issue of 1993 Bonds are payable as to both principal and interest exclusively from the Net Operating Revenues and other funds pledged under the Master Resolution and the Fourth Supplemental Resolution.

This Issue of 1993 Bond is one of the Issue of 1992 Current Interest Bonds described in the Resolution.

[Redemption provisions to be inserted]

This Issue of 1993 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 duly authorized attorney, upon surrender of this Issue of 1993 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any Issue of 1993 Bond is surrendered for transfer, the District shall execute and the Fiscal Agent shall authenticate and deliver a new Issue of 1993 Bond or Bonds, of the same tenor and maturity and for a like aggregate principal amount. This Issue of 1993 Bond may be exchanged without charge at the office of the Fiscal Agent in Los Angeles, California for Issue of 1993 Bonds of authorized denominations having the same aggregate principal amount, tenor and maturity. The Fiscal Agent need not transfer registration or exchange any Issue of 1993 Bond later than 15 days prior to the date of selection of Issue of 1993 Bonds for redemption or any portion thereof for redemption. The Fiscal Agent may require the holder of any Issue of 1993 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 Issue of 1993 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 Issue of 1993 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, without the consent of the owner hereof, or (b) reduce the percent of Issue of 1993 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 or on a parity with the lien created by the Resolution, or deprive the holders of the Issue of 1993 Bonds of the lien created by the Resolution on such Net Operating Revenues and other assets, without the consent of the holders of all of the Issue of 1993 Bonds then outstanding.

This Issue of 1993 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 Issue of 1993 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 Issue of 1993 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 Issue of 1993 Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the District has caused this Issue of 1993 Bond to be signed by the Chairman of the Board of Directors and the Controller of the District by their facsimile signatures, and sealed with the facsimile 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

COUNTERSIGNED

_____

Secretary of the Board of

Directors,

The Metropolitan Water District
of Southern California

_____

Controller of The
Metropolitan Water District
of Southern California

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Issue of 1993 Bond is one of the Issue of 1993 Bonds delivered pursuant to the within mentioned Master Resolution and Fourth 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 Issue of 1993 Bond and in the assignment below, shall be construed is though they wore written out in full according to applicable laws or regulations.

TEN COM: is tenants in common

TEN ENT: is tenants by the entireties

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

UNIF GIFT MIN ACT _____ (Cust) Custodian _____ (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 Issue of 1993 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: _____

_____

Note: The signature(s) to this Assignment must correspond with the name(s) is written on the face of the within Issue of 1993 Bond in every particular, without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

_____

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

EXHIBIT A-2

FORM OF ISSUE OF 1993 CAPITAL APPRECIATION BOND

UNITED STATES OF AMERICA

No. _____ **$** _____

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA
WATER REFUNDING REVENUE BOND, ISSUE OF 1993

YIELD TO MATURITY: MATURITY DATE:

ORIGINAL ISSUE DATE: CUSIP #:

REGISTERED OWNER:

INITIAL AMOUNT:

FINAL COMPOUNDED AMOUNT:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, FOR VALUE RECEIVED, 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 Issue Date above, shall be compounded on _____ 1, 199__ and semiannually thereafter on January 1 and July 1 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 Fourth Supplemental Resolution (as hereinafter defined). The Final Compounded Amount of this Issue of 1993 Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this Issue of 1993 Bond at the corporate office of the Treasurer of the District, as fiscal agent (the "Fiscal Agent").

This Issue of 1993 Bond is one of a duly authorized issue of "The Metropolitan Water District of Southern California Water Refunding Revenue Bonds, Issue of 1993" (the "Issue of 1993 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 heretofore amended and supplemented, the "Master Resolution") and Resolution _____ of the District adopted on _____, 1993 (the "Fourth Supplemental Resolution"; the Master Resolution as supplemented by the Fourth Supplemental Resolution is referred to herein as the "Resolution"). Reference is hereby made to the Master Resolution, the Fourth Supplemental Resolution and to the Act for a description of the terms on which the Issue of 1993 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 here in and constitute a contract between the District and the registered owner from time to time of this Issue of 1993 Bond, and by acceptance hereof the registered holder of this Issue of 1993 Bond assents to said terms and conditions. The Resolution is adopted under, and this Issue of 1993 Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

This Issue of 1993 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 and Accreted Value of, premium (if any), and interest on this Issue of 1993 Bond is not 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 Issue of 1993 Bonds or their interest, nor is the credit or taxing power of the District or the forfeiture of any of its property for the payment of this Issue of 1993 Bond or any interest hereon.

The Issue of 1993 Bonds are payable as to principal, Accreted Value and interest exclusively from the Net Operating Revenues and other funds pledged under the Master Resolution and the Fourth Supplemental Resolution.

This Issue of 1993 Bonds is one of the Issue of 1993 Capital Appreciation Bonds described in the Resolution.

[Redemption provisions to be inserted]

This Issue of 1993 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 duly authorized attorney, upon surrender of this Issue of 1993 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any Issue of 1993 Bond is surrendered for transfer, the District shall execute and the Fiscal Agent shall authenticate and deliver a new Issue of 1993 Bond or Bonds, of the same tenor and maturity and for a like Final Compounded Amount. This Issue of 1993 Bond may be exchanged without charge at the office of the Fiscal Agent in Los Angeles, California for Issue of 1993 Bonds of authorized denominations having the same Final Compounded Amount, tenor and maturity. The Fiscal Agent need not transfer registration or exchange any Issue of 1993 Bond later than 15 days prior to the date of selection of Issue of 1993 Bonds for redemption or any portion thereof for redemption. The Fiscal Agent may require the holder of any Issue of 1993 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 Issue of 1993 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 Issue of 1993 Bond, or reduce the amount of 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, without the consent of the owner hereof, or (b) reduce the percent of Issue of 1993 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 or on a parity with the lien created by the Resolution, or deprive the holders of the Issue of 1993 Bonds of the lien created by the Resolution on such Net Operating Revenues and other assets, without the consent of the holders of all of the Issue of 1993 Bonds then outstanding.

This Issue of 1993 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 Issue of 1993 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 Issue of 1993 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 Issue of 1993 Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the District has caused this Issue of 1993 Bond to be signed by the Chairman of the Board of Directors and the Controller of the District by their facsimile signatures, and sealed with the facsimile 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

COUNTERSIGNED

_____

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

_____

Controller of The Metropolitan Water District of Southern California

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Issue of 1993 Bond is one of the Issue of 1993 Bonds delivered pursuant to the within mentioned Master Resolution and Fourth 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 Issue of 1993 Bond and in the assignment below, shall be construed is though they wore written out in full according to applicable laws or regulations.

TEN COM: is tenants in common

TEN ENT: is tenants by the entireties

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

UNIF GIFT MIN ACT _____ (Cust) Custodian _____ (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 Issue of 1993 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: _____

_____

Note: The signature(s) to this Assignment must correspond with the name(s) is written on the face of the within Issue of 1993 Bond in every particular, without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

_____

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