THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

The Metropolitan Water District of Southern California

CONTINUING DISCLOSURE INFORMATION STATEMENT –
(Operating and Financial Data Provided in Addition to Audited Basic Financial Statements, filed separately to EMMA, and the Comprehensive Annual Financial Report For the Fiscal Years Ended June 30, 2020 and 2019 (CAFR), filed with this Statement)

FISCAL YEAR 2019-20

This information statement provides information about the Metropolitan Water District of Southern California. Generally, this document relates to debt issued by the District under the following security structures:

- General Obligation Bonds
- Water Revenue Bonds
- Subordinate Water Revenue Bonds

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REVENUES

Summary of Revenues by Source

Table 1 sets forth Metropolitan's sources of revenues for the five fiscal years ended June 30, 2020, on a modified accrual basis. All information is unaudited.

TABLE 1: SUMMARY OF REVENUES BY SOURCE [1]
Fiscal Years Ended June 30
(Dollars in Millions)

	2016	2017	2018	2019	2020
Water Revenues[2]	$1,166	$1,151	$1,285	$1,149	$1,188
Taxes, Net [3]	108	116	131	145	147
Additional Revenue Sources[4]	200	184	172	170	165
Interest on Investments	18	4	8	34	20
Hydroelectric Power Sales	7	21	24	18	16
Other Revenues[5]	245	51	28	22	14
Total Revenues	$1,744	$1,527	$1,648	$1,538	$1,550

Source: Metropolitan.

(1) Does not include any proceeds from the sale of bonded indebtedness.

(2) Water revenues include revenues from water sales, exchanges, and wheeling.

(3) *Ad valorem* taxes levied by Metropolitan are applied solely to the payment of outstanding general obligation bonds of Metropolitan and to State Water Contract obligations.

(4) Includes revenues derived from water standby charges, readiness-to-serve, and capacity charges.

(5) Includes miscellaneous revenues and Build America Bonds (BABs) subsidy payment of $12.3 million, $9.8 million, $15.0 million, $12.5 million, and $2.9 in fiscal years 2015-16 through 2019-20, respectively. Fiscal years 2015-16, 2016-17, and 2017-18, include $222 million, $33 million, and $1 million, respectively, of water conservation and supply program expenses, funded from a like amount of funds transferred from the Water Management Fund.

Water Revenues

Table 2 sets forth water transactions (which includes water sales, exchanges, and wheeling) in acre-feet and water revenues (which includes revenues from water sales, exchanges, and wheeling) for the five fiscal years ended June 30, 2020.

TABLE 2: SUMMARY OF WATER TRANSACTIONS AND REVENUES
Fiscal Years Ended June 30

Year	Water Transactions in Acre-Feet[1]	Water Revenues[2] (in millions)	Dollars Per Acre-Foot	Average Dollars Per 1,000 Gallons
2016	1,623,052	$1,166.0	$718	$2.20
2017	1,540,915	1,150.5	747	2.29
2018	1,610,969	1,285.2	798	2.45
2019	1,418,324	1,148.7	810	2.49
2020	1,419,156	1,188.0	837	2.57

Source: Metropolitan.

(1) Water transactions include water sales, exchanges, and wheeling with member and contract agencies.

(2) Water Revenues include revenues from water sales, exchanges, and wheeling. Wheeling and exchange revenues were $84.3 million, $87.4 million, $96.1 million, $102.2 million, and $140.1 million in the fiscal years ended June 30, 2016 through 2020, respectively.

Wheeling and Exchange Charges

Wheeling and exchange revenues were $140.1 million during fiscal year 2019-20. Information regarding litigation challenging Metropolitan's water rates is included in Metropolitan's offering statements posted on EMMA.

Water Rates by Water Category

Table 3 sets forth Metropolitan's water rates by category beginning January 1, 2016. A description of the rates is included in Metropolitan's offering statements posted on EMMA. In addition to the base rates for untreated water sold in the different classes of service, the columns labeled "Treated" include the surcharge that Metropolitan charges for water treated at its water treatment plants. Information regarding litigation challenging Metropolitan's water rates is included in Metropolitan's offering statements posted on EMMA.

TABLE 3: SUMMARY OF WATER RATES
(Dollars per Acre-Foot)

	SUPPLY RATE		SYSTEM ACCESS RATE	WATER STEWARDSHIP RATE(1)	SYSTEM POWER RATE	TREATMENT SURCHARGE
	Tier 1	Tier 2				
January 1, 2016	$156	$290	$259	$41	$138	$348
January 1, 2017	$201	$295	$289	$52	$124	$313
January 1, 2018	$209	$295	$299	$55	$132	$320
January 1, 2019	$209	$295	$326	$69	$127	$319
January 1, 2020	$208	$295	$346	$65	$136	$323
January 1, 2021*	$243	$285	$373	$--	$161	$327
January 1, 2022*	$243	$285	$389	$--	$167	$344

	FULL SERVICE TREATED(2)		FULL SERVICE UNTREATED(3)	
	Tier 1	Tier 2	Tier 1	Tier 2
January 1, 2016	$942	$1,076	$594	$728
January 1, 2017	$979	$1,073	$666	$760
January 1, 2018	$1,015	$1,101	$695	$781
January 1, 2019	$1,050	$1,136	$731	$817
January 1, 2020	$1,078	$1,165	$755	$842
January 1, 2021*	$1,104	$1,146	$777	$819
January 1, 2022*	$1,143	$1,185	$799	$841

Source: Metropolitan.

* Rates effective January 1, 2021 and January 1, 2022 were adopted by Metropolitan's Board on April 14, 2020.

(1) The Water Stewardship Rate has not been incorporated into Metropolitan's rates and charges for calendar years 2021 and 2022 and therefore will not be collected on water transactions after December 31, 2020.

(2) Full service treated water rates are the sum of the applicable Supply Rate, System Access Rate, Water Stewardship Rate, System Power Rate and Treatment Surcharge.

(3) Full service untreated water rates are the sum of the applicable Supply Rate, System Access Rate, Water Stewardship Rate and System Power Rate.

Water Standby Charges

The Board is authorized to impose water standby or availability of service charges. In May 1993, the Board imposed a water standby charge for fiscal year 1993-94 ranging from $5.00 to $15 for each acre or parcel less than an acre within Metropolitan's service area, subject to specified exempt categories. Water standby charges have been continued at the same rate in each year since 1993-94.

Member agencies have the option to utilize Metropolitan's existing standby charge authority as a means to collect all or a portion of their Readiness-to-Serve Charge (RTS), a fixed charge allocated among the member agencies based on a ten-fiscal year rolling average of firm demands. Standby charge collections are credited against the member agencies' RTS charges. Twenty-two of Metropolitan's member agencies collect their RTS charges through Standby Charges. RTS charges collected by means of such Standby Charges were $41.6 million in fiscal year 2017-18, $41.7 million in fiscal year 2018-19, and $41.7 million in fiscal year 2019-20.

Principal Customers

All of Metropolitan's regular customers are member agencies. Metropolitan's ten largest water customers in the year ended June 30, 2020 are shown in Table 4, on an accrual basis.

TABLE 4: TEN LARGEST WATER CUSTOMERS
Year Ended June 30, 2020
Accrual Basis (Dollars in Millions)

Agency	Water Revenues[1] (in Millions)	Percent of Total	Water Transactions in Acre-Feet[2]	Percent of Total
San Diego CWA	$ 187.3	15.8%	324,660	22.9%
MWD of Orange County	152.6	12.8	157,346	11.1
City of Los Angeles	129.0	10.9	148,022	10.4
West Basin MWD	119.7	10.1	112,636	7.9
Calleguas MWD	99.6	8.4	93,802	6.6
Eastern MWD	93.9	7.9	105,215	7.4
Three Valleys MWD	65.4	5.5	73,239	5.2
Western MWD of Riverside County	59.8	5.0	64,811	4.6
Inland Empire Utilities Agency	47.0	4.0	64,538	4.5
City of Long Beach	30.2	2.5	28,332	2.0
Total	$ 984.5	82.9%	1,172,602	82.6%
Total Water Revenues[1]	$1,188.0	**Total Acre-Feet[2]**	1,419,156	

Source: Metropolitan.
(1) Water Revenues include revenues from water sales, exchanges, and wheeling.
(2) Water Transactions include water sales, exchanges and wheeling with member and contract agencies.

Hydroelectric Power Recovery Revenues

Energy generation sales revenues were $15.9 million in fiscal year 2019-20 as calculated on a modified accrual basis.

Unrestricted Reserve Balance

Metropolitan's unrestricted reserves as of June 30, 2020 were $448 million on a modified accrual basis.

Investment of Moneys in Funds and Accounts

As of June 30, 2020, the total market value (cash-basis) of all Metropolitan funds was $1.3 billion, including bond reserves of $1.7 million. In Fiscal Year 2019-20, Metropolitan's earnings on investments, including adjustments for gains and losses and premiums and discounts, including construction account and trust fund earnings, on a cash basis (unaudited) were $18.1 million. Over the three years ended June 30, 2020, the market value of the month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) averaged approximately $1.0 billion. The minimum month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) during the three fiscal years ended June 30, 2020, was approximately $831.9 million on July 31, 2019.

PROPERTY TAX REVENUES

Please refer to Metropolitan's Comprehensive Annual Financial Report For The Fiscal Years Ended June 30, 2020 and 2019 ("CAFR"), which includes summaries of (a) property tax levies; (b) assessed valuations and tax rates; and (c) assessed valuation within Metropolitan's service area.

EXPENDITURES AND DEBT OUTSTANDING

Summary of Expenses

Table 5 sets forth a summary of Metropolitan's expenditures, by major function, for the five years ended June 30, 2020, on a modified accrual basis. All information is unaudited.

TABLE 5: SUMMARY OF EXPENSES
Fiscal Years Ended June 30
(Dollars in Millions)

	2016	2017	2018	2019	2020
Operation and Maintenance Costs[1]	$ 799	$ 559	$ 568	$ 569	$ 641
Total State Water Project[2]	512	506	527	482	519
Total Debt Service	332	330	360	347	285
Construction Expenses from Revenues[3]	273	132	98	128	39
Other[4]	6	4	5	6	6
Total Expenses (net of reimbursements)	$1,922	$1,531	$1,558	$1,532	$1,490

Source: Metropolitan.

(1) Includes operation and maintenance, debt administration, conservation and local resource programs, CRA power, and water supply expenses. Fiscal years 2015-16, 2016-17, and 2017-18 includes $222 million, $33 million, and $1 million, respectively, of conservation and supply program expenses funded from transfers from the Water Management Fund.

(2) Includes both operating and capital expense portions.

(3) At the discretion of the Board, in any given year, Metropolitan may increase or decrease funding available for construction disbursements to be paid from revenues. Includes $160 million for acquiring properties in Riverside and Imperial Counties, funded by $160 million from the Replacement and Refurbishment Fund Reserves in fiscal year 2015-16. Does not include expenditures of bond proceeds.

(4) Includes operating equipment.

General Obligation Bond Indebtedness

As of June 30, 2020, $37,300,000 aggregate principal amount of general obligation bonds payable from *ad valorem* property taxes were outstanding. Metropolitan's revenue bonds are not payable from the levy of *ad valorem* property taxes. Table 6 describes Metropolitan's outstanding general obligation bonds.

TABLE 6: GENERAL OBLIGATION BONDS

General Obligation Bonds	Amount Issued[1]	Principal Outstanding
Waterworks General Obligation Refunding Bonds, 2010 Series A[2]	$ 39,485,000	$18,735,000
Waterworks General Obligation Refunding Bonds, 2014 Series A	49,645,000	4,540,000
Waterworks General Obligation Refunding Bonds, 2019 Series A	16,755,000	14,025,000
Total	**$105,885,000**	**$37,300,000**

Source: Metropolitan.

(1) Voters authorized Metropolitan to issue $850,000,000 of Waterworks General Obligation Bonds, Election 1966, in multiple series, in a special election held on June 7, 1966. This authorization has been fully utilized. This table lists bonds that refunded such Waterworks General Obligation Bonds, Election 1966.

(2) These bonds were refunded in September 2020 as described below.

Subsequent General Obligation Bonds Refunding. On September 1, 2020, Metropolitan issued its $13,665,000 Waterworks General Obligation Refunding Bonds, 2020 Series A ("2020A Bonds") to redeem all of the outstanding Waterworks General Obligation Refunding Bonds, 2010 Series A.

Table 7 shows the annual debt service requirements for Metropolitan's outstanding General Obligation Bonds as of June 30, 2020. Debt service schedule in Table 7 does not reflect the refunding described under "Subsequent General Obligation Bonds Refunding". Details regarding the 2020A Bonds debt service is set forth in the Official Statement related to the 2020A Bonds, which has been posted on EMMA.

TABLE 7: THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION BONDS

Fiscal Year Ending June 30	Principal Amount	Interest Amount	Total
2021	$5,400,000	$1,854,175	$7,254,175
2022	6,655,000	1,584,175	8,239,175
2023	960,000	1,251,425	2,211,425
2024	1,005,000	1,203,425	2,208,425
2025	1,055,000	1,153,175	2,208,175
2026	1,110,000	1,100,425	2,210,425
2027	1,160,000	1,044,925	2,204,925
2028	1,220,000	986,925	2,206,925
2029	1,710,000	925,925	2,635,925
2030	1,790,000	840,425	2,630,425
2031	1,87,0000	759,250	2,629,250
2032	1,965,000	665,750	2,630,750
2033	2,065,000	567,500	2,632,500
2034	2,165,000	464,250	2,629,250
2035	2,275,000	356,000	2,631,000
2036	2,385,000	242,250	2,627,250
2037	2,510,000	123,000	2,633,000
Total	**$37,300,000**	**$15,123,000**	**$52,423,000**

Source: Metropolitan.

Revenue Bond Indebtedness and Other Revenue Obligations

As of June 30, 2020, Metropolitan had total outstanding indebtedness, secured by a lien on Net Operating Revenues, of $3.97 billion. This indebtedness was comprised of $2.55 billion of Senior Revenue Bonds issued under the Senior Debt Resolutions (each as defined below), which includes $2.22 billion of fixed rate Senior Revenue Bonds, and $331.9 million of variable rate Senior Revenue Bonds; $1.42 billion of Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions (each as defined below), which includes $969.2 million of fixed rate Subordinate Revenue Bonds, and $446.3 million of variable rate Subordinate Revenue Bonds; and $46.8 million of subordinate lien short-term certificates, which bear a variable rate, and are on parity with the Subordinate Revenue Bonds (defined below). In addition, Metropolitan has $493.6 million of fixed-payor interest rate swaps which provides a fixed interest rate hedge to an equivalent amount of variable rate debt.

Subsequent Revenue Bond Refunding. As further detailed in the pages below, on July 1, 2020, Metropolitan issued $268.0 million of its Water Revenue Refunding Bonds, 2020 Series C (“2020C Bonds”) the proceeds of which refunded $314.6 million of then outstanding Senior Revenue Bonds and $35.6 million of then outstanding senior lien short-term notes. The senior lien short-term notes were issued to refund $35.6 million of Metropolitan’s then outstanding Subordinate Revenue Bonds.

Table 8 below shows the estimated annual debt service requirements for Metropolitan’s outstanding Water Revenue Bonds as of June 30, 2020. Debt service schedule in Table 8 does not reflect the refunding described under “Subsequent Revenue Bond Refunding” above. Details regarding the 2020C Bonds debt service is set forth in the Official Statement related to the 2020C Bonds, which has been posted on EMMA.

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TABLE 8: THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DEBT SERVICE REQUIREMENTS FOR WATER REVENUE BONDS

Fiscal Year Ending June 30	Outstanding Senior Debt Service (1)(2)(3)(4)(5)(6)	Outstanding Subordinate Debt Service (1)(2)(3)(4)(5)(6)	Outstanding Total Debt Service (1)(2)(3)(4)(5)(6)
2021	$222,773,865	$66,995,516	$289,769,381
2022	180,405,285	107,001,241	287,406,526
2023	174,883,471	118,187,653	293,071,124
2024	178,433,367	108,184,754	286,618,121
2025	160,342,531	126,431,444	286,773,975
2026	142,617,613	144,364,188	286,981,801
2027	157,778,193	129,421,750	287,199,943
2028	153,851,716	133,622,550	287,474,266
2029	214,228,401	58,734,102	272,962,503
2030	151,198,166	102,350,004	253,548,170
2031	211,519,960	50,169,801	261,689,761
2032	223,134,617	38,557,343	261,691,960
2033	188,920,167	72,767,531	261,687,698
2034	190,463,899	71,227,734	261,691,633
2035	211,784,623	49,906,481	261,691,104
2036	214,680,103	47,010,525	261,690,628
2037	172,323,376	89,363,559	261,686,935
2038	171,630,068	34,717,822	206,347,890
2039	143,234,618	9,097,722	152,332,340
2040	143,160,188	9,172,506	152,332,694
2041	143,085,895	9,244,253	152,330,148
2042	32,250,588	41,896,825	74,147,413
2043	32,206,428	42,061,138	74,267,566
2044	32,158,606	42,237,266	74,395,872
2045	32,115,219	42,414,628	74,529,847
2046	32,069,328	68,262,081	100,331,409
2047	32,001,409	31,373,659	63,375,068
2048	31,931,947	31,349,125	63,281,072
2049	16,400,500	4,268,878	20,669,378
2050	16,400,000	-	16,400,000
Total (6)	$4,007,984,147	$1,880,392,079	$5,888,376,226

Source: Metropolitan.

(1) Does not include any debt service for the RBC Short-Term Revolving Credit Facility

(2) Indicated amounts reflect the stated interest rate on Metropolitan's Water Revenue Bonds 2010 Authorization, Series A (Taxable Build America Bonds), and have not been reduced to reflect the Interest Subsidy Payments Metropolitan expects to receive from the United States Treasury in connection with such Bonds.

(3) Assumes each Series of Term Mode Bonds are remarketed to a variable rate after the initial call protection date for such Series. Interest after the initial call protection date is calculated at an assumed interest rate of 2.25% per annum.

(4) Assumes that approximately $10.1 million of the 2023 maturity of Metropolitan's Subordinate Water Revenue Refunding Bonds, 2019 Series A is refunded with variable rate bonds prior to its maturity date, with the refunding bonds amortizing in 2037 and interest thereon at an assumed 2.25% per annum. Assumes that the 2028 maturity of Metropolitan's Subordinate Water Revenue Bonds, 2018 Series B is largely refunded with variable rate bonds prior to its maturity date, with the refunding bonds amortizing in the years 2033-2049 and interest thereon at an assumed 2.25% per annum. Assumes Metropolitan's Subordinate Water Revenue Refunding Bonds, 2017 Series B are refunded with variable rate bonds at their respective July 1 optional redemption dates, with the refunding bonds amortizing on July 1 in the years 2028-2033 and interest thereon at an assumed 2.25% per annum. Actual amortization of refunding bonds and rates may differ from those set forth in this footnote. Interest on the Subordinate Bonds that are Index Tender Bonds is calculated at an assumed interest rate of 2.25% per annum. Does not include any debt service for short-term notes under the Subordinate Note Purchase Agreements.

(5) Of Metropolitan's $1.0 billion principal amount of outstanding variable rate bonds reflected in this table ($603.7 million of Senior Bonds and $446.3 million of Subordinate Bonds), interest on $493.6 million aggregate amount of such variable rate bonds is hedged by interest rate swap agreements. Parity Bonds debt service is calculated taking into account the assumed fixed payor rates of interest to be paid under the respective interest rate swap agreements. For the remaining variable rate bonds, interest is calculated at an assumed interest rate of 2.25% per annum.

(6) Assumes $271.8 million, Special Variable Rate Water Revenue Refunding Bonds, 2020 Series B are refunded, on April 1, 2021, as variable rate bonds, with current scheduled Mandatory Redemptions at an assumed 2.25% per annum interest rate.

(7) Totals are rounded.

Senior Revenue Bonds

Water revenue bonds issued under Metropolitan's Senior Debt Resolutions ("Senior Revenue Bonds") are secured by a pledge of and lien on Net Operating Revenues of Metropolitan. The Senior Revenue Bonds issued under the Senior Debt Resolutions outstanding as of June 30, 2020, are set forth below in Table 9.

TABLE 9: SENIOR REVENUE BOND INDEBTEDNESS

Name of Issue	Principal Outstanding
Water Revenue Refunding Bonds, 1993 Series A	$ 12,225,000
Water Revenue Bonds, 2000 Authorization, Series B-3[(1)]	78,900,000
Water Revenue Bonds, 2010 Authorization, Series A[(2) (4)]	250,000,000
Water Revenue Refunding Bonds, 2010 Series B [(4)]	56,005,000
Water Revenue Refunding Bonds, 2011 Series C	118,800,000
Water Revenue Refunding Bonds, 2012 Series A	181,180,000
Water Revenue Refunding Bonds, 2012 Series C	19,835,000
Water Revenue Refunding Bonds, 2012 Series F	48,885,000
Water Revenue Refunding Bonds, 2012 Series G	111,890,000
Water Revenue Refunding Bonds, 2014 Series A	37,870,000
Water Revenue Refunding Bonds, 2014 Series C-2[(4)]	14,020,000
Water Revenue Refunding Bonds, 2014 Series C-3	2,810,000
Water Revenue Refunding Bonds, 2014 Series E	86,060,000
Water Revenue Refunding Bonds, 2014 Series G-5[(4)]	6,205,000
Water Revenue Bonds, 2015 Authorization, Series A	204,120,000
Water Revenue Refunding Bonds, 2016 Series A	239,455,000
Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-1 and B-2[(1)]	82,905,000
Water Revenue Bonds, 2017 Authorization, Series A[(1)]	80,000,000
Special Variable Water Revenue Refunding Bonds, 2018 Series A-1 and A-2[(1)]	90,070,000
Water Revenue Refunding Bonds, 2018 Series B	133,510,000
Water Revenue Refunding Bonds, 2019 Series A	218,090,000
Water Revenue Bonds, 2020 Series A	207,355,000
Special Variable Rate Water Revenue Refunding Bonds, 2020 Series B[(3)]	271,815,000
Total	**$2,552,005,000**

Source: Metropolitan.

(1) Outstanding variable rate obligation.

(2) Designated as "Build America Bonds" pursuant to the American Recovery and Reinvestment Act of 2009.

(3) Initially delivered in a long mode at a fixed interest rate to April 2, 2021.

(4) Refunded on July 1, 2020, see Senior Revenue Bonds – 2020 Series C Bonds.

2020 Series C Bonds. As referenced under "*Subsequent Revenue Refunding Bond Refunding*" above, on July 1, 2020, Metropolitan issued its $267,995,000 Water Revenue Refunding Bonds, 2020 Series C (hereinafter, the "2020C Bonds") to (a) refund all of the following outstanding series of Bonds (to the extent maturing after July 1, 2020): (i) Metropolitan's Water Revenue Bonds, 2010 Authorization, Series A (the "2010A Bonds"), (ii) Metropolitan's Water Revenue Refunding Bonds, 2010 Series B (the "2010B Bonds"), (iii) Metropolitan's Water Revenue Refunding Bonds, 2014 Series C-2 (the "2014C-2 Bonds") and (iv) Metropolitan's Water Revenue Refunding Bonds, 2014 Series G-5 (the "2014G-5 Bonds"); and (b) redeem certain notes issued by Metropolitan evidencing a $35,645,000 draw made by Metropolitan under the RBC Short-Term Revolving Credit Facility for the purposes of refunding a portion of Metropolitan's then outstanding Subordinate Bonds (as further described below).

Variable Rate and Swap Obligations

As of June 30, 2020, Metropolitan had outstanding $331.9 million of variable rate Senior Revenue Bonds issued under the Senior Debt Resolutions supported by standby bond purchase agreements between Metropolitan and various liquidity providers ("Liquidity Supported Bonds"). Metropolitan also has an outstanding Short-Term Revolving Credit Facility under which it may incur variable rate Senior Parity Obligations as described under Other Senior Parity Obligations below. See also Subordinate Revenue Bonds and Other Subordinate Parity Obligations below which describe Metropolitan's Subordinate Revenue Bonds and Subordinate Parity Obligations that bear interest at a variable rate.

Liquidity Supported Bonds. As of June 30, 2020, Metropolitan had $331.9 million of outstanding Liquidity Supported Bonds issued under the Senior Debt Resolutions. The interest rates for each Series of outstanding Liquidity Supported Bonds are currently reset at a daily rate. While bearing interest at a daily rate, such variable rate demand obligations are subject to optional tender on any business day with same day notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by Standby Bond Purchase Agreements between Metropolitan and liquidity providers that provide for purchase of variable rate bonds by the applicable liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to pay principal and interest under the Standby Bond Purchase Agreements as Senior Parity Obligations (which includes all obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds).

Table 11 lists the liquidity providers, the expiration date of each facility and the principal amount of outstanding variable rate demand obligations covered under each facility as of June 30, 2020.

TABLE 11: LIQUIDITY PROVIDERS

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
The Toronto-Dominion Bank, New York Branch	2018 Series A-1 and Series A-2	$ 90,070,000	June 2021
Bank of America, N.A.	2016 Series B-1 and Series B-2	$ 82,905,000	July 2021
PNC Bank, N.A.	2017 Authorization Series A	$ 80,000,000	March 2023
PNC Bank, N.A.	2000 Authorization Series B-3	$ 78,900,000	March 2023
Total		**$331,875,000**	

Source: Metropolitan.

Additional details regarding the terms of such Liquidity-Supported Bonds and the related Standby Bond Purchase Agreements are more fully set forth in the specific offering documents related to each issue.

Interest Rate Swap Transactions. By resolution adopted on September 11, 2001, Metropolitan's Board authorized the execution of interest rate swap transactions and related agreements in accordance with a master swap policy, which was subsequently amended by resolutions adopted on July 14, 2009 and May 11, 2010.

Metropolitan currently has one type of interest rate swap, referred to in the table below as "Fixed Payor Swaps." Under this type of swap, Metropolitan receives payments that are calculated by reference to a floating interest rate and makes payments that are calculated by reference to a fixed interest rate.

Net payments under the terms of the interest rate swap agreements are payable on a parity with the Senior Revenue Bonds. Termination payments under the 2002A and 2002B interest rate swap agreements would be payable on a parity with the Senior Revenue Bonds. All other termination payments related to interest rate swap agreements would be on parity with the Subordinate Revenue Bonds and all other obligations of Metropolitan payable from Net Operating Revenues on parity with the Subordinate Revenue Bonds (referred to herein as Subordinate Parity Obligations) (described below).

Table 12 describes the swap transactions outstanding as of June 30, 2020.

TABLE 12: FIXED PAYOR SWAPS

Swap Designation	Notional Amount Outstanding	Swap Counterparty	Fixed Payor Rate	MWD Receives	Maturity Date
2002 A	$75,838,400	Morgan Stanley Capital Services, Inc.	3.300%	57.74% of one-month LIBOR	7/1/2025
2002 B	28,371,600	JPMorgan Chase Bank	3.300	57.74% of one-month LIBOR	7/1/2025
2003	158,597,500	Wells Fargo Bank	3.257	61.20% of one-month LIBOR	7/1/2030
2003	158,597,500	JPMorgan Chase Bank	3.257	61.20% of one-month LIBOR	7/1/2030
2004 C	7,760,500	Morgan Stanley Capital Services, Inc.	2.980	61.55% of one-month LIBOR	10/1/2029
2004 C	6,349,500	Citigroup Financial Products, Inc.	2.980	61.55% of one-month LIBOR	10/1/2029
2005	29,057,500	JPMorgan Chase Bank	3.360	70% of 3-month LIBOR	7/1/2030
2005	29,057,500	Citigroup Financial Products, Inc.	3.360	70% of 3-month LIBOR	7/1/2030
Total	**$493,630,000**				

Source: Metropolitan.

Additional details regarding the terms of the interest rate swap agreements and such swap transactions is included in Metropolitan's offering statements posted on EMMA.

Term Mode Bonds

As of June 30, 2020, Metropolitan had outstanding $23.0 million of Senior Revenue Bonds that were issued in a term mode (the "Term Mode Bonds"). The Term Mode Bonds initially bear interest at a fixed rate for a specified period from their date of issuance, at the end of which time they are subject to mandatory tender for purchase (and after which such bonds may bear interest in another term rate period or a new interest mode or may be converted to bear fixed interest rates through the maturity date thereof). The owners of the Term Mode Bonds of a Series must tender for purchase, and Metropolitan must purchase, all of the Term Mode Bonds of such series on the specified scheduled mandatory tender date of each term period for such Series. Metropolitan anticipates it will pay the purchase price of tendered Term Mode Bonds from the proceeds of remarketing such bonds or from other available funds. The Term Mode Bonds outstanding as of June 30, 2020, are summarized in the following table:

TABLE 13: TERM MODE BONDS

Series	Original Principal Amount Issued	Next Scheduled Mandatory Tender Date
2014 C-2	14,020,000[(1)]	October 1, 2020
2014 C-3	2,810,000	October 1, 2021
2014 G-5	6,205,000[(1)]	October 1, 2020
Total	**$23,035,000**	

Source: Metropolitan.
(1) Refunded on July 1, 2020, see Senior Revenue Bonds – 2020 Series C Bonds.

Metropolitan's obligation to pay the purchase price of any tendered Term Mode Bonds is an unsecured, special limited obligation of Metropolitan payable from Net Operating Revenues.

Additional details regarding the terms of such Term Mode Bonds are more fully set forth in the specific offering documents related to each issue.

Build America Bonds

Metropolitan previously issued three Series of Senior Revenue Bonds which it designated as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 (the "Build America Bonds"). As of June 30, 2020, one Series of Build America Bonds in the aggregate principal amount of $250.0 million remained outstanding. As noted above, on July 1, 2020, Metropolitan issued the 2020C Bonds which refunded all of the outstanding Series of Build America Bonds.

Other Senior Parity Obligations

Short-Term Revolving Credit Facility. In April 2016, Metropolitan entered into a noteholder's agreement (such agreement as subsequently amended, the "RBC Short-Term Revolving Credit Facility") with RBC Municipal Products, LLC ("RBC") and a related note purchase agreement with RBC Capital Products, LLC, as the underwriter, for the issuance and sale by Metropolitan and the purchase by RBC of Metropolitan's short-term Index Notes. Pursuant to the RBC Short-Term Revolving Credit Facility, Metropolitan may borrow, pay down and re-borrow amounts, through the issuance and sale from time to time of up to $200 million of notes (including, subject to certain terms and conditions, notes to refund maturing notes) to be purchased by RBC during the term of RBC's commitment thereunder (which commitment currently extends to April 5, 2022). On June 30, 2020, Metropolitan made a draw on the RBC Short-Term Revolving Credit Facility and issued notes thereunder to provide temporary financing for the refunding of a portion of certain series of its outstanding Subordinate Revenue Bonds. Metropolitan applied a portion of the proceeds of its Water Revenue Refunding Bonds, 2020 Series C, on July 1, 2020, to pay down all of the then outstanding notes under the RBC Short-Term Revolving Credit Facility. As of December 1, 2020, Metropolitan had no outstanding short-term notes under the RBC Short-Term Revolving Credit Facility. Any unpaid principal remaining outstanding at the April 5, 2022 commitment end date of the RBC Short-Term Revolving Credit Facility is required to be paid by Metropolitan in quarterly installments over a period of approximately one year.

Notes under the RBC Short-Term Revolving Credit Facility bear interest at a variable rate of interest: for taxable borrowings, at a spread of 0.54 percent (so long as the current credit rating on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions is maintained) to the one-month LIBOR; and for tax-exempt borrowings, at a spread of 0.38 percent (so long as the current credit rating on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions is maintained) to the SIFMA Municipal Swap Index. Under the RBC Short-Term Revolving Credit Facility, upon a failure by Metropolitan to pay principal or interest of any note thereunder, a failure by Metropolitan to perform or observe its covenants, a default in other specified indebtedness of Metropolitan, certain acts of insolvency, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by Fitch, S&P or Moody's below "A–" or "A3"), the bank has the right to terminate its commitments and may accelerate (depending on the event, seven days after the occurrence, or for certain events, only after 180 days' notice) Metropolitan's obligation to repay its borrowings. Metropolitan has secured its obligation to pay principal and interest on notes evidencing borrowings under the RBC Short-Term Credit Facility as Senior Parity Obligations.

In connection with the execution of the RBC Short-Term Revolving Credit Facility, Metropolitan designated the principal and interest payable on the notes thereunder as Excluded Principal Payments under the Senior Debt Resolutions and thus, for purposes of calculating Maximum Annual Debt Service, included the amount of principal and interest due and payable under the RBC Short-Term Revolving Credit Facility on a schedule of Assumed Debt Service. This schedule of Assumed Debt Service assumes that Metropolitan will pay the principal under the RBC Short-Term Revolving Credit Facility over a period of 30 years at a fixed interest rate of approximately 3.3 percent.

Metropolitan has previously, and may in the future, enter into one or more other or alternative short-term revolving credit facilities, the repayment obligations of Metropolitan under which may be secured as either Senior Parity Obligations or Subordinate Parity Obligations.

Additional details regarding the terms of the RBC Short-Term Revolving Credit Facility are more fully set forth in the related agreement, which has been posted on EMMA.

Subordinate Revenue Bonds

Water revenue bonds issued under Metropolitan's Subordinate Debt Resolutions ("Subordinate Revenue Bonds") are secured by a pledge of and lien on Net Operating Revenues that is subordinate to the pledge securing Senior Revenue Bonds and Senior Parity Obligations. The Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions outstanding as of June 30, 2020, are set forth below in Table 14.

TABLE 14: SUBORDINATE REVENUE BOND INDEBTEDNESS

Name of Issue	Principal Outstanding
Subordinate Water Revenue Bonds, 2016 Authorization Series A(1)	$ 175,000,000
Subordinate Water Revenue Refunding Bonds, 2017 Series A	238,015,000
Subordinate Water Revenue Refunding Bonds, 2017 Series B(2)	178,220,000
Subordinate Water Revenue Bonds, 2017 Series C(1)	80,000,000
Subordinate Water Revenue Refunding Bonds, 2017 Series D(1)	95,630,000
Subordinate Water Revenue Refunding Bonds, 2017 Series E(1)	95,625,000
Subordinate Water Revenue Refunding Bonds, 2018 Series A	94,675,000
Subordinate Water Revenue Bonds. 2018 Series B	64,345,000
Subordinate Water Revenue Refunding Bonds, 2019 Series A	241,530,000
Subordinate Water Revenue Refunding Bonds, 2020 Series A	152,455,000
Total	**$1,415,495,000**

Source: Metropolitan.

(1) Outstanding variable rate obligation.

(2) $35,645,000 principal amount of these bonds were refunded on or about July 1, 2020 with proceeds of a RBC short-term note issued under the RBC Short-Term Revolving Credit Facility, see Other Senior Parity Obligations. The short-term note was subsequently refunded with proceeds of Metropolitan's 2020C Bonds, see Senior Revenue Bonds – 2020 Series C Bonds.

As of June 30, 2020, of the $1.42 billion outstanding Subordinate Revenue Bonds, $446.3 million were variable rate obligations. The outstanding variable rate Subordinate Revenue Bonds are all bonds bearing interest in a LIBOR Index Mode or a SIFMA Index Mode and are subject to mandatory tender for purchase by Metropolitan under certain circumstances, including on certain scheduled mandatory tender dates (unless earlier remarketed or otherwise retired) (“Index Tender Bonds”).

The Subordinate Water Revenue Bonds, 2016 Authorization Series A (the “Subordinate 2016 Series A Bonds”) were issued in a direct purchase transaction with Bank of America, N.A. (“BANA”). The Subordinate 2016 Series A Bonds bear interest at a variable rate of interest, at a spread of 0.32 percent (so long as the current credit rating on Metropolitan’s Senior Revenue Bonds issued under the Senior Debt Resolutions is maintained) to one-month LIBOR. In connection with the issuance of the Subordinate 2016 Series A Bonds Metropolitan entered into a Continuing Covenant Agreement with BANA (the “2016 BANA Agreement”). Under the 2016 BANA Agreement, upon a failure by Metropolitan to pay principal or interest of any Subordinate 2016 Series A Bonds, a failure by Metropolitan to perform or observe its covenants, a default in other specified indebtedness of Metropolitan, certain acts of insolvency, or other specified events of default (including if S&P shall have assigned a credit rating below “BBB–,” or if any of Fitch, S&P or Moody’s shall have assigned a credit rating below “BBB” or “Baa2,” to Senior Revenue Bonds issued under the Senior Debt Resolutions), BANA has the right to accelerate Metropolitan’s obligation to repay the Subordinate 2016 Series A Bonds. Metropolitan has secured its obligation to pay principal and interest under the 2016 BANA Agreement as a Subordinate Parity Obligation. Additional details regarding the terms of the 2016 BANA Agreement are more fully set forth in the agreement, which has been posted on EMMA.

Metropolitan’s Subordinate Water Revenue Bonds, 2017 Series C, Subordinate Water Revenue Refunding Bonds, 2017 Series D and Subordinate Water Revenue Refunding Bonds, 2017 Series E (collectively, the “Subordinate 2017 Series C, D and E Bonds”) bear interest at a rate that fluctuates weekly based on the SIFMA Municipal Swap Index plus a spread. Metropolitan’s obligation to pay the purchase price of tendered Subordinate 2017 Series C, D and E Bonds on a scheduled mandatory tender date is payable as a Subordinate Parity Obligation. Additional details regarding the terms of the Subordinate 2017 Series C, D and E Bonds are more fully set forth in the specific offering documents related to such issue.

The mandatory tender dates and related tender periods for the Index Tender Bonds outstanding as of June 30, 2020, are summarized in the Table 15:

TABLE 15: INDEX TENDER BONDS

Series	Date of Issuance	Original Principal Amount Issued	Next Scheduled Mandatory Tender Date	Maturity Date
Subordinate 2016 Authorization Series A	December 21, 2016	$175,000,000	June 21, 2021	July 1, 2045
Subordinate 2017 Series C	July 3, 2017	80,000,000	June 21, 2021	July 1, 2047
Subordinate 2017 Refunding Series D	July 3, 2017	95,630,000	June 21, 2021	July 1, 2037
Subordinate 2017 Refunding Series E	July 3, 2017	95,625,000	June 21, 2021	July 1, 2037
Total		**$446,255,000**		

Source: Metropolitan.

Metropolitan has not secured any liquidity facility or letter of credit to support the payment of the purchase price of the Index Tender Bonds in connection with a scheduled mandatory tender. Metropolitan anticipates it will pay the purchase price of tendered Index Tender Bonds from the proceeds of remarketing such bonds or from other available funds. A failure to pay the purchase price of Index Tender Bonds upon a mandatory tender would constitute a default under the Subordinate Debt Resolutions if not remedied within five business days.

Other Subordinate Parity Obligations

Subordinate Short-Term Certificates. As of June 30, 2020, Metropolitan had outstanding $46.8 million of short-term certificates issued pursuant to an amended and restated note purchase and continuing covenant agreement entered into in August 2019 with BANA (the "Subordinate Refunding Note Purchase Agreement") for the purchase by BANA and sale by Metropolitan of Metropolitan's $46.8 million principal amount of Short-Term Revenue Refunding Certificates, Series 2019 A (the "2019A Subordinate Short-Term Refunding Notes"). The 2019A Subordinate Short-Term Refunding Notes bear interest at a fluctuating per annum interest rate, equal to one-month LIBOR plus a spread of 0.32 percent (which spread is subject to increase on a scale based upon the then applicable credit ratings on Metropolitan's Senior Revenue Bonds). The scheduled maturity date of the 2019A Subordinate Short-Term Refunding Notes is August 1, 2021.

Concurrently with the execution of the Subordinate Refunding Note Purchase Agreement, in August 2019, Metropolitan entered into an additional note purchase and continuing covenant agreement (the "2019 Subordinate Note Purchase Agreement") with BANA for the purchase by BANA and sale by Metropolitan, from time to time, of Metropolitan's Short-Term Revenue Certificates, Series 2019. Pursuant to the terms of the 2019 Subordinate Note Purchase Agreement, Metropolitan may borrow, through the issuance and sale from time to time of short-term notes (with maturity dates not exceeding one year from their delivery date), an aggregate principal amount not to exceed $39.2 million (including, subject to certain terms and conditions, notes to refund maturing notes) to be purchased by BANA during the term of BANA's commitment thereunder (the stated expiration date of which is July 30, 2021). Notes under the 2019 Subordinate Note Purchase Agreement bear interest at a fluctuating per annum interest rate: (i) for taxable borrowings, equal to one-month LIBOR plus a spread of 0.32 percent; and (ii) for tax-exempt borrowings, equal to 80 percent of one month LIBOR plus a spread of 0.20 percent; in each case, which spread is subject to increase on a scale based upon the then applicable credit ratings on Metropolitan's Senior Revenue Bonds.

Under each of Subordinate Refunding Note Purchase Agreement and the 2019 Subordinate Note Purchase Agreement, upon a failure by Metropolitan to pay principal or interest of any note thereunder, upon a failure by Metropolitan to perform or observe its covenants, a default in other specified indebtedness of Metropolitan, certain acts of bankruptcy or insolvency, or other specified events of default (including if S&P shall have assigned a credit rating below "BBB–," or if any of Fitch, S&P or Moody's shall have assigned a credit rating below "BBB" or "Baa2," to Metropolitan's Senior Revenue Bonds), BANA has the right to terminate its commitments thereunder and may accelerate Metropolitan's obligation to repay its borrowings. Metropolitan has secured its obligations to pay principal and interest under the Subordinate Refunding Note Purchase Agreement and the 2019 Subordinate Note Purchase Agreement as Subordinate Parity Obligations.

Additional details regarding the terms of the Subordinate Refunding Note Purchase Agreement and the 2019 Subordinate Note Purchase Agreement, are more fully set forth in the respective agreement, which have been posted on EMMA.

Other Junior Revenue Obligations

Metropolitan currently is authorized to issue up to $400,000,000 of Commercial Paper Notes payable from Net Operating Revenues on a basis subordinate to the Senior Parity Obligations and the Subordinate Parity Obligations. Although no Commercial Paper Notes are currently outstanding, the authorization remains in full force and effect and Metropolitan may issue Commercial Paper Notes from time to time.

State Water Contract Obligations

General. On November 4, 1960, Metropolitan entered into its State Water Contract with DWR, under which Metropolitan receives an entitlement to water service from the State Water Project. Subsequently, other public agencies also entered into water supply contracts with DWR, all of which were patterned after Metropolitan's State Water Contract. Metropolitan's State Water Contract accounts for nearly one-half of the total entitlement for State Water Project water contracted for by all contractors.

DWR and other State Water Contractors, including Metropolitan, have reached an Agreement in Principle to extend their State water supply contracts to 2085 and to make certain changes related to the financial management of the State Water Project in the future.

Metropolitan's payment obligation for the State Water Project for the fiscal year ended June 30, 2020 was $518.9 million, which amount reflects prior year's credits of $33.2 million. For the fiscal year ended June 30, 2020, Metropolitan's payment obligations under the State Water Contract were approximately 35 percent of Metropolitan's total annual expenses. A portion of Metropolitan's annual property tax levy is for payment of State Water Contract obligations. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined in the Senior Debt Resolutions. See Note 9(a) to Metropolitan's audited financial statements for an estimate of Metropolitan's payment obligations under the State Water Contract.

Metropolitan capitalizes its share of the State Water Project capital costs as participation rights in State Water Project facilities as such costs are billed by DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State Water Project system. Metropolitan's share of system operating and maintenance costs are annually expensed.

DWR and various subsets of the State Water Contractors have entered into amendments to the State water supply contracts related to the financing of certain State Water Project facilities. The amendments establish procedures to provide for the payment of construction costs financed by DWR bonds by establishing separate subcategories of charges to produce the revenues required to pay all of the annual financing costs (including coverage on the allocable bonds) relating to the financed project. If any affected Contractor defaults on payment under certain of such amendments, the shortfall may be collected from the non-defaulting affected Contractors, subject to certain limitations.

These amendments represent additional long-term obligations of Metropolitan, as described below.

Devil Canyon-Castaic Contract. On June 23, 1972, Metropolitan and five other southern California public agencies entered into a contract (the "Devil Canyon-Castaic Contract") with DWR for the financing and construction of the Devil Canyon and Castaic power recovery facilities, located on the aqueduct system of the State Water Project. Under this contract, DWR agreed to build the Devil Canyon and Castaic facilities, using the proceeds of revenue bonds issued by DWR under the State Central Valley Project Act. DWR also agreed to use and apply the power made available by the construction and operation of such facilities to deliver water to Metropolitan and the other contracting agencies. Metropolitan, in turn, agreed to pay to DWR 88 percent of the debt service on the revenue bonds issued by DWR. For calendar year 2019, this represented a payment of $7.8 million. In addition, Metropolitan agreed to pay 78.5 percent of the operation and maintenance expenses of the Devil Canyon facilities and 96 percent of the operation and maintenance expenses of the Castaic facilities. Metropolitan's obligations under the Devil Canyon-Castaic Contract continue until the bonds are fully retired in 2022 even if DWR is unable to operate the facilities or deliver power from these facilities.

Off-Aqueduct Power Facilities. In addition to system "on-aqueduct" power facilities costs, DWR has, either on its own or by joint venture, financed certain off-aqueduct power facilities. The power generated is utilized by the system for water transportation and other State Water Project purposes. Power generated in excess of system needs is marketed to various utilities and the California Independent System Operator. Metropolitan is entitled to a proportionate share of the revenues resulting from sales of excess power. By virtue of a 1982 amendment to the State Water Contract and the other water supply contracts, Metropolitan and the other water contractors are responsible for paying the capital and operating costs of the off-aqueduct power facilities regardless of the amount of power generated.

East Branch Enlargement Amendment. In 1986, Metropolitan's State Water Contract and the water supply contracts of certain other State Water Project Contractors were amended for the purpose, among others, of financing the enlargement of the East Branch of the California Aqueduct. Under the amendment, enlargement of the East Branch can be initiated either at Metropolitan's request or by DWR finding that enlargement is needed to meet demands. Metropolitan, the other State Water Contractors on the East Branch, and DWR are currently in discussions on the timetable and plan for future East Branch enlargement actions.

The amendment establishes a separate subcategory of the Transportation Charge under the State Water Contract for the East Branch Enlargement and provides for the payment of costs associated with financing and operating the East Branch Enlargement. Under the amendment, the annual financing costs for such facilities financed by bonds issued by DWR are allocated among the participating contractors based upon the delivery capacity increase allocable to each participating contractor. Such costs include, but are not limited to, debt service, including coverage requirements, deposits to reserves, and certain operation and maintenance expenses, less any credits, interest earnings or other moneys received by DWR in connection with this facility.

If any participating contractor defaults on payment of its allocable charges under the amendment, among other things, the non-defaulting participating contractors may assume responsibility for such charges and receive delivery capability that would otherwise be available to the defaulting participating contractor in proportion to the non-defaulting contractor's participation in the East Branch Enlargement. If participating contractors fail to cure the default, Metropolitan will, in exchange for the delivery capability that would otherwise be available to the defaulting participating contractor, assume responsibility for the capital charges of the defaulting participating contractor.

Water System Revenue Bond Amendment. In 1987, the State Water Contract and other water supply contracts were amended for the purpose of financing State Water Project facilities through revenue bonds. This amendment establishes a separate subcategory of the Delta Water Charge and the Transportation Charge for projects financed with DWR water system revenue bonds. This subcategory of charge provides the revenues required to pay the annual financing costs of the bonds and consists of two elements. The first element is an annual charge for repayment of capital costs of certain revenue bond financed water system facilities under the existing water supply contract procedures. The second element is a water system revenue bond surcharge to pay the difference between the total annual charges under the first element and the annual financing costs, including coverage and reserves, of DWR's water system revenue bonds.

If any contractor defaults on payment of its allocable charges under this amendment, DWR is required to allocate a portion of the default to each of the nondefaulting contractors, subject to certain limitations, including a provision that no nondefaulting contractor may be charged more than 125 percent of the amount of its annual payment in the absence of any such default. Under certain circumstances, the nondefaulting contractors would be entitled to receive an allocation of the water supply of the defaulting contractor.

Power Sources and Costs; Related Long-Term Commitments

Costs for electric power required for operating the pumping systems of the CRA and the State Water Project are a substantial part of Metropolitan's overall expenses. Metropolitan's power costs include various ongoing fixed annual obligations under its contracts with the U.S. Department of Energy Western Area Power Administration and the Bureau of Reclamation for power from the Hoover and Parker Power Plants respectively. Under the terms of the Hoover Power Plant and Parker Power Plant contracts, Metropolitan purchases energy to pump water through the CRA. Expenses for electric power for the CRA for the fiscal years 2018-19 and 2019-20 were approximately and $39.3 million and $39.6 million, respectively. Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. Expenses for electric power and transmission service for the State Water Project for fiscal years 2018-19 and 2019-20 were approximately $127.5 million and $134.0 million, respectively.

Defined Benefit Pension Plan and Other Post-Employment Benefits

Metropolitan is a member of the California Public Employees' Retirement System ("PERS"), a multiple-employer pension system that provides a contributory defined-benefit pension for substantially all Metropolitan employees. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. A menu of benefit provisions is established by State statutes within the Public Employees' Retirement Law. Metropolitan selects optional benefit provisions from the benefit menu by contract with PERS.

Metropolitan makes contributions to PERS based on actuarially determined employer contribution rates. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration ("PERS Board"). Employees hired prior to January 1, 2013 are required to contribute 7.00 percent of their earnings (excluding overtime pay) to PERS. Pursuant to the current memoranda of understanding, Metropolitan contributes the requisite 7.00 percent contribution for all employees represented by the Management and Professional Employees Association, the Association of Confidential Employees, Supervisors and Professional Personnel Association and AFSCME Local 1902 and who were hired prior to January 1, 2012. Employees in all four bargaining units who were hired on or after January 1, 2012 but before January 1, 2013, pay the full 7.00 percent contribution to PERS for the first five years of employment. After the employee completes five years of employment, Metropolitan contributes the requisite 7.00 percent contribution. Metropolitan also contributes the entire 7.00 percent on behalf of unrepresented employees. Employees hired on or after January 1, 2013 and who are "new" PERS members as defined by Public Employees' Pension Reform Act of 2013 pay a member contribution of 6.00 percent in fiscal years 2018-19 through 2019-20 and 7.25 percent in fiscal years 2020-21 through 2021-22. In addition, Metropolitan is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. The fiscal year contributions were/are based on the following actuarial reports and discount rates:

Fiscal year	Actuarial Valuation	Discount Rate
2018-19	June 30, 2016	7.375%
2019-20	June 30, 2017	7.25%
2020-21	June 30, 2018	7.00%
2021-22	June 30, 2019	7.00%

Metropolitan was required to contribute 25.97 percent and 29.97 percent of annual projected payroll for fiscal years 2018-19 and 2019-20, respectively. Metropolitan's actual contribution for fiscal years 2018-19 and 2019-20 were $68.3 million or 32.14 percent of annual covered payroll and $77.6 million or 34.38 percent of annual covered payroll, respectively. The fiscal years 2018-19 and 2019-20 actual contribution included $11.8 million or 5.56 percent and $11.5 million or 5.10 percent of annual covered payroll, respectively, for Metropolitan's pick-up of the employees' 7.00 percent share. For fiscal years 2020-21 and 2021-22, Metropolitan is required to contribute 32.43 percent and 34.39 percent, respectively, of annual projected payroll, in addition to member contributions paid by Metropolitan.

Metropolitan's required contributions to PERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The PERS Board has adjusted and may in the future further adjust certain assumptions used in the PERS actuarial valuations, which may increase Metropolitan's required contributions to PERS in future years. Accordingly, Metropolitan cannot provide any assurances that its required contributions to PERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

On December 21, 2016, the PERS Board approved lowering the discount rate to 7.00 percent over a three-year period. PERS has estimated that with a reduction in the rate of return to 7.00 percent, most employers could expect a rate increase of 1.00 percent to 3.00 percent of normal cost as a percent of payroll for miscellaneous plans and an increase in payments toward unfunded accrued liabilities of between 30 to 40 percent. As a result, required contributions of employers, including Metropolitan, are expected to increase.

Beginning with fiscal year 2017-18 PERS began collecting employer contributions towards the plan's unfunded liability as dollar amounts instead of the prior method of contribution rate. This change addresses potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan.

On December 19, 2017, the PERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for public agencies. These new assumptions were incorporated in the June 30, 2017 actuarial valuation and reflected in the required contribution for fiscal year 2019-20. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent was used and for the June 30, 2018 and subsequent valuations, an inflation rate of 2.50 percent was/will be used.

The PERS Board has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the five-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumption changes and non-investment gains/losses. The new policy removes the five-year ramp-down on investment gains/losses. These changes will apply only to new unfunded accrued liability bases established on or after June 30, 2019.

The following table shows the funding progress of Metropolitan's pension plan.

Valuation Date	**Accrued Liability ($ in billions)**	**Market Value of Assets ($ in billions)**	**Unfunded Accrued Liability ($ in billions)**	**Funded Ratio**
6/30/19[1]	$2.534	$1.810	$(0.724)	71.4%
6/30/18	$2.433	$1.744	$(0.689)	71.7%
6/30/17	$2.269	$1.651	$(0.618)	72.7%
6/30/16	$2.166	$1.524	$(0.642)	70.3%
6/30/15	$2.060	$1.556	$(0.504)	75.5%
6/30/14	$1.983	$1.560	$(0.423)	78.7%
6/30/13	$1.805	$1.356	($0.449)	75.1%

(1) Most recent actuarial valuation available.
Source: California Public Employees' Retirement System.

The market value of assets reflected above is based upon the most recent actuarial valuation as of June 30, 2019. The actuarial valuation as of June 30, 2020 is not expected to be available before summer 2021. In light of recent declines in the stock markets in the U.S. and globally, such market value is expected to have declined significantly since that time. The June 30, 2020 valuation report will be used to establish the contribution requirements for fiscal year 2022-23. Increased volatility has been experienced in the financial markets in recent months and the market value at the time of the June 30, 2020 valuation is not yet known. Significant losses in market value or failure to achieve projected investment returns could substantially increase unfunded pension liabilities and future pension costs. However, as noted above, under the amortization policy adopted by PERS, changes in the unfunded accrued liability due to actuarial gains or losses are amortized over a fixed 20-year period with a five-year ramp up at the beginning and a five-year ramp down at the end of the amortization period, as a result of which the immediate fiscal impact of any one year's negative return on Metropolitan's contribution rates is reduced.

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The following tables show the changes in Net Pension Liability and related ratios of Metropolitan's pension plan.

(Dollars in thousands)	06/30/20	6/30/19	Increase/ (Decrease)
Total Pension Liability	$2,479,307	$2,376,778	$102,529
Plan Fiduciary Net Position	1,810,312	1,742,741	67,571
Plan Net Pension Liability	$ 668,995	$ 634,037	$ 34,958
Plan fiduciary net positions as a % of the total pension liability	73.02%	73.32%	
Covered payroll	$ 212,558	$ 204,635	
Plan net pension liability as a % of covered payroll	314.74%	309.84%	

(Dollars in thousands)	06/30/19	6/30/18	Increase/ (Decrease)
Total Pension Liability	$2,376,778	$2,315,248	$61,530
Plan Fiduciary Net Position	1,742,741	1,654,331	88,410
Plan Net Pension Liability	$ 634,037	$ 660,917	$(26,880)
Plan fiduciary net positions as a % of the total pension liability	73.32%	71.45%	
Covered payroll	$ 204,635	$ 199,186	
Plan net pension liability as a % of covered payroll	309.84%	331.81%	

The Net Pension Liability for Metropolitan's Miscellaneous Plan for the fiscal years ended June 30, 2020 and 2019 were measured as of June 30, 2019 and June 30, 2018, respectively, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of June 30, 2018 and June 30, 2017, respectively.

Metropolitan currently provides post-employment medical insurance to retirees and pays the post-employment medical insurance premiums to PERS. On January 1, 2012, Metropolitan implemented a longer vesting schedule for retiree medical benefits, which applies to all new employees hired on or after January 1, 2012. Payments for this benefit were $27.3 million in fiscal year 2018-19 and $45.3 million in fiscal year 2019-20. Under Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Metropolitan is required to account for and report the outstanding obligations and commitments related to such benefits, commonly referred to as other post-employment benefits ("OPEB"), on an accrual basis.

The actuarial valuations dated June 30, 2017 and June 30, 2019, were released in March of 2018 and June of 2020, respectively. The 2017 valuation indicated that the Actuarially Determined Contribution ("ADC" formerly referred to as the Annual Required Contribution) in fiscal year 2019-20 was $28.1 million and 2019 valuation indicate that the ADC will be $23.2 million and $23.6 million in fiscal years 2020-21 and 2021-22, respectively. The ADC was based on the entry-age normal actuarial cost method with contributions determined as a level percent of pay.

The actuarial assumptions included the following:

	June 30, 2019 Valuation	June 30, 2017 Valuation
Investment Rate of Return	6.75%	6.75%
Inflation	2.75%	2.75%
Salary Increases	3.00%	3.00%
Health Care Cost Trends	Medicare – starting at 6.3%, grading down to 4.0% over fifty-five years. Non-Medicare – starting at 7.25%, grading down to 4.0% over fifty-five years	Medicare – starting at 6.5%, grading down to 4.0% over fifty-seven years. Non-Medicare – starting at 7.5%, grading down to 4.0% over fifty-seven years.
Mortality, Termination, Disability	CalPERS 1997-2015 Experience Study Mortality projected fully generational with Scale MP-2019	CalPERS 1997-2011 Experience Study Mortality projected fully generational with Scale MP-2017
Affordable Care Act (ACA) Excise Tax	Not included. Repealed in December 2019.	2% load on retiree medical premium subsidy

As of June 30, 2019, the date of the most recent OPEB actuarial report, the unfunded actuarial accrued liability was estimated to be $164.3 million and projected to be $156.7 million at June 30, 2020. The amortization period for the unfunded actuarial accrued liability is 23 years closed with 17 years remaining as of fiscal year end 2020 and the amortization period of actuarial gains and losses is 15 years closed. Adjustments to the ADC include amortization of the unfunded actuarial accrued liability and actuarial gains and losses.

In September 2013, Metropolitan's Board established an irrevocable OPEB trust fund with the California Employers' Retiree Benefit Trust Fund. The market value of assets in the trust as of June 30, 2020 was $287.7 million. As part of its biennial budget process, the Board approved the full funding of the ADC for fiscal years 2020-21 and 2021-22.

As noted above, the COVID-19 pandemic and related economic consequences have contributed to increased volatility in the financial markets. Declines in the market value of the OPEB trust fund or failure to achieve projected investment returns could negatively affect the funding status of the trust fund and increase ADCs in the future.

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The following tables show the changes in Net OPEB Liability and related ratios of Metropolitan's OPEB plan.

(Dollars in thousands)	06/30/20	6/30/19	Increase/ (Decrease)
Total OPEB Liability	$434,759	$468,185	$(33,426)
Plan Fiduciary Net Position	266,773	239,851	26,922
Plan Net OPEB Liability	$167,986	$228,334	$(60,348)
Plan fiduciary net positions as a % of the total OPEB liability	61.36%	51.23%	
Covered payroll	$212,558	$204,635	
Plan net OPEB liability as a % of covered payroll	79.03%	111.58%	

(Dollars in thousands)	06/30/19	6/30/18	Increase/ (Decrease)
Total OPEB Liability	$468,185	$448,095	$ 20,090
Plan Fiduciary Net Position	239,851	207,526	32,325
Plan Net OPEB Liability	$228,334	$240,569	$(12,235)
Plan fiduciary net positions as a % of the total OPEB liability	51.23%	46.31%	
Covered payroll	$204,635	$199,186	
Plan net OPEB liability as a % of covered payroll	111.58%	120.78%	

The Net OPEB Liability for the years ended June 30, 2020 and 2019 were measured as of June 30, 2019 and June 30, 2018, respectively, and the Total OPEB Liability used to calculate the Net OPEB Liability as of such dates were determined by an annual actuarial valuation as of June 30, 2019 and June 30, 2017, respectively.

Fiscal Year 2019-20 Revenues and Expenses

Table 16 below provides a summary of revenues and expenditures of Metropolitan for Fiscal Year 2019-20 prepared on a modified accrual basis.

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TABLE 16: FISCAL YEAR 2019-20 REVENUES AND EXPENSES[a]
(Dollars in Millions)

Water Sales[b]	$1,188
Additional Revenue Sources[c]	165
Total Operating Revenues	1,353
O&M, CRA Power and Water Transfer Costs[d]	(642)
Total SWC OMP&R and Power Costs[e]	(384)
Total Operation and Maintenance	(1,026)
Net Operating Revenues	$ 327
Miscellaneous Revenue[f]	14
Transfer from Reserve Funds	--
Sales of Hydroelectric Power[g]	16
Interest on Investments[h]	20
Adjusted Net Operating Revenues[i]	377
Senior and Subordinate Obligations [j]	(272)
Funds Available from Operations	$ 105
Debt Service Coverage on all Senior and Subordinate Bonds[k]	1.39
Funds Available from Operations	$ 105
Other Revenues (Expenses)	(6)
Pay-As-You Go Construction	(39)
Pay-As-You Go Funded from Replacement and Refurbishment Fund Reserves	1
Total SWC Capital Costs Paid from Current Year Operations	(1)
Remaining Funds Available from Operations	60
Fixed Charge Coverage[l]	1.38
Property Taxes	147
General Obligation Bonds Debt Service	(13)
SWC Capital Costs Paid from Taxes	(134)
Net Funds Available from Current Year	$ 60

Source: Metropolitan.

(a) Unaudited. Prepared on a modified accrual basis for fiscal year ending June 30, 2020.
(b) During the fiscal year ended June 30, 2020, annual water transactions (in acre-feet) were 1.37 million.
(c) Includes receipts from water standby, readiness-to-serve and capacity charges. The term Operating Revenues excludes *ad valorem* taxes.
(d) Water Transfer Costs are included in operation and maintenance expenses for purposes of calculating the debt service coverage on all Obligations.
(e) Includes on and off aqueduct power and operation, maintenance, power and replacement costs payable under the State Water Contract.
(f) May include lease and rental net proceeds, net proceeds from sale of surplus property, reimbursements, and federal interest subsidy payments for Build America Bonds.
(g) Includes CRA power sales.
(h) Does not include interest applicable to Bond Construction Funds, the Excess Earnings Funds, other trust funds and the Deferred Compensation Trust Fund.
(i) Adjusted Net Operating Revenues is the sum of all available revenues that the revenue bond resolutions specify may be considered by Metropolitan in setting rates and issuing additional Senior Parity Bonds and Senior Parity Obligations.
(j) Includes debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds, and Subordinate Parity Obligations. Fiscal year 2018-19 debt service increased by $28.5 million for debt service prepaid in June 2019, rather than on July 1, 2019 and fiscal year 2019-20 debt service is therefore reduced by $28.5 million.
(k) Adjusted Net Operating Revenues, divided by the sum of debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations.
(l) Adjusted Net Operating Revenues, divided by the sum of State Water Contract capital costs paid from current year operations and debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations.

Operation and Maintenance Expenses

Operation and maintenance expenses in Fiscal Year 2019-20 were $1,026 million, which represents approximately 69.0 percent of total costs.

WATER SUPPLY

Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately 6.0 million acre-feet. Table 17 shows three years of Metropolitan's water in storage as of January 1, including emergency storage.

TABLE 17: METROPOLITAN'S WATER STORAGE CAPACITY AND WATER IN STORAGE[(1)] (in Acre-Feet)

Water Storage Resource	Storage Capacity	Water in Storage January 1, 2020	Water in Storage January 1, 2019	Water in Storage January 1, 2018
Colorado River Aqueduct				
DWA / CVWD Advance Delivery Account	800,000	296,000	235,000	228,000
Lake Mead ICS	1,739,000	980,000	625,000	479,000
Subtotal	**2,539,000**	**1,276,000**	**860,000**	**707,000**
State Water Project				
Arvin-Edison Storage Program[(2)]	350,000	143,000	154,000	149,000
Semitropic Storage Program	350,000	265,000	187,000	187,000
Kern Delta Storage Program	250,000	189,000	138,000	138,000
Mojave Storage Program	330,000[(5)]	19,000[(5)]	19,000[(5)]	27,000
AVEK Storage Program	30,000	27,000	9,000	9,000
Castaic Lake and Lake Perris[(3)]	219,000	219,000	219,000	219,000
State Water Project Carryover[(4)]	350,000[(6)]	331,000	93,000	325,000
Emergency Storage	381,000	381,000	328,000	328,000
Subtotal	**2,260,000**	**1,574,000**	**1,147,000**	**1,382,000**
Within Metropolitan's Service Area				
Diamond Valley Lake	810,000	796,000	702,000	747,000
Lake Mathews	182,000	152,000	141,000	139,000
Lake Skinner	44,000	38,000	37,000	38,000
Subtotal[(7)]	**1,036,000**	**986,000**	**880,000**	**924,000**
Member Agency Storage Programs				
Conjunctive Use[(8)]	210,000	59,000	47,000	41,000
Total	**6,045,000**	**3,895,000**	**2,934,000**	**3,054,000**

Source: Metropolitan.

(1) Water storage capacity and water in storage are measured based on engineering estimates and are subject to change.

(2) Metropolitan has temporarily suspended operation of the Arvin-Edison storage program.

(3) Flexible storage allocated to Metropolitan under its State Water Contract. Withdrawals must be returned within 5 years.

(4) Includes Article 56 Carryover of Metropolitan, Coachella Valley Water District, and Desert Water Agency, prior-year carryover, non-project carryover, and carryover of curtailed deliveries pursuant to Article 14(b) and Article 12(e) of Metropolitan's State Water Contract.

(5) The Mojave Storage agreement was amended in 2011 to allow for cumulative storage of up to 390,000 acre-feet. Since January 1, 2011, Metropolitan has stored 60,000 acre-feet, resulting in a remaining balance of storage capacity of 330,000 acre-feet. 41,000 acre-feet of the 60,000 acre-feet stored has been returned, leaving a remaining balance in storage of 19,000 acre-feet.

(6) A capacity of 350,000 acre-feet is estimated to be the practical operational limit for carryover storage considering Metropolitan's capacity to take delivery of carryover supplies before San Luis Reservoir fills.

(7) Includes 298,000 acre-feet of emergency storage in Metropolitan's reservoirs in 2018 and 2019, and 369,000 acre-feet of emergency storage in Metropolitan's reservoirs in 2020.

(8) Cyclic Storage water removed from this line item and is now categorized a pre-delivery.