

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

**RESOLUTION 8420**

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**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN  
WATER DISTRICT OF SOUTHERN CALIFORNIA TO PROVIDE FOR THE  
ISSUANCE OF UP TO \$50,000,000 WATERWORKS BONDS, ELECTION  
1966, SERIES H**

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**(ADOPTED September 21, 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  
UP TO \$50,000,000 WATERWORKS BONDS,  
ELECTION 1966, SERIES H

(Adopted \_\_\_\_\_, 1993)

WHEREAS, pursuant to the Metropolitan Water District Act, California Stats. 1927, Ch. 429, as such act was in effect on June 7, 1966 (the "1927 Act"), and Ordinance No. 105 ("Ordinance No. 105") of The Metropolitan Water District of Southern California (the "District"), a special election was duly and regularly held in the District on the 7th day of June, 1966, at which election there was submitted to the qualified voters of the District the following bond proposition ("Proposition W"):

METROPOLITAN WATER DISTRICT BOND PROPOSITION:

Shall The Metropolitan Water District of Southern California incur a bonded indebtedness in the principal sum of \$850,000,000 for the purpose of acquisition and construction by said District of public improvements and works of the District for supplying the inhabitants of such District with water, including facilities for the acquisition and production of water, facilities for the treatment, storage, transportation and distribution of such water and of water to be received from the State Water Project and from any other source, and the acquisition of lands, rights of way, machinery, equipment and other property and works necessary or convenient therefor, and the payment of funds to the State of California (pursuant to the District's contract with the State for a water supply) to acquire additional capacity in the project transportation facilities of the State Water Project?

; and

WHEREAS, Ordinance No. 105 provided that "the maximum rate of interest to be paid on such bonded indebtedness shall not exceed 6% per annum, payable semiannually, the actual rate or rates of interest on said bonds to be determined at or prior to the time of the sale or sales thereof"; and

WHEREAS, Proposition W received the affirmative vote and assent of more than a majority of all of the qualified electors of the District voting on such proposition; and

WHEREAS, it was provided by Resolution 6954 of the Board of Directors of the District that the bonds of the District so

authorized at the special election should be issued from time to time as money is needed for the objects and purposes set forth in Proposition W, and that the bonds should be designated The Metropolitan Water District of Southern California, Waterworks Bonds, Election 1966; and

WHEREAS, pursuant to Section 53541 of the Government Code of the State of California (the "Government Code"), first enacted by the State of California in 1969 by Ch. 600, Stats. 1969, and most recently amended by Ch. 943, Stats. 1978, the Board of Directors of the District (the "Board") is authorized, without a further vote of the District's electors, to provide for the issuance of general obligation bonds of the District subject to all of the following conditions as set forth in the Government Code:

(a) The principal amount of such bonds does not exceed the then unissued balance of the principal amount of bonds of the same type authorized at an election heretofore held in the local agency, or in such zone or improvement district.

(b) The bonds are issued for the same purpose as that for which the unissued bonds were authorized.

(c) The bonds are issued in accordance with the laws governing the issuance of bonds of the local agency, except for the requirement of a bond election.

Bonds issued pursuant to this section may bear interest at a rate or rates not to exceed 12 percent per year. When bonds are issued pursuant to this section, unissued bonds as referred to in subdivisions (a) and (b) in a principal amount at least equal to the principal amount of the bonds issued pursuant to this section, shall be cancelled by order of the legislative body and shall not be issued

; and

WHEREAS, the California Court of Appeal, in Metropolitan Water District of Southern California V. Karen E. Dorff, 138 Cal. App. 3d 388 (1982), held that the bonds described in Ordinance No. 105 could, pursuant to Resolution 7906 of the Board of Directors of the District, be issued at an interest rate not exceeding 12 percent per annum; and

WHEREAS, of the \$850,000,000 principal amount of Waterworks Bonds, Election 1966 authorized at the special election, the District has issued the following series and amounts:

<u>Reso- lution</u>	<u>Adoption Date</u>	<u>Series</u>	<u>Amount</u>
6954	May 9, 1967	A	\$100,000,000
7068	May 14, 1968	B	85,000,000
7254	April 27, 1970	C	100,000,000
7303	December 8, 1970	D	100,000,000
7391	February 8, 1972	E	100,000,000
8052	March 12, 1985	F	100,000,000
8230	June 15, 1989	G	215,000,000

; and

WHEREAS, pursuant to Chapter 5 of Part 5 of the Act and Article 9 and Article 11 of Chapter 3, Part 1, Division 2, Title 5 of the Government Code, the Board is empowered to 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 on December 7, 1976 duly adopted Resolution 7690 providing for the issuance of \$90,500,000 in aggregate principal amount of refunding bonds (the "1976 Refunding Bonds"), of which the entire principal amount was thereafter sold, issued and delivered to provide for the refunding of \$90,500,000 aggregate principal amount of Series C Waterworks Bonds, Election 1966; and

WHEREAS, 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 refunding bonds with respect to which \$96,470,000 in refunding bonds (the "1986 Refunding Bonds") were thereafter sold, issued and delivered to provide for the refunding of \$81,220,000 aggregate principal amount of Series F Waterworks Bonds, Election 1966; and

WHEREAS, the Board on January 12, 1993 duly adopted Resolution 8386 providing for the issuance of refunding bonds for the purpose of refunding all or a portion of the Waterworks Bonds, Election 1966 with respect to which (i) \$279,735,000 in refunding bonds were thereafter sold, issued and delivered to provide for the refunding of (a) \$136,940,000 aggregate principal amount of Series G Waterworks Bonds, Election 1966, (b) \$12,075,000 aggregate principal amount of Series D Waterworks Bonds, Election 1966, (c) \$42,000,000 aggregate principal amount of 1976 Refunding Bonds, and (d) \$86,705,000 aggregate principal amount of 1986 Refunding Bonds, and (ii) \$78,290,000 in refunding bonds were thereafter sold, issued and delivered to providing for the refunding of \$75,000,000 aggregate principal amount of Series D Waterworks Bonds, Election 1966; and

WHEREAS, pursuant to Article 8, Chapter 3, Part 1, Division 2, Title 5 of the Government Code, the Board is authorized, without a further vote of the District's electors, to

issue general obligation bonds provided that the principal amount of the bonds does not exceed the then unissued balance of principal amount of bonds authorized by the electors of the local district, the bonds are issued for the same purpose for which the unissued bonds were authorized, and the bonds are issued in accordance with the laws governing the issuance; and

WHEREAS, all provisions of the 1927 Act, the Metropolitan Water District Act, California Stats. 1969, Ch. 209, as amended, and Ordinance 105 have been fully complied with, and the District is now authorized to issue and sell bonds up to the amount and for the purposes set forth in Proposition W; and

WHEREAS, the Board has determined that prudent management of the fiscal affairs of the District requires that it authorize the issuance of 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, AS SERIES H, UP TO \$50,000,000 WATERWORKS BONDS, ELECTION 1966; 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 Article 8, 9 and 11 of Chapter 3, Part 1, Division 2, Title 5 (commencing with Sections 53540, 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 Representative" means each of the General Manager of the District and the Director of Finance of the District 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.

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



"Bonds" means, collectively, the Series H Bonds, the 1966 Bonds and any bonds issued to refund such 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 Series H 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 such Series H Bonds, and any other cost, charge or fee in connection with the issuance and delivery of such Series H Bonds.

"Costs of Issuance Fund" means, with respect to the Series H Bonds, the Series H Waterworks Bonds, Election 1966 Costs of Issuance Fund established for pursuant to Section 3.05 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 Series H Bonds during the time, if any, that the Series H Bonds are not in book-entry form pursuant to Article V.

"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.

"Excess Earnings Fund" means, with respect to the Series H Bonds, the Series H Waterworks Bonds, Election 1966, Excess Earnings Fund established pursuant to Section 3.06 hereof.

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

"Interest and Principal Fund" means the "Waterworks Bonds, Election 1966, Interest and Principal Fund," established by Resolution 6954 of the District.

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

"Mandatory Term Bond Redemption Schedule" means the schedule to be set forth in the Sales Documents 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 Series H Bonds pursuant to the Sales Documents.

"1966 Bonds" means, collectively, all outstanding Bonds of any Series designated by the District "The Metropolitan Water District of Southern California, Waterworks Bonds, Election 1966," except the Series H Bonds.

"1927 Act" means The Metropolitan Water District Act, California Stats. 1927, Ch. 429, as such act was in effect on June 7, 1966.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5.01.

"Optional Call and Redemption Schedule" means the schedule to be set forth in the Sales Documents depicting the prices at which Series H 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 Series H Bonds shall mean all the Series H Bonds theretofore issued and delivered by the District under this Resolution except:

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

(b) Series H 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 Series H Bonds), provided that, if such Series H 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) Series H Bonds which may have been lost, stolen, mutilated, destroyed or cancelled and for which other Series H Bonds shall have been issued and delivered by the District in lieu thereof or in substitution therefor 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 Series H Bonds as securities depository.

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

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

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

"Representation Letter" means each representation letter from the District to the Depository, described in Section 5.02.

"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.

"Sales Documents" means the notice of sale, bid form and other documents providing for the sale of the Series H Bonds by the District to the Underwriters as authorized pursuant to Section 7.01.

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

"Series H Bonds" has the meaning ascribed thereto in Section 1.02 hereof.

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

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

"Treasurer" means the Treasurer of the District.

"Underwriters" means the successful bidder for the Series H Bonds.

**Section 1.02. Determination to Issue Series H Bonds.** In accordance with the Act, the Board hereby authorizes the issuance of bonds to be designated as "The Metropolitan Water District of Southern California, Waterworks Bonds, Election 1966, Series H" (the "Series H Bonds"). Upon issuance of the Series H Bonds, an amount of bonds authorized by Proposition W in a principal amount

equal to the Serial H Bonds issued hereby shall be cancelled and shall not be issued. Series H Bonds shall be issued in an amount to be established by the Sales Documents with respect to such Series H Bonds, 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 aggregate principal amount of Bonds issued following the issuance of such Series H Bonds.

**Section 1.03. Description of Series H Bonds.** The Series H Bonds shall be issued and sold for the objects and purposes set forth in Ordinance No. 105 referred to in the recitals hereof. The Series H 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 Sales Documents.

The Series H Bonds shall be dated as shall be provided in the Sales Documents, and shall be payable as shall be provided in such Sales Documents in each year of maturity in the amounts to be specified in such Sales Documents.

**Section 1.04. Interest, Medium and Place of Payment of Series H Bonds.** The Series H Bonds shall bear interest at a rate or rates to be established by the bid of the Underwriters and payable at such times as shall be established in the Sales Documents. Each Series H 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 Series H Bond or part thereof funds are available for the payment or redemption of such Series H Bond or part thereof, in full accordance with the terms of this Resolution, said Series H Bond or part thereof, as the case may be, shall then cease to bear interest. Each Series H 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 Series H Bond, unless (i) the Series H 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 Series H Bond, in which event it shall bear interest from its dated date, or (iii) the Series H 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 Series H Bonds shall be payable in lawful money of the United States of America. Interest on the Series H 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 Series H Bonds is payable at the location designated by the Nominee with respect to such Series H Bonds, or,

at any time such Series H 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 Series H 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 Series H 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 Series H 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 Series H Bonds. In case any officer whose signature or countersignature appears on the Series H Bonds (including Exchange Bonds) shall cease to be such officer before the delivery of the Series H 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 Series H 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, Series H Bonds to be issued and delivered for the purpose of effecting transfers and exchanges of Series H 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 Series H 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 Series H Bonds; provided that any Exchange Bonds registered and delivered by the Registrar shall bear the same interest rate and maturity as Series H 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 Series H Bonds submitted for transfer or exchange, and of like 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 Series H Bond shall be made by exchanging the same for a new Series H Bond or Series H 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 Series H 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 Series H Bonds shall be delivered to the person, firm, corporation or syndicate established by the Sales Documents and shall be registered in the name of the Nominee, or otherwise as may be designated pursuant to the Sales Documents.

The Treasurer shall keep at his office in Los Angeles, California, proper bond registration books to indicate registration, exchange and transfer of the Series H 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 Series H Bond selected for redemption in whole or in part, except the unredeemed portion of Series H Bonds being redeemed in part. Upon surrender of any Series H 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 Series H Bond or Series H Bonds (which may be an Exchange Bond or Exchange Bonds pursuant to Section 1.05) of the same designation, maturity and interest rate and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series H Bond surrendered. The Registrar shall not be required to register the transfer of or exchange any Series H Bond from the period 15 days prior to the date Series H 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 Sales Documents, the Series H Bonds shall not be subject to call and redemption prior to maturity.

(A) **Optional Redemption.** The Series H Bonds shall, to the extent, if any, set forth in the Sales Documents and on such dates and at such prices as may be set forth therein, be subject to redemption prior to the 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 Sales Documents. 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. Unless otherwise specified in the Sales Documents, 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 issued, shall be called and redeemed prior to maturity on such date as may be specified in each year by the Sales Documents 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 Sales Documents.

**Section 2.02. Notice of Redemption.** Unless otherwise specified in the Sales Documents, 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 Series H 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 Series H 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 Series H Bonds need not be stated;

(d) require that the affected Series H 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 Series H Bonds are not then in book-entry form pursuant to Article V, then such Series H Bonds shall be surrendered at the office of one of the Current Official Banks; and (e) give notice that further interest on the Series H Bonds, or parts thereof, called for redemption shall cease to accrue after the designated redemption date.

The actual receipt by any Series H 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 Series H 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 such 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 Series H Bonds which the District has called for redemption.

Money so set aside and placed in either the Mandatory Redemption Fund or the Optional Redemption Fund shall be irrevocably allocated to the redemption of the Series H 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 Tax and 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 Series H 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 Series H 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 Series H Bonds called for redemption in accordance with the terms of the Series H Bonds and this Resolution.

Series H 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 such Series H Bonds are not in book-entry form pursuant to Article V, then at the offices of any of the Current Official Banks. If at the date of redemption the Series H 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 Series H 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 Redemption Fund:

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

(2) upon presentation and surrender thereof, such Series H 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 Series H Bonds, or parts thereof, designated for redemption shall be deemed to be no longer outstanding, and such Series H Bonds shall cease to bear further interest; and

(4) after the redemption date, no owner of any Series H 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 Series H Bond, to the issuance of a new Series H Bond in an amount equal to the portion left outstanding; all unpaid interest payable at or prior to the redemption date on the Series H Bonds, or parts thereof, designated for redemption shall continue to be payable to the owners of such Series H Bonds, but without interest thereon.

**Section 2.06. Purchase of Series H Bonds; Cancellation of Redeemed, Purchased or Exchanged Series H 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 Series H Bonds, provided such purchase does not violate any terms of this Resolution. Each Series H 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 Series H Bonds.** The proceeds of the sale of Series H Bonds, excepting premium, accrued interest and moneys deposited in the Costs of Issuance Fund pursuant to Section 3.05, shall be placed in the Construction Fund, and shall be applied exclusively to the objects and purposes mentioned in Ordinance No. 105 referred to in the recitals hereof; provided, that the interest on the Series H Bonds accruing during the construction period and for one year thereafter may be deemed to be a construction cost within the meaning of the objects and purposes mentioned in Ordinance No. 105, and such interest may be paid from the proceeds of the sale of the Series H Bonds. Premium, if any, and accrued interest on the Series H Bonds shall be placed in the Treasury of the District in the Interest and Principal Fund, to be applied to the payment of interest on and the retirement of the Series H Bonds. For the purposes of this Section, the construction period shall be deemed to end when the works, the construction of which shall have been authorized from the proceeds of the Series H Bonds, shall have been placed in operation to the extent as to result in the sale and delivery in the District of water transported and provided by means of such works.

**Section 3.02. Tax Levy; Interest and Principal Fund.**

Subject to the provisions of the Act, if, from any cause, the income and revenues of the District shall be inadequate to pay the interest on or principal of any Series H Bonds as the same become due by maturity, redemption or otherwise, then the Board 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 Series H 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 Series H Bonds, a tax sufficient to pay the annual interest on the Series H Bonds and such part of the principal of such Series H 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 Tax and Nonarbitrage Certificate. Such moneys shall be used for no purpose other than the payment of the Series H Bonds and interest thereon.

**Section 3.03. Payment of Serial Bonds.** The principal of and interest on Serial Bonds, if any, shall be paid from the Interest and Principal Fund in the following manner: (i) at any time when any interest on such Serial Bonds becomes due, there shall be paid from the Interest and Principal Fund such sums as shall be sufficient to meet all amounts due for interest on such Serial Bonds, and (ii) a reasonable time prior to the time when any principal of such 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 such 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.

**Section 3.04. Payment of Term Bonds.** The principal of and interest on Term Bonds, if any, shall be paid from the Interest and Principal Fund in the following manner: (i) at any time when any interest on such Term Bonds becomes due, there shall be paid from the Interest and Principal Fund such sums as shall be sufficient to meet all amounts due for interest on such Term Bonds, and (ii) 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 Schedule. The sums so 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 the then outstanding Term Bonds at a purchase price for any such Term 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).

**Section 3.05. 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 with respect to the Series H Bonds, which shall be designated as the "Waterworks General Obligation Series H Bonds Costs of Issuance Fund" and shall bear such additional designation as shall be ascribed thereto by an Authorized Representative. The moneys in such Costs of Issuance Fund shall be used and withdrawn by the Treasurer to pay Costs of Issuance incurred in connection with the issuance of the Series H Bonds. The Treasurer shall hold moneys in such 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 3.06. Establishment and Application of Excess Earnings Funds.** To ensure proper compliance with the tax covenants contained in Section 3.07 hereof, the District shall establish and the Treasurer shall maintain a fund for the Series H Bonds issued hereunder, which fund shall be separate from any other fund or account established and maintained hereunder or under the Master Resolution and shall be designated as the "Waterworks General Obligation Series H Bonds Excess Earnings Fund" and shall bear such additional designation as shall be ascribed thereto by an Authorized Representative. All money at any time deposited in the Excess Earnings Fund with respect to the Series H Bonds in accordance with the provisions of the Tax and Nonarbitrage Certificate shall be held by the Treasurer for the account of the District in trust for payment to the federal government of the United States of America, and neither the District nor the Owner of any Series H Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in any such Excess Earnings Fund shall be governed by this Resolution and by the Tax

and Nonarbitrage Certificate. The Treasurer shall invest all amounts held in any such Excess Earnings Fund in accordance with the Tax and Nonarbitrage Certificate. Money shall not be transferred from the Excess Earnings Fund established for the Series H Bonds except in accordance with the Tax and Nonarbitrage Certificate.

**Section 3.07. Tax Covenant.** In order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Series H 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 Tax and Nonarbitrage Certificate, to be executed by the District upon issuance of the Series H Bonds, as such Tax and Nonarbitrage Certificate may be amended from time to time, as a source of guidance for compliance with such provisions.

#### **ARTICLE IV**

##### **FORM OF SERIES H BONDS**

**Section 4.01. Form of Series H Bonds.** Except as otherwise provided in the Sales Documents, each fully registered Series H Bond shall be substantially in the following form, with such insertions, variations, omissions and endorsements as may be necessary or required:

(FORM OF BOND)

Registered

Registered

[FORM OF FACE OF BOND]

STATE OF CALIFORNIA

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

WATERWORKS BONDS, ELECTION 1966, SERIES H

Number \_\_\_\_\_ \$ \_\_\_\_\_

SEE REVERSE SIDE FOR ADDITIONAL PROVISIONS	INTEREST RATE: _____ %	MATURITY DATE: _____ _____	DATED DATE: _____	CUSIP:
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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 \_\_\_\_\_ and \_\_\_\_\_ of each year beginning \_\_\_\_\_ 1, 19\_\_\_\_, 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 Bonds, Election 1966, Series H" (the "Bonds") all of which have been issued pursuant to the authorization of the electors of the District at a special election held on June 7, 1966, Resolution 6954 of the Board of Directors of the District, and the Metropolitan Water District Act (California Stats. 1969, Ch. 209, as amended), 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 electoral authorization, said resolution, said Act and Resolution \_\_\_\_\_ of the Board of Directors of the District authorizing the Bonds (the "Resolution"); and by reference in this Bond, said electoral authorization, said resolution, said Act 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

\_\_\_\_\_  
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:

\_\_\_\_\_  
\_\_\_\_\_

[FORM OF REVERSE OF BOND]

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:

<u>March 1 of</u>	<u>Principal</u> <u>Amount</u>
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[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 Sales Documents (as such term is defined in such Resolution), and such Resolution as supplemented by such Sales Documents 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 this 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 entirety

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

UNIF GIFT MIN ACT

\_\_\_\_\_  
(Cust) Custodian \_\_\_\_\_  
(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 Series H Bonds, but such numbers shall not be deemed a part of the Series H 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 Series H Bonds shall be initially issued in the form of a separate single fully registered Series H Bond (which may be typewritten) for each of the maturities of the Series H Bonds. Upon initial issuance, the ownership of each such Series H 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 Series H Bonds shall be registered in the registration books kept by the Registrar in the name of the Nominee.

With respect to Series H 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 Series H 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 Series H Bonds, (ii) the delivery to any Participant or any other person, other than a Series H Bond owner as shown in the registration books kept by the Registrar, of any notice with respect to the Series H Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series H Bonds to be redeemed in the event the District redeems the Series H Bonds in part, or (iv) the payment to any Participant or any other Person, other than a Series H 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 Series H Bonds. The District, the Treasurer and the Registrar may treat and consider the Person in whose name each Series H Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Series H Bond for the purpose of payment of principal, premium and interest with respect to such Series H Bond, for the purpose of giving notices of redemption and other matters with respect to such Series H Bond, for the purpose of registering transfers with

respect to such Series H Bond, and for all other purposes whatsoever.

The Treasurer shall pay all principal of, premium, if any, and interest on the Series H Bonds only to or upon the order of the respective Series H 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 Series H Bonds to the extent of the sum or sums so paid. No Person other than a Series H Bond owner, as shown in the registration books kept by the Registrar, shall receive a Series H 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 Series H 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 Series H 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 Series H Bonds (each, a "Representation Letter"). The execution and delivery of a 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 Series H 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 a 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 a Representation Letter, each Authorized Representative is hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Series H 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 Series H Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system for the Series H Bonds 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 Series H Bond for each of the maturities of the Series H 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 Series H 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 Series H Bonds transferring or exchanging Series H 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 Series H Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Series H Bond and all notices with respect to such Series H 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 Series H 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 Series H 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 Series H Bonds.

Prior to the time that Series H 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 Series H Bond Owners.** This Resolution, and the rights and obligations of the District and of the owners of the Series H 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 Series H Bonds, exclusive of Series H 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 Series H Bond affected, reduce the principal amount of any Series H 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 Series H 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 Series H 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 Series H 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 Series H Bonds. The Registrar shall not, however, be subject to any liability to any owners of Series H 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 Series H Bonds then outstanding, exclusive of Series H 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 Series H 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 Series H Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

## **ARTICLE VII**

### **APPROVAL OF SALES DOCUMENTS; APPROVAL OF OFFICIAL STATEMENT; MISCELLANEOUS**

**SECTION 7.01. Approval of Sales Documents.** 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 (i) determine, on behalf of the District, the aggregate principal amount, terms and conditions of Series H Bonds and the terms and conditions of the sale of any such Series H Bonds, and (ii) to deem the official statement relating to the Series H Bonds final within the meaning of 15c2-12 of the Securities Exchange Act of 1934, as amended. The Ad Hoc Committee is hereby empowered to establish, on behalf of the District, such aggregate principal amount, terms and conditions of Series H Bonds, and the terms and conditions for the competitive sale of any such Series H Bonds, 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 aggregate principal amount, terms and conditions of the Series H Bonds and the terms and condition of their sale shall be set forth in the Sales Documents with respect to Series H Bonds issued pursuant to the terms of this Resolution. Such terms and conditions as so set forth, together with the other terms and conditions of the Series H Bonds set forth in this Resolution, shall, upon acceptance of the bid of the Underwriters by the District, be all the terms and conditions of such Series H Bonds, as if all such terms and conditions were fully set forth in this Resolution.

The Ad Hoc Committee shall file a report concerning its actions pursuant to this Resolution with the Board along with a

copy of the Sales Documents. 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 Series H 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 such Series H Bonds and each to act as fiscal agent in connection with the presentation for payment in those respective cities of Series H Bonds during such time as such Series H Bonds are not in book-entry form. During such time as the Series H Bonds are in book-entry form pursuant to Article V, the Treasurer shall make all payments on the Series H Bonds.

All Series H 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 Series H Bonds which have been previously paid or cancelled.

The Treasurer shall retain custody of Series H 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 Series H Bonds. To expedite the registration, discharge and exchange of the Series H 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 Series H Bonds.** In the event that any Series H Bond is lost, stolen, destroyed or mutilated, the District will cause to be issued a new Series H 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 Series H 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 Series H Bonds hereunder or adopted subsequent to such issuance if permitted herein, shall constitute a contract between the District and the owners of the Series H Bonds and the provisions thereof shall be enforceable as herein provided for the equal benefit and protection of all owners of Series H Bonds similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding 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 Series H Bonds, this Resolution and any amendatory or supplemental resolutions thereto shall be irrevocable, 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.** The Series H Bonds or portion thereof 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 Series H 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 Series H Bond Owners.** Any request, consent or other instrument required by this Resolution to be signed and executed by owners of Series H 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 Series H Bonds shall be proved by the register of such Series H Bonds. If the Series H 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 Series H Bond shall bind every future owner of the same Series H 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 Series H Bonds have concurred in any demand, request, direction, consent or waiver under this Resolution, Series H Bonds which are owned by the District, or by any person directly or indirectly controlling or controlled by, or under direct 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 Series H Bonds; Temporary Series H Bonds.** If and when the Series H 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 Series H Bonds are not in book-entry form, the definitive Series H Bonds shall be lithographed or printed with steel engraved borders. Until the definitive Series H Bonds are prepared, the District may execute, in the same manner as is provided in Section 1.05, and deliver, in lieu of definitive Series H Bonds, but subject to the same provisions, limitations and conditions as the definitive Series H Bonds, one or more temporary Series H Bonds, substantially of the tenor of the definitive Series H Bonds in lieu of which such temporary Series H 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 Series H Bonds. The District at its own expense shall prepare and execute and, upon the surrender of such temporary Series H Bonds for exchange and the cancellation of such surrendered temporary Series H Bonds, without charge to the owner thereof, deliver in exchange thereof, at the office of the Treasurer, definitive Series H Bonds of the same aggregate principal amount and maturity as the temporary Series H Bonds surrendered. Until so exchanged, the temporary Series H Bonds shall in all respects be entitled to the same benefits and security as definitive Series H Bonds issued pursuant to this Resolution.

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

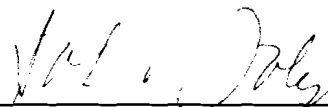
**Section 7.09. Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Resolution including, without limitation, Section 6.02 and any action taken thereunder, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid 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 valid and shall not be affected thereby, and this Resolution and the Series H Bonds issued pursuant hereto shall remain valid and the owners of the Series H 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 September 21, 1993.

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Executive Secretary  
The Metropolitan Water  
District of Southern  
California

I HEREBY CERTIFY, that the foregoing resolution was adopted by a two-thirds vote of the Board of Directors of The Metropolitan Water District of Southern California on September 21, 1993.

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