

- **Board of Directors**  
**Budget and Finance Committee**

May 17, 2000 Board Meeting

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9-2

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**Subject**

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Approval of the forms of Supplemental Resolutions to the Master Revenue Bond Resolution, authorizing the sale of water revenue bonds and implementation of proposed financing options to reduce debt service costs

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**Description**

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At the April 2000 meeting, your board approved board letter 9-6 authorizing staff to proceed with proposed financing options to reduce Metropolitan's debt service costs as recommended by the Subcommittee on Financial Policies and Reporting. Based on a recent analysis of Metropolitan's outstanding debt by Metropolitan's financial advisor, Public Resources Advisory Group, and Metropolitan's senior underwriters, Bear Stearns & Co. Inc., PaineWebber Inc., and Salomon Smith Barney, current market conditions provide opportunities for Metropolitan to reduce its debt service costs. The financing options included increased variable rate borrowing (up to 25 percent) to fund the Capital Investment Program (formerly the Capital Improvement Program), establishment of a bond tender program, conversion of outstanding commercial paper notes to daily mode variable rate water revenue bonds, converting the Water Revenue Bond 1999 Authorization Series B and C issues from a weekly interest rate mode to a daily mode, and consideration of floating rate swaps to increase variable rate debt exposure.

Metropolitan's debt service costs currently represent approximately 26 percent or \$234 million of annual operating expenditures. Projections show that these fixed debt service costs will increase by 41 percent to \$330 million by fiscal year 2009. By taking advantage of current market opportunities, Metropolitan can reduce its future debt service costs. The level of reduction will depend on market conditions when entering the financial market.

To take advantage of current market opportunities, and to allow ample time and flexibility for market entry, staff is requesting approval of Supplemental Resolutions to Metropolitan's Master Water Revenue Bond Resolution for the sale of up to \$1.1 billion of variable rate Water Revenue Bonds over a 12-month period. It is anticipated that the proceeds from the variable rate water revenue bond sales will be used to fund up to \$200 million of Capital Investment Program (CIP) expenditures, to retire up to \$350 million of commercial paper notes, and to tender up to \$500 million of outstanding fixed rate water revenue bonds. Due to current market conditions, staff expects to retire commercial paper notes and execute the bond tender program as early as possible. Based on projected expenditure requirements to fund the CIP, the \$200 million variable rate water revenue bond sale for the CIP will likely occur in late 2000 or early 2001. Staff expects variable rate debt exposure to increase up to 32 percent of total revenue bond debt after these transactions, which according to our credit rating analysts, Moody's Investor Service and Standard & Poors Rating Services, is within acceptable levels. In order to increase variable rate exposure above 25 percent, approval will be required from your Board.

The supplemental resolutions will expire on May 31, 2001, and are required in order for staff to execute the proposed financing options. The supplemental resolutions, consistent with past practice, will establish an Ad Hoc Committee of your Board with authority to set the size of any debt offering, determine the date of a debt offering, sell bonds to an underwriting syndicate, and to pursue the financing options. The Ad Hoc Committee will be comprised of the Chairman of the Board, the Chairman of the Budget and Finance Committee and the General Manager.

The Water Revenue Bond 1999 Authorization Series B and C issues allow for the bonds to be converted from a weekly to a daily interest rate mode, thus no formal board action is required.

It is recommended that the Dealer Manager role for the tender program be determined through a competitive process among Metropolitan's three senior underwriters. The remarketing agents for the variable rate water revenue bonds associated with the tender sale and the conversion of the commercial paper notes will be offered to the two senior underwriting firms that are not chosen as Dealer Manager for the tender program. The remarketing agents for the variable rate water revenue bonds to be sold in late 2000 or early 2001 will be determined as part of the selection process for Metropolitan's new underwriting team.

The actions recommended in this letter are exempt from the provisions of the California Environmental Quality Act because they constitute government fiscal activity which does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

**Policy**

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A resolution of Metropolitan's Board of Directors is required to authorize a sale of debt.

**Board Options/Fiscal Impacts**

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**Option #1**

Approval of the forms of Supplemental Resolutions (**Attachment 1** and **Attachment 2**) of the Master Revenue Bond Resolution in order to execute the proposed financing options and sale of up to \$1.1 billion of variable rate water revenue bonds consisting of up to \$200 million of variable rate water revenue bonds to fund Capital Investment Program expenditures; up to \$360 million of variable rate water revenue bonds to retire up to \$350 million of commercial paper notes; and up to \$500 million of variable rate water revenue bonds to tender outstanding fixed rate water revenue bonds. Approval to increase Metropolitan's variable rate capacity level up to 32 percent, which according to Metropolitan's credit rating analysts, is within acceptable levels.

**Fiscal Impact:** Authorization will allow Metropolitan to take advantage of current market conditions to reduce debt service costs and provide funding for the CIP.

**Option #2**

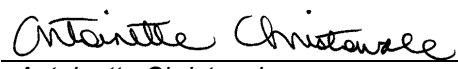
Require staff to continue analysis of various debt management strategies and seek Board authorization for such financings at a future date.

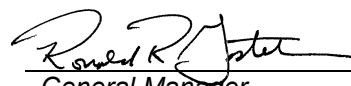
**Fiscal Impact:** Metropolitan may not be able to take advantage of current market conditions to reduce debt service costs and provide funding for the CIP.

**Staff Recommendation**

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Option #1.

	4/24/2000
Antoinette Christovale Acting Chief Financial Officer	Date

	4/27/2000
Ronald R. Jester General Manager	Date

**Attachment 1**  
**Attachment 2**

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING THE PURCHASE OF CERTAIN OUTSTANDING WATER REVENUE  
BONDS AND AUTHORIZING THE ISSUANCE OF UP TO  
\$500,000,000 WATER REVENUE BONDS  
AND PROVIDING THE TERMS AND CONDITIONS  
FOR THE PURCHASE AND SALE OF SAID BONDS  
(ELEVENTH SUPPLEMENTAL RESOLUTION)

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THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA

RESOLUTION \_\_\_\_\_

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RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING THE PURCHASE OF CERTAIN OUTSTANDING WATER REVENUE  
BONDS AND AUTHORIZING THE ISSUANCE OF UP TO  
\$500,000,000 WATER REVENUE BONDS  
AND PROVIDING THE TERMS AND CONDITIONS  
FOR THE PURCHASE AND SALE OF SAID BONDS  
(ELEVENTH SUPPLEMENTAL RESOLUTION)

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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 and as hereby 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;

WHEREAS, the District is informed and believes that it will be financially advantageous to the District to tender for and purchase a portion of its outstanding fixed rate Bonds (the "Tendered Bonds") and to pay for said Tendered Bonds using a portion of the District's available cash and/or the proceeds of one or more series of variable rate Bonds authorized under this Eleventh Supplemental Resolution;

WHEREAS, the public interest and necessity require the District to proceed under the Master Resolution and issue and sell Water Revenue Bonds, 2000 Authorization (the "2000 Authorization Bonds") in an aggregate principal amount not to exceed \$500,000,000 secured by and payable from the Net Operating Revenues for the purpose of, among other things, paying all or a portion of the purchase price of the Tendered Bonds; 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. Eleventh Supplemental Resolution; Determinations.** This Eleventh Supplemental Resolution (this “Eleventh Supplemental Resolution”) is adopted in accordance with the provisions of the Master Resolution. The District hereby determines that the issuance of the 2000 Authorization Bonds is advisable from an economic and financial viewpoint.

**SECTION 1.02. Definitions.** All terms which are defined in Section 1.01 of the Master Resolution or the Act shall, unless otherwise defined herein, have the same meanings, respectively, in this Eleventh Supplemental Resolution. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Eleventh 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.

“2000 Authorization Bonds” means the Bonds described in Section 2.01 hereof, authorized and issued pursuant to the Master Resolution, as supplemented by this Eleventh Supplemental Resolution, and includes Fixed Rate Bonds and Variable Rate Bonds.

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

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

“Bond Reserve Requirement” means, subject to the provisions of this Eleventh Supplemental Resolution permitting deposit of a Reserve Fund Credit Policy, the amount to be deposited in a Reserve Fund established for a Series of 2000 Authorization Bonds, which shall be set forth in the terms of the Sales Documents or Trust Agreement with respect to such Series pursuant to the terms of Section 3.04 hereof.

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

“Continuing Disclosure Certificate” means, with respect to a Series of 2000 Authorization Bonds, the Continuing Disclosure Certificate of the District, if any, delivered by the District in connection with the issuance of such Series of 2000 Authorization Bonds.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the 2000 Authorization Bonds or the purchase of the Tendered 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 Fiscal Agent or paying agent, legal fees and

charges, fees and disbursements of consultants and professionals, fees and expenses of one or more bondholder communications groups, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the 2000 Authorization Bonds, and any other cost, charge or fee in connection with the delivery of the 2000 Authorization Bonds or the purchase of the Tendered Bonds.

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

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

“Excess Earnings Fund” means, with respect to a Series of 2000 Authorization Bonds, the Water Revenue Bonds 2000 Authorization Excess Earnings Fund established for such Series pursuant to Section 3.04 hereof.

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

“Fixed Rate Bonds” means 2000 Authorization Bonds other than Variable Rate Bonds.

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

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

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

“Paying Agent” means, with respect to a Series of Variable Rate Bonds, the paying agent appointed pursuant to Section 4.01 of this Eleventh Supplemental Resolution.

“Purchase Fund” means, with respect to a Series of 2000 Authorization Bonds, the Water Revenue Bonds 2000 Authorization Purchase Fund established for such Series pursuant to Section 3.03 hereof.

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

“Remarketing Agent” means the remarketing agent appointed by the District from time to time pursuant to the Trust Agreement.

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



“Reserve Fund” means, with respect to a Series of 2000 Authorization Bonds, the Water Revenue Bonds 2000 Authorization Reserve Fund established for such Series pursuant to Section 3.04 hereof.

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

“Sales Documents” means, in the case of a negotiated sale, that certain bond purchase contract or other agreement for the purchase of one or more Series of 2000 Authorization Bonds between the District and the Underwriters for such Series; or, in the case of a competitive sale, the notice of sale, bid form and other documents providing for the sale of one or more Series of 2000 Authorization Bonds by the District to the Underwriters.

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

“Tax and Nonarbitrage Certificate” means, with respect to a Series of 2000 Authorization Bonds, the Tax and Nonarbitrage Certificate of the District delivered by the District in connection with the issuance of such Series of 2000 Authorization Bonds.

“Tender Documents” means those invitation(s) to tender, dealer manager agreement(s) and related documents approved by the Ad Hoc Committee for the tender of the Tendered Bonds pursuant to Section 5.03 of this Eleventh Supplemental Resolution.

“Tender Price” means the purchase price(s) to be paid by the District for the Tendered Bonds determined pursuant to the Tender Documents.

“Tendered Bonds” means that portion of the District’s Outstanding Bonds which are tendered for and purchased under Section 5.03 of this Eleventh Supplemental Resolution and as set forth in the Tender Documents.

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

“Underwriters” means, with respect to a Series of 2000 Authorization Bonds, in the case of a negotiated sale, the original purchaser or purchasers of such Series of 2000 Authorization Bonds; or, in the case of a competitive sale, the successful bidder or bidders for such Series of 2000 Authorization Bonds.

“Variable Rate Bonds” means 2000 Authorization Bonds bearing interest as determined from time to time by the Remarketing Agent or otherwise in accordance with the provisions of the Trust Agreement.

## ARTICLE II

### THE 2000 AUTHORIZATION BONDS

**SECTION 2.01. Authorization.** Bonds are hereby authorized to be issued pursuant to the Act and the Master Resolution, which Bonds are designated as “The Metropolitan Water District of Southern California Water Revenue Bonds, 2000 Authorization (Tender Purchase Program)” (the “2000 Authorization Bonds”). The 2000 Authorization Bonds may be issued in one or more Series at one time or from time to time in accordance with the terms hereof, and each Series of 2000 Authorization Bonds shall bear such additional designation as may be ascribed thereto in the Sales Documents for such Series. A Series of 2000 Authorization Bonds may be issued as Fixed Rate Bonds or Variable Rate Bonds and shall be issued in the aggregate principal amount specified in the Sales Documents for such Series; provided, however, in no event shall the total aggregate principal amount of 2000 Authorization Bonds exceed \$500,000,000.

**SECTION 2.02. Terms of the 2000 Authorization Bonds.** Each Series of 2000 Authorization Bonds shall be Current Interest Bonds as described in the Master Resolution and shall be issued in the aggregate principal amount set forth in the Sales Documents for such Series, shall be delivered in fully registered form in Authorized Denominations, and shall be numbered in such manner as the Fiscal Agent determines. Each Series of 2000 Authorization Bonds shall be dated such date as shall be specified in the Sales Documents for such Series, shall bear interest from such dated date at the rates and shall mature on the date or dates and in the principal amount or amounts set forth in such Sales Documents, or Trust Agreement if any, for such Series.

The Sales Documents, or Trust Agreement if any, with respect to a Series of 2000 Authorization Bonds shall designate which, if any, of the 2000 Authorization Bonds of such Series shall be Term Bonds.

**SECTION 2.03. Interest.** The Fixed Rate Bonds of any Series, if any, shall bear interest at the rates set forth in the Sales Documents for such Series (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable initially on the date set forth in such Sales Documents and semiannually thereafter on January 1 and July 1 of each year. The Variable Rate Bonds of any Series, if any, shall bear interest as determined pursuant to the Trust Agreement for such Series (calculated on the basis of a 365 or 366 day year, as applicable, and actual days elapsed) payable as provided in such Trust Agreement. Each 2000 Authorization Bond shall bear interest from the interest payment date before the date of authentication thereof unless it is authenticated during the period after a Record Date but on or before the next interest payment date, in which event it shall bear interest from that interest payment date, or unless it is authenticated prior to the first Record Date, in which event it shall bear interest from the dated date of the 2000 Authorization Bonds specified in the Sales Documents, or Trust Agreement if any, or unless at the time of authentication interest is in default, in which event it shall bear interest from the interest payment date to which interest has been paid or provided for.

Each 2000 Authorization Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if at the maturity date of any 2000 Authorization Bond or

if on the redemption date thereof if the same has been fully called for redemption, in each case, funds are available for the payment thereof in full in accordance with the terms of Article IX of the Master Resolution, such 2000 Authorization Bond shall then cease to bear interest.

**SECTION 2.04. Place of Payment.** Subject to Section 2.08 hereof, for so long as the Treasurer is the Fiscal Agent, the principal of the Fixed Rate Bonds shall be payable in lawful money of the United States of America upon presentation and surrender of such Fixed Rate Bonds at the corporate office of the District. Interest on the 2000 Authorization 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 2000 Authorization Bonds as of the close of business on the Record Date at such persons' addresses as they appear on such registration books, except that an Owner of \$1,000,000 or more in principal amount of Fixed Rate Bonds may be paid interest by wire transfer to an account in the United States if such Owner makes a written request of the Fiscal Agent at least thirty (30) days preceding any interest payment date specifying the wire transfer instructions for such Owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Payments of default interest shall be paid by check, draft or wire transfer to the Owners as of a special record date to be fixed by the Fiscal Agent, notice of which special record date shall be given to the Owners by the Fiscal Agent not less than ten (10) days prior thereto. Principal of and interest on the Variable Rate Bonds shall be payable as provided in the Trust Agreement.

**SECTION 2.05. Redemption.**

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

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

(C) Disposition of Redemption Rights. The Sales Documents applicable to a Series of 2000 Authorization Bonds may contain provisions with respect to the sale or disposition of the right of the District to redeem any 2000 Authorization Bonds of such Series.

**SECTION 2.06. Form of 2000 Authorization Bonds.** Except as otherwise provided in the applicable Sales Documents, the Fixed Rate Bonds of each Series shall be issued in substantially the form set forth in Exhibit A hereto, which exhibit is incorporated herein by this reference as if set forth in full. The Variable Rate Bonds of each Series shall be issued in substantially the form set forth in the Trust Agreement relating to such Series of 2000 Authorization Bonds.

**SECTION 2.07. CUSIP Identification Numbers.** CUSIP identification numbers shall be ordered by the Underwriters and caused by the District to be printed on the 2000 Authorization Bonds, but such numbers shall not be deemed a part of the 2000 Authorization Bonds or a part of the contract evidenced thereby and no liability shall attach to the District or its officers, employees or agents because of or on account of such CUSIP identification numbers.

**SECTION 2.08. Book-Entry System.** Except as otherwise provided in the Trust Agreement with respect to Variable Rate Bonds of any Series, the 2000 Authorization Bonds shall be initially issued in the form of a single (unless more than a single 2000 Authorization Bond is required by the Securities Depository), separate, fully registered 2000 Authorization Bond (which may be typewritten) for each of the maturities of the 2000 Authorization Bonds. Upon initial issuance, the ownership of each such 2000 Authorization 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, the ownership of each Outstanding 2000 Authorization Bond shall be registered in the Bond Register of the Fiscal Agent in the name of the Nominee.

With respect to the 2000 Authorization 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 2000 Authorization 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 2000 Authorization Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register of the Fiscal Agent, of any notice with respect to the 2000 Authorization Bonds, or (iii) the payment to any Participant or any other person, other than an Owner as shown in the Bond Register of the Fiscal Agent, of any amount with respect to principal of or interest and premium, if any, on the 2000 Authorization Bonds. The District and the Fiscal Agent may treat and consider the person in whose name each 2000 Authorization Bond is registered in the Bond Register of the Fiscal Agent as the holder and absolute Owner of such 2000 Authorization Bond for the purpose of payment of principal and interest on such 2000 Authorization Bond, for the purpose of giving notices and other matters with respect to such 2000 Authorization Bond, and for all other purposes whatsoever.

The Fiscal Agent shall pay all principal of and interest on the 2000 Authorization 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 2000 Authorization 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 2000 Authorization Bond evidencing the obligation to make payments of principal and interest and premium, if any, pursuant to this Eleventh 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 Eleventh Supplemental Resolution shall refer to such new nominee of the Securities Depository.

**SECTION 2.09. Representation Letter.** In order to qualify the 2000 Authorization Bonds for the Securities Depository's book-entry system, the Authorized Representative is hereby authorized to execute and deliver on behalf of the District to such Securities Depository a letter from the District representing such matters as shall be necessary to so qualify the 2000 Authorization Bonds (the "Representation Letter"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.08 hereof or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the 2000 Authorization Bonds other than the Owners, as shown on the Bond Register of the Fiscal Agent. In the Representation Letter, the Fiscal Agent shall agree to take all actions necessary to comply with all representations of the District in the Representation Letter. In addition to the execution and delivery of the Representation Letter, each Authorized Representative of the District is hereby authorized to take any other actions, not inconsistent with this Eleventh Supplemental Resolution, to qualify the 2000 Authorization 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 2000 Authorization Bonds, or (ii) the District determines that the Securities Depository shall, subject to the provisions of the Trust Agreement with respect to Variable Rate Bonds of such Series, no longer so act and delivers a written certificate to the Fiscal Agent to that effect, then the District will discontinue the book-entry system with the Securities Depository. Subject to the provisions of the Trust Agreement with respect to Variable Rate Bonds of any Series, if the District determines to replace the Securities Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new, single, separate, fully registered 2000 Authorization Bond for each of the maturities of the 2000 Authorization Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangement acceptable to the District and the Securities Depository as are not inconsistent with the terms of this Eleventh Supplemental Resolution. If the District fails to identify another qualified securities depository to replace the Securities Depository, then the 2000 Authorization 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 Variable Rate Bonds, the provisions of the applicable Trust Agreement.

**SECTION 2.11. Payments and Notices to the Nominee.** Notwithstanding any other provision of this Eleventh Supplemental Resolution to the contrary, so long as any 2000 Authorization Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such 2000 Authorization Bond and all notices with respect to such 2000 Authorization Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Securities Depository.

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

### ARTICLE III

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

**SECTION 3.01. Application of Proceeds of 2000 Authorization Bonds.** The proceeds of the sale of a Series of 2000 Authorization Bonds and such other moneys as are available and necessary to accomplish the purposes of this Eleventh Supplemental Resolution from time to time shall be deposited with the Treasurer and shall be held in trust and, unless otherwise specified in a Certificate of an Authorized Representative, shall be set aside by the Treasurer as follows:

- (a) The Treasurer shall deposit in the Bond Service Fund the amount of such proceeds representing interest accrued, if any, on such Series of 2000 Authorization Bonds to the date of delivery thereof.
- (b) Subject to the provisions of this Eleventh Supplemental Resolution permitting deposit of a Reserve Fund Credit Policy, the Treasurer shall deposit in the Reserve Fund for such Series of 2000 Authorization Bonds an amount equal to the Bond Reserve Requirement for such Series of 2000 Authorization Bonds.
- (c) The Treasurer shall deposit in the Costs of Issuance Fund the amount of such proceeds necessary to pay all Costs of Issuance that are not to be paid from other sources.
- (d) The remaining proceeds shall be deposited in the Purchase Fund for such Series of 2000 Authorization Bonds.

**SECTION 3.02. Establishment and Application of Costs of Issuance Funds.**

(A) The District shall establish, and the Treasurer shall maintain and hold in trust a separate fund with respect to each Series of 2000 Authorization Bonds, which shall be designated as the “Water Revenue Bonds 2000 Authorization Costs of Issuance Fund” and shall bear such additional designation as shall be determined by an Authorized Representative. The moneys in each such Costs of Issuance Fund shall be used and withdrawn by the Treasurer to pay Costs of Issuance incurred in connection with the issuance of the applicable Series of 2000 Authorization Bonds. The Treasurer shall hold moneys in each such Costs of Issuance Fund uninvested until expended unless directed otherwise by a Certificate of an Authorized Representative.

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

**SECTION 3.03. Establishment and Application of Purchase Funds.**

(A) The District shall establish, and the Treasurer shall maintain and hold in trust a separate fund with respect to each Series of 2000 Authorization Bonds, which shall be designated as the "Water Revenue Bonds 2000 Authorization Purchase Fund" and shall bear such additional designation as shall be determined by an Authorized Representative. The moneys in each such Purchase Fund shall be used and withdrawn by the Treasurer to pay all or a portion of the Tender Price. All investment earnings on funds held in each such Purchase Fund shall be credited to such fund unless otherwise specified in a Certificate of an Authorized Representative.

(B) The Treasurer shall keep a record of all payments from each Purchase Fund. Any moneys remaining in a Purchase Fund after the applicable Tender Price has been paid shall, upon a Certificate of an Authorized Representative, be transferred to the Bond Service Fund.

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

(A) In connection with the issuance of a Series of 2000 Authorization Bonds pursuant to this Eleventh Supplemental Resolution, the District shall establish and the Treasurer shall maintain and hold in trust a separate fund designated as the "Water Revenue Bonds 2000 Authorization Reserve Fund" and shall bear such additional designation as shall be determined by an Authorized Representative. Each Reserve Fund shall be funded as set forth in Section 3.01 hereof and applied as set forth in this Section 3.04. All amounts held by the Treasurer in the Reserve Fund established with respect to such Series of 2000 Authorization Bonds shall be pledged to secure the payment of the principal of and interest on such Series of 2000 Authorization Bonds in accordance with their terms.

(B) The District shall at all times maintain an amount equal to the applicable Bond Reserve Requirement in the Reserve Fund established with respect to a Series of 2000 Authorization Bonds until such Series is discharged in accordance with the provisions of Article IX of the Master Resolution. The amount of the Bond Reserve Requirement applicable to a designated Series of 2000 Authorization Bonds shall be set forth in the Sales Documents for such Series. In the event of any deficiency in a Reserve Fund, the Treasurer shall replenish such deficiency in accordance with the provisions of Section 5.07 of the Master Resolution.

(C) All amounts in the Reserve Fund established with respect to a Series of 2000 Authorization Bonds shall be used and withdrawn by the Treasurer, as hereinafter provided, solely for the purpose of (i) paying principal of and interest on such Series of 2000 Authorization Bonds in the event moneys in the Bond Service Fund are insufficient, or (ii) for the payment of the final principal and interest payment on such Series of 2000 Authorization Bonds. Any amounts in the Reserve Fund established with respect to a Series of 2000 Authorization Bonds in excess of the Bond Reserve Requirement for such Series shall be transferred to the Bond Service Fund for such Series unless otherwise specified in a Certificate of an Authorized Representative.

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

(D) Notwithstanding anything herein to the contrary, at the option of the District, amounts required to be held in a Reserve Fund may be substituted, in whole or in part, by the deposit with the Fiscal Agent of a Reserve Fund Credit Policy in a stated amount equal to the amounts so substituted, provided that prior to the substitution of such Reserve Fund Credit Policy the Rating Agencies shall have been notified of such proposed substitution and the substitution shall not result in a downgrading or withdrawal of any rating of such Series of 2000 Authorization Bonds then in effect by the Rating Agencies. Any such substituted moneys shall be applied as provided in a Certificate of an Authorized Representative.

So long as a Reserve Fund Credit Policy shall be in force and effect with respect to such Series of 2000 Authorization Bonds, any deposits required to be made with respect to the applicable Reserve Fund pursuant to Section 5.07 of the Master Resolution shall include any amounts due to the provider of such Reserve Fund Credit Policy resulting from a draw on such Reserve Fund Credit Policy (which amounts shall constitute a “deficiency” or “withdrawal” from the applicable Reserve Fund within the meaning of Section 5.07 of the Master Resolution). Any such amounts shall be paid to the provider of such Reserve Fund Credit Policy as provided in such Reserve Fund Credit Policy or any related agreement.

**SECTION 3.05. Establishment and Application of Excess Earnings Funds.**

To ensure proper compliance with the tax covenants contained in Section 3.06 hereof, the District shall establish and the Treasurer maintain a fund for each Series of 2000 Authorization Bonds issued hereunder, which fund shall be separate from any other fund or account established and maintained hereunder or under the Master Resolution designated as the “Water Revenue Bonds 2000 Authorization Excess Earnings Fund” and shall bear such additional designation as shall be determined by an Authorized Representative. All money at any time deposited in the Excess Earnings Fund with respect to a Series of 2000 Authorization Bonds in accordance with the provisions of the Tax and Nonarbitrage Certificate applicable to such Series shall be held by the Treasurer for the account of the District in trust for payment to the federal government of the United States of America, and neither the District nor the Owner of any bonds of such Series of 2000 Authorization 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 Eleventh Supplemental Resolution and by the applicable Tax and Nonarbitrage Certificate. The Treasurer shall invest all amounts held in any such Excess Earnings Fund in accordance with the applicable Tax and Nonarbitrage Certificate. Money shall not be transferred from the Excess Earnings Fund established for a Series of 2000 Authorization Bonds except in accordance with the Tax and Nonarbitrage Certificate with respect to such Series.

**SECTION 3.06. Tax Covenants.** In order to maintain the exclusion from gross income of the interest on the 2000 Authorization Bonds for federal income tax purposes, the District covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the District agrees to comply with the covenants contained in, and



the instructions given pursuant to, each Tax 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 Eleventh 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 2000 Authorization Bonds shall be entitled to exercise any right or remedy provided to the Owners under the Master Resolution or this Eleventh Supplemental Resolution on the basis of the District's failure to observe, or refusal to comply with, such covenant.

**SECTION 3.07. Establishment and Application of Additional Funds.** In addition to the funds established pursuant to the Master Resolution and this Eleventh Supplemental Resolution, there shall be established and maintained such additional funds and/or accounts as shall be set forth in the Trust Agreement, if any, with respect to: (i) the purchase and remarketing of the Variable Rate Bonds; and (ii) the payments to be made by the District under any interest rate swap agreement or agreements entered into by the District pursuant to Section 5.04 hereof and as shall be set forth in the Tender Documents with respect to the tender for and purchase of the Tender Bonds.

#### ARTICLE IV

##### FISCAL AGENT AND PAYING AGENT

**SECTION 4.01. Fiscal Agent and Paying Agent.** The Treasurer of the District is hereby appointed as Fiscal Agent with respect to the 2000 Authorization Bonds. In addition, with respect to a Series of Variable Rate Bonds, if any, an Authorized Representative shall appoint a Paying Agent, which shall have such duties as shall be set forth in the respective Trust Agreement.

#### ARTICLE V

##### SALE OF 2000 AUTHORIZATION BONDS; APPROVAL OF SALES DOCUMENTS AND TRUST AGREEMENTS

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

**SECTION 5.02. Approval of Sales Documents and Trust Agreements.** The Ad Hoc Committee is authorized and directed to determine on behalf of the District the aggregate principal amount, terms and conditions of each Series of 2000 Authorization Bonds, and the terms and conditions of the sale of each Series of 2000 Authorization Bonds at either a private sale to one or more purchasers or a competitive sale. The Ad Hoc Committee is hereby empowered to establish on behalf of the District such aggregate principal amount, terms and conditions of each Series of 2000 Authorization Bonds, and the terms and conditions of the sale of each Series of 2000 Authorization 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 Eleventh Supplemental Resolution, and shall be so empowered solely to implement the fundamental policies established by this Eleventh Supplemental Resolution in a manner that is most advantageous to the District, and to deem the official statement relating to each Series of 2000 Authorization Bonds as being final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended; provided, however, that such authorization shall expire on May 31, 2001 unless otherwise directed by the Board.

Such aggregate principal amount, terms and conditions of each Series of 2000 Authorization Bonds and the terms and conditions of their sale shall be set forth in the Sales Documents with respect to such Series of 2000 Authorization Bonds and, with respect to Variable Rate Bonds of a Series, if any, in the respective Trust Agreement. Such terms and conditions as so set forth, together with the other terms and conditions of each Series of 2000 Authorization Bonds set forth in this Eleventh Supplemental Resolution, shall, upon execution and delivery of the Sales Documents with respect to such Series and, if any, the Trust Agreement, by the Ad Hoc Committee, or its designee, on behalf of the District, be all the terms and conditions of each Series of 2000 Authorization Bonds, as if all such terms and conditions were fully set forth in this Eleventh Supplemental Resolution.

The provisions of the Sales Documents, and Trust Agreement if any, pertaining to the terms of each Series of 2000 Authorization Bonds are hereby incorporated by reference into this Eleventh Supplemental Resolution with the same force and effect as if set forth herein.

In connection with the sale of 2000 Authorization Bonds which are Variable Rate Bonds, the Ad Hoc Committee is further hereby authorized to negotiate, execute and deliver on behalf of the District, one or more remarketing agreements providing for the remarketing of such Variable Rate Bonds, and one or more liquidity or credit agreements, standby bond purchase agreements and/or similar agreements providing liquidity or credit support for remarketing the Variable Rate Bonds, all upon such terms and conditions as the Ad Hoc Committee shall determine to be in the best interests of the District.

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

The Ad Hoc Committee shall file a report concerning its actions pursuant to this Eleventh Supplemental Resolution with the Board along with a copy of the Sales Documents and

any Trust Agreement for each Series of 2000 Authorization Bonds. The Executive Secretary of the District shall maintain true and correct copies of such documents in the files of the District.

**SECTION 5.03. Approval of Tender and Tender Documents.** The Ad Hoc Committee is authorized and directed to determine on behalf of the District the aggregate principal amount, terms and conditions of the tender for and purchase of such portion of the District's Outstanding Bonds as the Ad Hoc Committee deems prudent and in the best interests of the District. The Ad Hoc Committee is hereby empowered to establish on behalf of the District the aggregate principal amount of Tendered Bonds purchased, the maturities and other identifying characteristics of the Bonds selected as Tendered Bonds, and the terms and conditions of the tender for and purchase of each Tendered Bond, 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, the Master Resolution and of this Eleventh Supplemental Resolution, and shall be so empowered solely to implement the fundamental policies established by this Eleventh Supplemental Resolution in a manner that is most advantageous to the District. The Ad Hoc Committee, on behalf of the District, shall authorize payment for the Tendered Bonds from the proceeds of the 2000 Authorization Bonds authorized in Section 2.01 of this Eleventh Supplemental Resolution. The Ad Hoc Committee, on behalf of the District, may authorize the use of available moneys in the applicable Reserve Fund(s), Redemption Fund(s), Interest and Principal Fund(s) or similar funds previously created for the Tendered Bonds to pay a portion of the Tender Price to the extent that such use is not prohibited under the Master Resolution and the applicable Supplemental Resolution(s). Nothing in this Eleventh Supplemental Resolution shall preclude the District from paying a portion of the Tender Price from any other lawfully available moneys of the District.

Such aggregate principal amount, terms and conditions of each tender for a portion of the District's Outstanding Bonds and the terms and conditions of the purchase of the Tendered Bonds shall be set forth in the Tender Documents. Such terms and conditions as so set forth shall, upon approval of the Tender Documents by the Ad Hoc Committee, or its designee, on behalf of the District, be all the terms and conditions of the tender for and purchase of the Tendered Bonds, as if all such terms and conditions were fully set forth in this Eleventh Supplemental Resolution, and the provisions of said Tender Documents are hereby incorporated by reference into this Eleventh Supplemental Resolution with the same force and effect as if set forth herein.

The Ad Hoc Committee shall file a report concerning its actions pursuant to any and all tenders for Tendered Bonds initiated pursuant to this Eleventh Supplemental Resolution with the Board along with a copy of the Tender Documents.

**SECTION 5.04. Interest Rate Swap Agreements.** The Ad Hoc Committee is hereby authorized to negotiate and execute on behalf of the District an interest rate swap agreement or agreements or similar contracts, if any, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure with respect to a Series of 2000 Authorization Bonds upon such terms and conditions as the Ad Hoc Committee shall determine to be in the best interests of the District.

**SECTION 5.05. Further Action.** The Chairman of the Board, the General Manager and the Chief Financial Officer of the District shall 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 Eleventh Supplemental Resolution. Without limitation /of the foregoing, the General Counsel of the District, or in the event of a vacancy, the Acting General Counsel or his or her designee, is hereby authorized, empowered and directed, without the necessity of any further Board action or approval, to amend and supplement Section 5200 of Division V of Chapter 2 of The Metropolitan Water District Administrative Code to provide for the establishment of the funds created hereunder and under any Supplemental Resolution previously adopted by the Board with respect to the issuance of its water revenue bonds.

## ARTICLE VI

### UNDERTAKINGS

**SECTION 6.01. Municipal Securities Disclosure.** The District hereby agrees to provide or cause to be provided certain annual financial information and notices of certain material events to the extent required by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (as amended from time to time) with respect to each Series of 2000 Authorization Bonds in accordance with the terms of the Continuing Disclosure Certificate, if any, delivered by the District in connection with such Series of 2000 Authorization Bonds.

**SECTION 6.02. Default.** A default under this Article VI shall not be deemed an Event of Default under the Master Resolution. The sole remedy under this Article VI in the event of any failure of the District to comply with this Article VI shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

**SECTION 6.03. Amendment.** This Article VI may be amended, supplemented, modified or deleted, from time to time and at any time, as the District may determine without the consent of any Owner of the 2000 Authorization Bonds.

## ARTICLE VII

### MISCELLANEOUS

**SECTION 7.01. 2000 Authorization Bonds Subject to Master Resolution.** Except as expressly provided in this Eleventh Supplemental Resolution, every term and condition contained in the Master Resolution shall apply to this Eleventh Supplemental Resolution and to the 2000 Authorization 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 Eleventh Supplemental Resolution.

**SECTION 7.02. Severability of Invalid Provisions.** If any one or more of the provisions contained in this Eleventh Supplemental Resolution or in the 2000 Authorization

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 Eleventh Supplemental Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Eleventh Supplemental Resolution, and this Eleventh Supplemental Resolution shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Eleventh Supplemental Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2000 Authorization Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Eleventh Supplemental Resolution may be held illegal, invalid or unenforceable.

**SECTION 7.03. Article and Section Headings and References;**

**Interpretation.** The headings or titles of the several Articles and Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Eleventh Supplemental Resolution.

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

**SECTION 7.04. Governing Law.** This Eleventh 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 meeting held on May 17, 2000.

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Executive Secretary  
The Metropolitan Water District of  
Southern California

**EXHIBIT A**

**FORM OF 2000 AUTHORIZATION BOND  
(FIXED RATE BOND)**

UNITED STATES OF AMERICA

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

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

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
WATER REVENUE BONDS, 2000 AUTHORIZATION  
[ADDITIONAL DESIGNATION]

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

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP #
____%	July 1, ____	_____	_____

REGISTERED OWNER: \*\*\*\*\* CEDE & CO.\*\*\*\*\*

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

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, FOR VALUE RECEIVED, hereby promises to pay, solely from Net Operating Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) on such principal amount from the interest payment date before the date of authentication hereof (unless this 2000 Authorization Bond is authenticated during the period after a record date but on or before the next interest payment date, in which event this 2000 Authorization Bond shall bear interest from that interest payment date, or unless this 2000

Authorization Bond is authenticated prior to the first record date, in which event this 2000 Authorization Bond shall bear interest from \_\_\_\_\_, 200\_ 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 \_\_\_\_\_ 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 2000 Authorization Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this 2000 Authorization Bond at the corporate office of the Treasurer of the District. Interest on this 2000 Authorization 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 2000 Authorization Bonds may be paid interest by wire transfer to an account in the United States if such registered owner makes a written request of the Fiscal Agent at least 30 days preceding any interest payment date specifying the wire transfer instructions for such registered owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice.

This 2000 Authorization Bond is one of a duly authorized issue of "The Metropolitan Water District of Southern California Water Revenue Bonds, 2000 Authorization [Additional Designation]" (the "2000 Authorization Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended and supplemented (the "Act"), Resolution 8329 of the District adopted on July 9, 1991 (as amended and supplemented, the "Master Resolution") and Resolution \_\_\_\_ adopted by the District on May 17, 2000 (the "Eleventh Supplemental Resolution"; the Master Resolution as supplemented by the Eleventh Supplemental Resolution is referred to herein as the "Resolution"). Reference is hereby made to the Master Resolution, the Eleventh Supplemental Resolution and to the Act for a description of the terms on which the 2000 Authorization Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Net Operating Revenues (as defined in the Master Resolution), and all of the terms of the Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this 2000 Authorization Bond, and by acceptance hereof the registered holder of this 2000 Authorization Bond assents to said terms and conditions. The Resolution is adopted under, and this 2000 Authorization Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

This 2000 Authorization 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 2000 Authorization 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 2000 Authorization Bonds or their interest, nor is the credit or the taxing power of the District or

the forfeiture of any of its property for the payment of this 2000 Authorization Bond or any interest hereon.

The 2000 Authorization 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 Eleventh Supplemental Resolution.

This 2000 Authorization Bond is one of the Issue of 2000 Current Interest Bonds described in the Resolution.

[Redemption provisions to be inserted]

This 2000 Authorization 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 2000 Authorization Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any 2000 Authorization Bond is surrendered for transfer, the District shall execute and the Fiscal Agent shall authenticate and deliver a new 2000 Authorization Bond or Bonds, of the same tenor and maturity and for a like aggregate principal amount. This 2000 Authorization Bond may be exchanged without charge at the office of the Fiscal Agent in Los Angeles, California for 2000 Authorization Bonds of authorized denominations having the same aggregate principal amount, tenor and maturity. The Fiscal Agent need not transfer registration or exchange any 2000 Authorization Bond later than 15 days prior to the date of selection of 2000 Authorization Bonds for redemption or any portion thereof for redemption. The Fiscal Agent may require the holder of any 2000 Authorization 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 2000 Authorization 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 2000 Authorization 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 reduce the percent of 2000 Authorization Bonds the consent of the holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Operating Revenues and other assets pledged under the Resolution prior to the lien created by the Resolution, or deprive the holders of the 2000 Authorization 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 2000 Authorization Bonds then outstanding.

This 2000 Authorization 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 2000



Authorization 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 2000 Authorization 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 2000 Authorization Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the District has caused this 2000 Authorization Bond to be signed by the Chairman of the Board of Directors and the Secretary of the Board of Directors of the District, and countersigned by the Controller of the District, each by their facsimile or manual signatures, and sealed with the corporate seal of said District as of the Original Issue Date specified above.

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

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

COUNTERSIGNED:

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Controller of The Metropolitan  
Water District of Southern California

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This Bond is one of The Metropolitan Water District of Southern California Water Revenue Bonds, 2000 Authorization [Additional Designation] delivered pursuant to the within mentioned Master Resolution and Eleventh 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 2000 Authorization Bond and in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM: as tenants in common

TEN ENT: as tenants by the entireties

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

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

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

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

the within-mentioned registered 2000 Authorization Bond and hereby irrevocably constitute(s) and appoint(s) attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

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

SIGNATURE GUARANTEED:

\_\_\_\_\_  
Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within 2000 Authorization Bond in every particular, without alteration or enlargement or any change whatsoever.

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

**THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA**

**RESOLUTION \_\_\_\_\_**

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**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING THE ISSUANCE OF UP TO  
\$560,000,000 IN PRINCIPAL AMOUNT OF WATER REVENUE BONDS  
AND PROVIDING THE TERMS AND CONDITIONS OF SAID BONDS  
(TWELFTH SUPPLEMENTAL RESOLUTION)**

---

**(ADOPTED MAY 17, 2000)**

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; and

WHEREAS, pursuant to Resolution 8329 adopted by the District on July 9, 1991 (as heretofore and as hereby 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; and

WHEREAS, the public interest and necessity require the District to proceed under the Master Resolution and issue and sell Water Revenue Bonds, 2000 Authorization Series B (the "2000 Authorization Series B Bonds"), in an aggregate principal amount not to exceed \$560,000,000, for the purpose of (i) refunding certain Notes (as defined in the Master Note Resolution) issued pursuant to Resolution 8322 adopted by the District on May 14, 1991 (as heretofore amended and supplemented, the "Master Note Resolution"), which are to be more particularly described in the Escrow Instructions with respect to such Notes (the "Refinanced Notes") and (ii) paying the costs of acquisition, construction and improvements to the Water System (as defined in the Master Resolution);

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 2000 AUTHORIZATION SERIES B BONDS; DEFINITIONS

**SECTION 1.1 Twelfth Supplemental Resolution; Determinations.** This Twelfth Supplemental Resolution (this “Twelfth Supplemental Resolution”) is adopted in accordance with the provisions of the Master Resolution. The District hereby determines that the issuance of the 2000 Authorization Series B Bonds is advisable from an economic and financial viewpoint.

**SECTION 1.2 Definitions.** All terms which are defined in Section 1.01 of the Master Resolution shall, unless otherwise defined herein, have the same meanings in this Twelfth Supplemental Resolution. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Twelfth Supplemental Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and the plural forms of any of the terms herein defined.

“Ad Hoc Committee” has the meaning ascribed to such term in Section 5.1 hereof.

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

“Bond Reserve Requirement” means, with respect to the 2000 Authorization Series B Bonds, subject to the provisions of this Twelfth Supplemental Resolution permitting the deposit of the Reserve Fund Credit Policy, the amount to be deposited in the Reserve Fund, as set forth in the Sales Documents relating to the 2000 Authorization Series B Bonds.

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

“Commercial Paper Notes” shall have the meaning ascribed to such term in the Master Note Resolution.

“Construction Costs” means the cost of acquiring, constructing, reconstructing, replacing, extending and improving the Water System and any facilities related thereto.

“Construction Fund” means the Water Revenue Bonds 2000 Authorization Series B Construction Fund established for such Series pursuant to Section 3.2 hereof.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate of the District delivered by the District in connection with the issuance of the 2000 Authorization Series B Bonds, if required under Rule 15c2-12(b)(5), as further described in Article VI hereof.

“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 2000 Authorization Series B 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 Fiscal Agent or 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 2000 Authorization Series B Bonds, and any other cost, charge or fee in connection with the issuance and delivery of such 2000 Authorization Series B Bonds.

“Credit Facility” shall have the meaning ascribed to such term in the Master Resolution.

“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 3.3 hereof to act in accordance with and to carry out the Escrow Instructions.

“Escrow Fund” means the Water Revenue Bonds 2000 Authorization Series B Escrow Fund established for the Refinanced Notes pursuant to Section 3.3 hereof.

“Escrow Instructions” means the escrow instructions relating to the Refinanced Notes authorized or required by Section 3.3 hereof to be given by an Authorized Representative to the Escrow Agent in accordance with Section 3.3 hereof.

“Escrow Requirements” means such amount necessary to pay when due the redemption price of the Refinanced Notes, calculated in accordance with the provisions of the Master Note Resolution authorizing the issuance of the Refinanced Notes on the redemption date or other date specified in the applicable Escrow Instructions, and the principal, if any, and interest to become due on the Refinanced Notes on or prior to such redemption date.

“Excess Earnings Fund” means the Water Revenue Bonds 2000 Authorization Series B Excess Earnings Fund established for the 2000 Authorization Series B Bonds pursuant to Section 3.5 hereof.

“Final Compounded Amount” shall have the meaning ascribed to such term in the Master Resolution; provided that upon redemption of any 2000 Authorization Series B Capital Appreciation Bonds prior to their respective maturity date, then such term shall refer to the Accreted Value of such Bonds on their respective redemption date.

“Fiscal Agent” means the Treasurer.

“Fixed Rate Bonds” means such 2000 Authorization Series B Bonds other than Variable Rate Bonds.

“Liquidity Facility” means an instrument or instruments such as an irrevocable letter of credit, a standby purchase agreement, a guaranty, an insurance policy, a surety bond or a committed line of credit issued by one or more financial institutions, including any amendments

or extensions to existing instrument or instruments supporting the liquidity of any Outstanding Variable Rate Indebtedness (as defined in the Master Resolution).

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

“Master Note Resolution” means Resolution 8322 adopted by the District on May 14, 1991, as amended and supplemented from time to time.

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

“Notes” shall mean either the Commercial Paper Notes or Revolving Notes.

“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 Variable Rate Bonds, the paying agent appointed pursuant to Section 4.1 of this Twelfth Supplemental Resolution.

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

“Refinanced Notes” has the meaning ascribed thereto in Section 3.3 hereof.

“Remarketing Agent” means the remarketing agent appointed by the District from time to time pursuant to the Remarketing Agreement.

“Remarketing Agreement” means such remarketing agreement or such other instrument or instruments executed and delivered in connection with the issuance of the Variable Rate Bonds which sets forth the terms and conditions relating to the remarketing of such Variable Rate Bonds.

“Representation Letter” means a representation letter from the District to the Securities Depository as described in Section 2.9 hereof.

“Reserve Fund” means, with respect to the 2000 Authorization Series B Bonds, a Water Revenue Bonds 2000 Authorization Series B Reserve Fund established for such Series pursuant to Section 3.4 hereof.

“Reserve Fund Credit Policy” means an insurance policy, surety bond, letter of credit or other credit facility deposited with the Fiscal Agent pursuant to Section 3.4(d) hereof.

“Revolving Note” shall have the meaning ascribed to such term in the Master Note Resolution.



“Sales Documents” means, in the case of a negotiated sale, that certain bond purchase contract or other agreement for the purchase of the 2000 Authorization Series B Bonds between the District and the Underwriters for such Series; or, in the case of a competitive sale, the notice of sale, bid form and other documents providing for the sale of the 2000 Authorization Series B Bonds by the District to the Underwriters.

“Securities Depository” means the Securities Depository 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 2000 Authorization Series B Bonds.

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

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

“2000 Authorization Series B Bonds” means the Bonds described in Section 2.1 hereof, authorized and issued pursuant to the Master Resolution, as supplemented by this Twelfth Supplemental Resolution, and includes Fixed Rate Bonds and Variable Rate Bonds.

“2000 Authorization Series B Capital Appreciation Bonds” means the 2000 Authorization Series B Bonds issued as Capital Appreciation Bonds, as described in Section 2.2(b) of this Twelfth Supplemental Resolution.

“2000 Authorization Series B Current Interest Bonds” means the 2000 Authorization Series B Bonds issued as Current Interest Bonds, as described in Section 2.2(a) of this Twelfth Supplemental Resolution.

“Underwriters” means the original purchasers of the 2000 Authorization Series B Bonds, as selected by the General Manager or his or her designee, or in the event of a vacancy, the Acting General Manager or his or her designee; or in the case of a competitive sale, the successful bidder for such 2000 Authorization Series B Bonds.

“Variable Rate Bonds” means the 2000 Authorization Series B Bonds bearing interest as determined from time to time by the Remarketing Agent or otherwise in accordance with the provisions of the Trust Agreement.

## ARTICLE II

### THE 2000 AUTHORIZATION SERIES B BONDS

**SECTION 2.1 Authorization.** Bonds are hereby authorized to be issued pursuant to the Act and the Master Resolution, which Bonds are designated as “The Metropolitan

Water District of Southern California Water Revenue Bonds, 2000 Authorization Series B” (the “2000 Authorization Series B Bonds”). The 2000 Authorization Series B Bonds may be issued as Current Interest Bonds or Capital Appreciation Bonds, and as Fixed Rate Bonds or Variable Rate Bonds, with such additional designation as deemed necessary and appropriate by the District. The 2000 Authorization Series B Bonds shall be issued in the aggregate principal amount and Initial Amount, if appropriate, not to exceed Five Hundred Sixty Million Dollars (\$560,000,000). Pursuant to this Twelfth Supplemental Resolution, the District may issue the 2000 Authorization Series B Bonds at any time prior to May 31, 2001.

## **SECTION 2.2 Terms of the 2000 Authorization Series B Bonds.**

(a) 2000 Authorization Series B Current Interest Bonds. The 2000 Authorization Series B Current Interest Bonds, if any, 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 set forth in the Sales Documents, shall be delivered in fully registered form in Authorized Denominations, and shall be numbered in such manner as determined by the Fiscal Agent. The 2000 Authorization Series B Current Interest Bonds shall be dated such date as shall be specified in the Sales Documents, shall bear interest from such dated date at the rates and shall mature on the dates and in the principal amounts, all as set forth in the Sales Documents or Trust Agreement, as appropriate.

The Sales Documents or Trust Agreement if any, with respect to the 2000 Authorization Series B Bonds shall designate which, if any, of the 2000 Authorization Series B Current Interest Bonds shall be Term Bonds.

(b) 2000 Authorization Series B Capital Appreciation Bonds. The 2000 Authorization Series B Capital Appreciation Bonds shall be Capital Appreciation Bonds as described in the Master Resolution and, if any shall be issued, shall be issued in the aggregate Initial Amount, shall mature on the dates and have a yield to maturity as set forth in the Sales Documents. The 2000 Authorization Series B 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 determined by the Fiscal Agent.

The Accreted Value for a 2000 Authorization Series B Capital Appreciation Bond having a \$5,000 Final Compounded Amount shall be illustrated by the Accreted Value Table set forth as an exhibit to the Sales Documents for such Bonds.

(c) Sources of Payment. The payment of the principal and Final Compounded Amount of, interest on, and any redemption premiums on, the 2000 Authorization Series B Bonds shall be secured by and payable solely from Net Operating Revenues.

## **SECTION 2.3 Interest.**

(a) 2000 Authorization Series B Current Interest Bonds. Any 2000 Authorization Series B Current Interest Bonds which are Fixed Rate Bonds shall bear interest at the rates set forth in the Sales Documents (calculated on the basis of a 360-day year consisting of

twelve 30-day months or otherwise as may be set forth in such Sales Documents), payable initially on the date set forth in such Sales Documents and semiannually thereafter on the dates set forth in such Sales Documents. Any 2000 Authorization Series B Current Interest Bonds which are Variable Rate Bonds shall bear interest as determined pursuant to the Trust Agreement applicable to such Bonds (calculated on the basis of a 365 or 366 day year, as applicable, and actual days elapsed) payable as provided in such Trust Agreement. Each 2000 Authorization Series B 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 2000 Authorization Series B Current Interest Bonds specified in the Sales Documents, or Trust Agreement if any, or unless at the time of authentication interest is in default, in which event it shall bear interest from the interest payment date to which interest has been paid or provided for.

(b) 2000 Authorization Series B Capital Appreciation Bonds. Interest with respect to the 2000 Authorization Series B Capital Appreciation Bonds of any maturity shall be compounded at the original yield thereof set forth in the Sales Documents commencing on the date specified in such Sales Documents and, unless otherwise provided in such Sales Documents, 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) Payment of Interest. Each 2000 Authorization Series B Bond shall bear or accrete interest until the principal or Final Compounded Amount thereof has been paid; provided, however, that if at the maturity date of any 2000 Authorization Series B 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 2000 Authorization Series B Bond shall then cease to bear or accrue interest.

**SECTION 2.4 Place of Payment.** Subject to Section 2.8 of this Twelfth Supplemental Resolution, for so long as the Treasurer is the Fiscal Agent, the principal or the Final Compounded Amount of the Fixed Rate Bonds shall be payable in lawful money of the United States of America upon presentation and surrender of such Fixed Rate Bonds at the corporate office of the District. Interest on the 2000 Authorization Series B Current Interest Bonds shall be paid by check or draft mailed by first class mail to the persons whose names appear on the registration books of the Fiscal Agent as the registered Owners of such 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 the Fixed Rate Bonds which are Current Interest Bonds may be paid interest by wire transfer to an account in the United States if such Owner makes a written request of the Fiscal Agent at least thirty (30) days preceding any interest payment date specifying the wire transfer instructions for such Owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Payments of default interest shall be paid by check, draft or wire transfer to the Owners as of a special record date to be fixed by the Fiscal

Agent, notice of which special record date shall be given to the Owners by the Fiscal Agent not less than ten (10) days prior thereto. Principal of and interest on the Variable Rate Bonds shall be payable as provided in the Trust Agreement.

### **SECTION 2.5 Redemption.**

(a) Optional Redemption. The Fixed Rate 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 Sales Documents relating to such Bonds. The Variable Rate Bonds shall be subject to call or redemption as provided in the Trust Agreement with respect to such Bonds.

(b) Mandatory Sinking Account Payments. The 2000 Authorization Series B Bonds which are Term Bonds may 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 Sales Documents or Trust Agreement as the case may be, with respect to such Bonds.

(c) Disposition of Redemption Rights. The Sales Documents applicable to the 2000 Authorization Series B Bonds may contain provisions such as optional and mandatory tender rights of Variable Rate Bonds or any other rights of the District to redeem or purchase the 2000 Authorization Series B Bonds.

**SECTION 2.6 Form of 2000 Authorization Series B Bonds.** Except as otherwise provided in the Sales Documents, the 2000 Authorization Series B Capital Appreciation Bonds and 2000 Authorization Series B 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. The Variable Rate Bonds of such Series shall be issued in substantially the form set forth in the Trust Agreement relating to such Series of the 2000 Authorization Series B Bonds, with such additional designation to distinguish the Variable Rate Bonds in such Series.

**SECTION 2.7 CUSIP Identification Numbers.** CUSIP identification numbers shall be ordered by the Underwriters and caused by the District to be printed on the 2000 Authorization Series B Bonds, but such numbers shall not be deemed a part of the 2000 Authorization Series B Bonds or a part of the contract evidenced thereby and no liability shall attach to the District or its officers, employees or agents because of or on account of such CUSIP identification numbers.

**SECTION 2.8 Book-Entry System.** Except as otherwise provided in the Trust Agreement with respect to the Variable Rate Bonds, the 2000 Authorization Series B Current Interest Bonds and the 2000 Authorization Series B Capital Appreciation Bonds shall be initially issued in the form of a separate single fully registered 2000 Authorization Series B Current Interest Bond and 2000 Authorization Series B Capital Appreciation Bond, respectively, for each of the maturities of the 2000 Authorization Series B Current Interest Bonds and the 2000 Authorization Series B Capital Appreciation Bonds (each of which may be typewritten).

Upon initial issuance, the ownership of each such 2000 Authorization Series B 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 2000 Authorization Series B Bonds shall be registered in the Bond Register of the Fiscal Agent in the name of the Nominee.

With respect to the 2000 Authorization Series B 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 2000 Authorization Series B 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 2000 Authorization Series B Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register of the Fiscal Agent, of any notice with respect to the 2000 Authorization Series B 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 and Final Compounded Amount of, or interest and premium (if any) on, the 2000 Authorization Series B Bonds. The District and the Fiscal Agent may treat and consider the person in whose name each 2000 Authorization Series B Bond is registered in the Bond Register of the Fiscal Agent as the holder and absolute Owner of such 2000 Authorization Series B Bond for the purpose of payment of principal and Final Compounded Amount of, and interest on, such 2000 Authorization Series B Bond, for the purpose of giving notices and other matters with respect to such 2000 Authorization Series B Bond, and for all other purposes whatsoever.

The Fiscal Agent shall pay all principal and Accreted Value of and interest on the 2000 Authorization Series B Bonds only to or upon the order of the respective Owners, as shown in the Bond Register of the Fiscal Agent, or their respective attorneys, duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to the payment of principal and Final Compounded Amount of, and interest on, the 2000 Authorization Series B 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 2000 Authorization Series B Bond evidencing the obligation to make payments of principal, Final Compounded Amount and interest and premium (if any) pursuant to this Twelfth 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 Twelfth Supplemental Resolution shall refer to such new nominee of the Securities Depository.

**SECTION 2.9 Representation Letter.** The District has executed and delivered the Blanket Issuer Letter of Representations, dated June 15, 1995. If determined by the Underwriters or the District that an additional letter or letters are necessary from the District to qualify the 2000 Authorization Series B 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 such letter or letters from the

District representing such matters as shall be necessary to so qualify the 2000 Authorization Series B Bonds (each, a "Representation Letter"). The execution and delivery of a Representation Letter shall not in any way limit the provisions of Section 2.8 hereof or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the 2000 Authorization Series B Bonds other than the Owners, as shown on the Bond Register of the Fiscal Agent. In the written acceptance of the Fiscal Agent of a 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 a Representation Letter, each Authorized Representative of the District is hereby authorized to take any other actions, not inconsistent with this Twelfth Supplemental Resolution, to qualify the 2000 Authorization Series B 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 2000 Authorization Series B Bonds, or (ii) the District determines that the Securities Depository shall, subject to the provisions of the Trust Agreement with respect to Variable Rate Bonds of such Series, no longer so act and delivers a written certificate to the Fiscal Agent to that effect, then the District will discontinue the book-entry system for such Bonds with the Securities Depository. Subject to the provisions of the Trust Agreement with respect to Variable Rate Bonds of the Series, if the District determines to replace the Securities Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new, single, separate, fully registered 2000 Authorization Series B Bond for each of the maturities of the 2000 Authorization Series B Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangement acceptable to the District and the Securities Depository as are not inconsistent with the terms of this Twelfth Supplemental Resolution. If the District fails to identify another qualified securities depository to replace the Securities Depository, then the 2000 Authorization Series B 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 Variable Rate Bonds, the provisions of the applicable Trust Agreement.

**SECTION 2.11 Payments and Notices to the Nominee.** Notwithstanding any other provision of this Twelfth Supplemental Resolution to the contrary, so long as any 2000 Authorization Series B Bond is registered in the name of the Nominee, all payments with respect to principal and Final Compounded Amount of, and interest and premium (if any) on, such 2000 Authorization Series B Bond and all notices with respect to such 2000 Authorization Series B Bonds shall be made and given, respectively, as provided in the applicable Representation Letter or as otherwise instructed by the Securities Depository.

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

**ARTICLE III****SALE OF 2000 AUTHORIZATION SERIES B BONDS; APPLICATION; FUNDS;  
COVENANTS**

**SECTION 3.1 Application of the Proceeds of the 2000 Authorization Series B Bonds.** The sale proceeds of the 2000 Authorization Series B Bonds and such other moneys as are available and necessary to accomplish the purposes of this Twelfth Supplemental Resolution from time to time shall be deposited with the Treasurer and shall be held in trust and, unless otherwise specified in a certificate of an Authorized Representative, be set aside by the Treasurer in the following accounts and funds, as applicable:

(a) The Treasurer shall deposit in the Bond Service Fund the amount of such proceeds representing interest accrued, if any, on such 2000 Authorization Series B Bonds to the date of delivery thereof.

(b) The Treasurer shall deposit in the Escrow Fund an amount which, together with other amounts transferred to the Escrow Fund, will be sufficient to satisfy the Escrow Requirements with respect to the Refinanced Notes when due, as set forth in the Escrow Instructions.

(c) Subject to the provisions of this Twelfth Supplemental Resolution permitting deposit of a Reserve Fund Credit Policy, the Treasurer shall deposit in the Reserve Fund for the 2000 Authorization Series B Bonds an amount equal to the Bond Reserve Requirement for the 2000 Authorization Series B Bonds.

(d) Remaining proceeds shall be deposited in the Construction Fund for the 2000 Authorization Series B Bonds.

**SECTION 3.2 Establishment and Application of Construction Funds**

(a) The District shall establish, and the Treasurer shall maintain and hold in trust, a separate fund which shall be designated as the "Water Revenue Bonds 2000 Authorization Series B Construction Fund" and shall bear such additional designation as shall be determined by an Authorized Representative. The moneys in such Construction Fund shall be used and withdrawn by the Treasurer to pay (i) Construction Costs, and (ii) Costs of Issuance incurred in connection with the issuance of the 2000 Authorization Series B Bonds. All investment earnings on funds held in such Construction Fund shall be credited to such fund unless otherwise specified in a Certificate of an Authorized Representative.

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

**SECTION 3.3 Establishment and Application of Escrow Funds.**

(a) Establishment of Escrow Funds. In connection with the issuance of the 2000 Authorization Series B Bonds, the District shall establish a special trust fund with respect to the Notes to be refunded by such Series of Bonds. Such special fund shall be designated as the "Water Revenue Bonds 2000 Authorization Series B Escrow Fund" and shall bear such additional designation as shall be ascribed thereto by an Authorized Representative. Each Escrow Fund established pursuant to the terms of this Section 3.3(a) shall include such accounts as shall be necessary to accomplish the refunding of the Notes to be refunded in accordance with the terms of the Escrow Instructions, and shall be held by the Escrow Agent pursuant to the Escrow Instructions. Moneys in the 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 for the Refinanced Notes. 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 Notes.

The Escrow Instructions shall specify which Notes are to be refunded. The Notes which are specified by the Escrow Instructions as the Notes to be refunded by the 2000 Authorization Series B Bonds are referred to herein as the "Refinanced Notes." 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 or Authorized Investments for those initially purchased for the Escrow Fund only if (i) a nationally recognized firm of independent certified public accountants shall certify that the Federal Securities or Authorized Investments to be substituted, together with the Federal Securities or Authorized Investments 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 or Authorized Investments does not cause interest on either the Refinanced Notes or the 2000 Authorization Series B Bonds to be included in gross income for purposes of federal income taxation under relevant provisions of the Code.

**SECTION 3.4 Establishment, Pledge, Funding and Application of Reserve Funds.** (a) In connection with the issuance of the 2000 Authorization Series 2000 Bonds pursuant to this Twelfth Supplemental Resolution, the District shall establish and the Treasurer shall maintain and hold in trust a separate fund which shall be designated as the "Water Revenue Bonds 2000 Authorization Series B Reserve Fund" and shall bear such additional designation as shall be determined by an Authorized Representative. Each Reserve Fund shall be funded as set forth in Section 3.1 hereof and applied as set forth in this Section 3.4. All amounts held by the Treasurer in the Reserve Fund established with respect to the 2000 Authorization Series B Bonds



shall be pledged to secure the payment of the principal and Final Compounded Amount of, and interest on, such 2000 Authorization Series B Bonds in accordance with their terms.

(b) The District shall at all times maintain an amount equal to the applicable Bond Reserve Requirement in the Reserve Fund established with respect to the 2000 Authorization Series B Bonds until such Series is discharged in accordance with the provisions of Article IX of the Master Resolution. The amount of the Bond Reserve Requirement applicable to the 2000 Authorization Series B Bonds shall be set forth in the Sales Documents for such Series. In the event of any deficiency in the Reserve Fund, the Treasurer shall replenish such deficiency in accordance with the provisions of Section 5.07 of the Master Resolution.

(c) All amounts in the Reserve Fund established with respect to the 2000 Authorization Series B Bonds shall be used and withdrawn by the Treasurer, as hereinafter provided, solely for the purpose of (i) paying principal and Final Compounded Amount of, and interest on, the 2000 Authorization Series B Bonds in the event moneys in the Bond Service Fund established for such Series are insufficient, or (ii) for the payment of the final principal and Final Compounded Amount and interest payment on such 2000 Authorization Series B Bonds. Any amounts in the Reserve Fund established with respect to the 2000 Authorization Series B Bonds in excess of the Bond Reserve Requirement for such Series shall be transferred to the Bond Service Fund established for such Series unless otherwise specified in a Certificate of an Authorized Representative.

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

(d) Notwithstanding anything herein or in Section 3.1(c) to the contrary, at the option of the District amounts required to be held in the Reserve Fund may be substituted, in whole or in part, by the deposit with the Fiscal Agent of a Reserve Fund Credit Policy in a stated amount equal to the amounts so substituted, provided that prior to the substitution of such Reserve Fund Credit Policy, the Rating Agencies shall have been notified of such proposed substitution and the substitution shall not result in a downgrading or withdrawal of any rating then maintained on the 2000 Authorization Series B Bonds by the Rating Agencies. Any such substituted and released moneys shall be applied by the District as provided in a Certificate of an Authorized Representative.

So long as a Reserve Fund Credit Policy shall be in force and effect with respect to 2000 Authorization Series B Bonds, any deposits required to be made with respect to the applicable Reserve Fund pursuant to Section 5.07 of the Master Resolution shall include any amounts due to the provider of such Reserve Fund Credit Policy resulting from a draw on such Reserve Fund Credit Policy (which amounts shall constitute a "deficiency" or "withdrawal" from the applicable Reserve Fund within the meaning of Section 5.07 of the Master Resolution). Any such amounts shall be paid to the provider of such Reserve Fund Credit Policy as provided in such Reserve Fund Credit Policy or any related agreement.

**SECTION 3.5 Establishment and Application of Excess Earnings Funds.**

To ensure proper compliance with the tax covenants contained in Section 3.6 hereof, the District shall establish and the Treasurer shall maintain a fund for the 2000 Authorization Series B 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 "Water Revenue Bonds 2000 Authorization Series B 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 2000 Authorization Series B Bonds in accordance with the provisions of the Tax and Nonarbitrage Certificate applicable to such Series shall be held by the Treasurer for the account of the District in trust for payment to the federal government of the United States of America, and neither the District nor the Owner of any bonds of such 2000 Authorization Series B 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 Twelfth Supplemental Resolution and by the applicable Tax and Nonarbitrage Certificate. The Treasurer shall invest all amounts held in any such Excess Earnings Fund in accordance with the applicable Tax and Nonarbitrage Certificate. Money shall not be transferred from the Excess Earnings Fund established for the 2000 Authorization Series B Bonds except in accordance with the Tax and Nonarbitrage Certificate with respect to such Series.

**SECTION 3.6 Tax Covenants.** In order to maintain the exclusion from gross income of the interest on the 2000 Authorization Series B Bonds for federal income tax purposes, the District covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the District agrees to comply with the covenants contained in, and the instructions given pursuant to, each Tax 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 Twelfth 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 2000 Authorization Series B Bonds shall be entitled to exercise any right or remedy provided to the Owners under the Master Resolution or this Twelfth Supplemental Resolution on the basis of the District's failure to observe, or refusal to comply with, such covenant.

**SECTION 3.7 Establishment and Application of Additional Funds With Respect to 2000 Authorization Series B Bonds.** In addition to the Funds established pursuant to the Master Resolution and this Twelfth Supplemental Resolution, there shall be established and maintained such additional funds and/or accounts as shall be set forth in the Trust Agreement, if any, with respect to (i) the purchase and remarketing of the Variable Rate Bonds and (ii) the payments to be made by the District under any interest rate swap agreement or agreements entered into by the District pursuant to Section 5.3 herein.

**ARTICLE IV****FISCAL AGENT AND PAYING AGENT**

**SECTION 4.1 Fiscal Agent and Paying Agent.** The Treasurer is hereby appointed as Fiscal Agent with respect to the 2000 Authorization Series B Bonds. In addition, with respect to a Series of Variable Rate Bonds, if any, an Authorized Representative shall appoint a Paying Agent, which shall have such duties as shall be set forth in the respective Trust Agreement.

**ARTICLE V****APPROVAL OF SALES DOCUMENTS**

**SECTION 5.1 Ad Hoc Committee.** The Chairman of the Board, or in the event of a vacancy, the Acting Chairman of the Board, the Chairman of the Budget and Finance Committee of the Board (or in the event the Budget and Finance Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Budget and Finance Committee prior to such renaming, dissolution, or reorganization), or in the event of a vacancy, the Acting Chairman of the Budget and Finance Committee of the Board (or in the event the Budget and Finance Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Budget and Finance Committee prior to such renaming, dissolution, or reorganization), and the General Manager or his or her designee, or in the event of a vacancy, the Acting General Manager or his or her designee, acting jointly, are hereby constituted an ad hoc committee (the "Ad Hoc Committee").

**SECTION 5.2 Approval of Sales Documents, Trust Agreement and other Financing Documents.** The Ad Hoc Committee is authorized and directed to determine on behalf of the District the aggregate principal amount, terms and conditions of the 2000 Authorization Series B Bonds, and the terms and conditions of the sale of such 2000 Authorization Series B Bonds at either a private sale to one or more purchasers or a competitive sale. The Ad Hoc Committee is hereby empowered to establish on behalf of the District such aggregate principal amount, terms and conditions of the 2000 Authorization Series B Bonds and the terms and conditions of the sale of such 2000 Authorization Series B 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 Twelfth Supplemental Resolution, and shall be so empowered solely to implement the fundamental policies established by this Twelfth Supplemental Resolution in a manner that is most advantageous to the District, and to deem the official statement relating to each the 2000 Authorization Series B Bonds as being final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

Such aggregate principal amount, terms and conditions of the 2000 Authorization Series B Bonds and the terms and conditions of their sale shall be set forth in the Sales Documents relating to such 2000 Authorization Series B Bonds and, with respect to Variable Rate Bonds of a Series, if any, in the respective Trust Agreement. Such terms and conditions as

so set forth, together with the other terms and conditions of the 2000 Authorization Series B Bonds set forth in this Twelfth Supplemental Resolution, shall, upon execution and delivery of the Sales Documents with respect to such Series and, if any, the Trust Agreement, by the Ad Hoc Committee, or its designee, on behalf of the District, be all the terms and conditions of the 2000 Authorization Series B Bonds, as if all such terms and conditions were fully set forth in this Twelfth Supplemental Resolution.

The provisions of the Sales Documents, and the Trust Agreement if any, pertaining to the terms of the 2000 Authorization Series B Bonds are hereby incorporated by reference into this Twelfth 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 2000 Authorization Series B Bonds may be sold pursuant to the applicable Sales Documents at a discount not to exceed one percent (1%) (excluding original issue discount, if any). In addition, in no event may the true interest cost for any Fixed Rate Bonds exceed eight percent (8%).

The Ad Hoc Committee shall file a report concerning its actions pursuant to this Twelfth Supplemental Resolution with the Board along with a copy of the Sales Documents and any Trust Agreement, if any, for the 2000 Authorization Series B Bonds. The Executive Secretary of the District shall maintain true and correct copies of such documents in the files of the District.

In connection with the sale of the 2000 Authorization Series B Bonds which are Variable Rate Bonds, the Ad Hoc Committee is further hereby authorized to negotiate, execute and deliver on behalf of the District, one or more Remarketing Agreements providing for the remarketing of such Variable Rate Bonds, one or more Liquidity Facilities providing liquidity support for the Variable Rate Bonds, and one or more Credit Facilities providing additional security for the Variable Rate Bonds, upon such terms and conditions as the Ad Hoc Committee shall determine to be in the best interest of the District. All terms relating to such Variable Rate Bonds, incorporating the determinations of the Ad Hoc Committee relating to such Bonds, shall be memorialized in the related Trust Agreement authorized to be executed and delivered by the District.

**SECTION 5.3 Interest Rate Swap Agreements.** The Ad Hoc Committee is hereby authorized to negotiate and execute on behalf of the District an interest rate swap agreement or agreements or similar contracts, if any, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure with respect to the 2000 Authorization Series B Bonds upon such terms and conditions as the Ad Hoc Committee shall determine to be in the best interests of the District.

**SECTION 5.4 Further Action.** The Chairman of the Board, the General Manager and Director of Finance of the District shall be and each of them is hereby authorized,

empowered and directed to execute such other documents in addition to those enumerated herein and to take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Twelfth Supplemental Resolution. Without limitation of the foregoing, the General Counsel of the District is hereby authorized, empowered and directed, without the necessity of any further Board action or approval, to amend and supplement Section 5200 of Division V of Chapter 2 of The Metropolitan Water District Administrative Code to provide for the establishment of the funds created hereunder and under any Supplemental Resolution previously adopted by the Board with respect to the issuance of its Bonds.

## ARTICLE VI

### UNDERTAKINGS

**SECTION 6.1 Municipal Securities Disclosure.** The District hereby agrees to provide or cause to be provided certain annual financial information and notices of certain material events with respect to the 2000 Authorization Series B Bonds if required under Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended, on the delivery date of the 2000 Authorization Series B Bonds.

**SECTION 6.2 Default.** A default under this Article VI shall not be deemed an Event of Default under the Master Resolution. The sole remedy under this Article VI in the event of any failure of the District to comply with this Article VI shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

**SECTION 6.3 Amendment.** This Article VI may be amended, supplemented, modified or deleted, from time to time and at any time, as the District may determine without the consent of any Owner of the 2000 Authorization Series B Bonds.

## ARTICLE VII

### MISCELLANEOUS

**SECTION 7.1 2000 Authorization Series B Bonds Subject to the Master Resolution.** Except as expressly provided in this Twelfth Supplemental Resolution, every term and condition contained in the Master Resolution shall apply to this Twelfth Supplemental Resolution and to the 2000 Authorization Series B 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 Twelfth Supplemental Resolution. The Master Resolution, as amended and supplemented by this Twelfth Supplemental Resolution, is in all respects ratified and approved.

**SECTION 7.2 Severability of Invalid Provisions.** If any one or more of the provisions contained in this Twelfth Supplemental Resolution or in the 2000 Authorization Series B 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 Twelfth Supplemental Resolution and such invalidity, illegality or

unenforceability shall not affect any other provision of this Twelfth Supplemental Resolution, and this Twelfth 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 Twelfth Supplemental Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2000 Authorization Series B Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Twelfth Supplemental Resolution may be held illegal, invalid or unenforceable.

**SECTION 7.3 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 Twelfth Supplemental Resolution.

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

**SECTION 7.4 Governing Law.** This Twelfth 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 May 17, 2000.

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Executive Secretary  
The Metropolitan Water District  
of Southern California

**EXHIBIT A-1**

**FORM OF 2000 AUTHORIZATION SERIES B CURRENT INTEREST BOND  
(FIXED RATE BOND)**

**UNITED STATES OF AMERICA**

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

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

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA  
WATER REVENUE BOND, 2000 AUTHORIZATION SERIES B**

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

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP#
_____ %			

REGISTERED OWNER: \*\*\*\*\*CEDE & CO.\*\*\*\*\*

PRINCIPAL AMOUNT:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, FOR VALUE RECEIVED, hereby promises to pay, solely from Net Operating Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) on such principal amount from the interest payment date before the date of authentication hereof (unless this Bond is authenticated during the period after a record date but on or before the next interest payment date, in which event this Bond shall bear interest from that interest payment date, or unless this Bond is authenticated prior to the first record date, in which event this Bond shall bear interest from \_\_\_\_\_ 1, 2000, 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, 2000 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 Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate office of the Treasurer of the District. Interest on this 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 Bonds may be paid interest by wire transfer to an account in the United States if such registered owner makes a written request of the Fiscal Agent at least 30 days preceding any interest payment date specifying the wire transfer instructions for such registered owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice.

This Bond is one of a duly authorized issue of "The Metropolitan Water District of Southern California Water Revenue Bonds, 2000 Authorization Series B (the "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 May 17, 2000 (the "Twelfth Supplemental Resolution"; the Master Resolution as supplemented by the Twelfth Supplemental Resolution is referred to herein as the "Resolution"). Reference is hereby made to the Master Resolution, the Twelfth Supplemental Resolution and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Net Operating Revenues (as defined in the Master Resolution), and all of the terms of the Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and by acceptance hereof the registered holder of this Bond assents to said terms and conditions. The Resolution is adopted under, and this Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

This 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 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 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 Bonds or any interest hereon. The 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 Twelfth Supplemental Resolution.

The 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 Twelfth Supplemental Resolution.

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

[Redemption provisions to be inserted]

This 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 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any Bond is surrendered for transfer, the District shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, of the same tenor and maturity and for a like aggregate principal amount. This Bond may be exchanged without charge at the office of the Fiscal Agent in Los Angeles, California for Bonds of authorized denominations having the same aggregate principal amount, tenor and maturity. The Fiscal Agent need not transfer registration or exchange any Bond later than 15 days prior to the date of selection of Bonds for redemption or any portion thereof for redemption. The Fiscal Agent may require the holder of any 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 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 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 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 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 Bonds then outstanding.

This 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 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 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 Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the District has caused this Bond to be signed by the Chairman of the Board of Directors and the Secretary of the Board of Directors of the District by their facsimile signatures, signed by the Controller of the District by his manual signature, and sealed with the facsimile corporate seal of said District as of the Original Issue Date specified above.

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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 Bond is one of The Metropolitan Water District of Southern California Water Revenue Bonds, 2000 Authorization Series B delivered pursuant to the within mentioned Master Resolution and Twelfth 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 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 TN: as joint tenants with right  
of survivorship and not as  
tenants in common

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

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

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_

\_\_\_\_\_ the  
within-mentioned registered 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) as written on the face of the within 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 2000 AUTHORIZATION SERIES B CAPITAL APPRECIATION BOND**

**UNITED STATES OF AMERICA**

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

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

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA  
WATER REVENUE BOND, 2000 AUTHORIZATION SERIES B**

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

YIELD TO MATURITY:

MATURITY DATE:

ORIGINAL ISSUE DATE:

CUSIP #:

REGISTERED OWNER: \*\*\*\*\*CEDE & CO.\*\*\*\*\*

INITIAL AMOUNT:

FINAL COMPOUNDED AMOUNT:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, FOR VALUE RECEIVED, hereby promises to pay, solely from Net Operating Revenues, as hereinafter provided, to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the Final Compounded Amount set forth above. Interest with respect to the Initial Amount hereof will accrete at the Yield to Maturity per annum shown above from the Original Issue Date above, shall be compounded on \_\_\_\_\_ 1, 2000 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 Twelfth Supplemental Resolution (as hereinafter defined). The Final Compounded Amount of this Bond is payable to the registered holder hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate office of the Treasurer of the District, as fiscal agent (the "Fiscal Agent").

This Bond is one of a duly authorized issue of "The Metropolitan Water District of Southern California Water Revenue Bonds, 2000 Authorization Series B" (the "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 May 17, 2000 (the "Twelfth Supplemental Resolution"; the Master Resolution as supplemented by the Twelfth Supplemental Resolution is referred to herein as the "Resolution"). Reference is hereby made to the Master Resolution, the Twelfth Supplemental Resolution and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Net Operating Revenues (as defined in the Master Resolution), and all of the terms of the Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and by acceptance hereof the registered holder of this Bond assents to said terms and conditions. The Resolution is adopted under, and this Bond is issued under, and all are to be construed in accordance with, the laws of the State of California.

This 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 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 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 Bond or any interest hereon.

The 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 Twelfth Supplemental Resolution.

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

[Redemption provisions to be inserted]

This 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 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent. Whenever any Bond is surrendered for transfer, the District shall execute and the Fiscal Agent

shall authenticate and deliver a new Bond or Bonds, of the same tenor and maturity and for a like Final Compounded Amount. This Bond may be exchanged without charge at the office of the Fiscal Agent in Los Angeles, California for Bonds of authorized denominations having the same Final Compounded Amount, tenor and maturity. The Fiscal Agent need not transfer registration or exchange any Bond later than 15 days prior to the date of selection of Bonds for redemption or any portion thereof for redemption. The Fiscal Agent may require the holder of any 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 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 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 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 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 Bonds then outstanding.

This 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 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 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 Bonds permitted to be issued under the Resolution.



IN WITNESS WHEREOF, the District has caused this Bond to be signed by the Chairman of the Board of Directors and the Secretary of the Board of Directors of the District by their facsimile signatures, signed by the Controller of the District by his manual signature, and sealed with the facsimile corporate seal of said District as of the Original Issue Date specified above.

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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 Bond is one of The Metropolitan Water District of Southern California Water Revenue Bonds, 2000 Authorization [Additional Designation] delivered pursuant to the within mentioned Master Resolution and Twelfth 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 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 TN: as joint tenants with right  
of survivorship and not as  
tenants in common

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

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

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_

\_\_\_\_\_ the  
within-mentioned registered 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) as written on the face of the within 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.

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

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**RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**AUTHORIZING THE ISSUANCE OF UP TO**  
**\$560,000,000 IN PRINCIPAL AMOUNT OF WATER REVENUE BONDS**  
**AND PROVIDING THE TERMS AND CONDITIONS OF SAID BONDS**  
**(TWELFTH SUPPLEMENTAL RESOLUTION)**

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**(ADOPTED MAY 17, 2000)**

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