

**NEW ISSUE
(FULL BOOK-ENTRY)**

RATINGS:
See “RATINGS” herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to Metropolitan, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2020 Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the 2020 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the 2020 Series A Bonds is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS.”

\$13,820,000*

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
WATERWORKS GENERAL OBLIGATION REFUNDING BONDS,
2020 SERIES A**



Dated: Date of Delivery

Due: March 1, as shown on the inside cover page

The Waterworks General Obligation Refunding Bonds, 2020 Series A (the “2020 Series A Bonds”) are being issued by The Metropolitan Water District of Southern California (“Metropolitan”) pursuant to the Act (as defined herein), the special election held in the service area of Metropolitan on June 7, 1966 (the “Election”), Resolution 6954 adopted on May 9, 1967, and Resolution 8386 adopted on January 12, 1993, as amended and supplemented, including by Resolution 8901 adopted on April 13, 2004 (collectively, the “Resolutions”). The 2020 Series A Bonds are being issued to redeem Metropolitan’s outstanding Waterworks General Obligation Refunding Bonds, 2010 Series A (the “Refunded Bonds”) and to pay the costs of issuance of the 2020 Series A Bonds. See “PLAN OF REFUNDING.” *Capitalized terms used on this cover page not otherwise defined will have the meaning set forth herein.*

The 2020 Series A Bonds will be dated their date of delivery, and will mature in the principal amounts in the years and bear interest at the respective rates of interest per annum, all as set forth on the inside cover page hereof. The 2020 Series A Bonds will be issued as fully registered bonds, in book-entry only form, in denominations of \$5,000 principal amount or any integral multiple thereof. Interest on the 2020 Series A Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2021. See “DESCRIPTION OF THE 2020 SERIES A BONDS.”

The 2020 Series A Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2020 Series A Bonds. Principal of and interest on the 2020 Series A Bonds will be payable directly to DTC, as the registered owner of the 2020 Series A Bonds. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the 2020 Series A Bonds. See APPENDIX 2 – “BOOK-ENTRY ONLY SYSTEM.”

The 2020 Series A Bonds are subject to optional redemption prior to maturity. See “DESCRIPTION OF THE 2020 SERIES A BONDS – Redemption.”

The 2020 Series A Bonds are a general obligation indebtedness of Metropolitan, payable as to both principal and interest from *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property within Metropolitan to pay the principal of and interest on such indebtedness and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, within Metropolitan to pay the principal of and interest on such indebtedness. The 2020 Series A Bonds are payable on parity with the outstanding Bonds (as defined herein) of Metropolitan. As of August 1, 2020, Metropolitan had outstanding \$37,300,000 aggregate principal amount of its Bonds, including the Refunded Bonds, payable on parity with the 2020 Series A Bonds. Additional refunding bonds may be issued in the future on parity with the 2020 Series A Bonds as described herein. See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS.”

The 2020 Series A Bonds will be sold by competitive sale on or about August 13, 2020 pursuant to the Notice Inviting Bids dated August 6, 2020. The 2020 Series A Bonds will be offered when, as and if sold and received by the Initial Purchaser thereof, subject to the approval of validity by Hawkins Delafield & Wood LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for Metropolitan by its General Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, is acting as Disclosure Counsel to Metropolitan in connection with the issuance of the 2020 Series A Bonds. Public Resources Advisory Group is serving as Municipal Advisor to Metropolitan in connection with the issuance of the 2020 Series A Bonds. Metropolitan anticipates that the 2020 Series A Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York by Fast Automated Securities Transfer (FAST) on or about September 1, 2020.

Dated: August __, 2020

* Preliminary, subject to change.

MATURITY SCHEDULE*

\$13,820,000*

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
WATERWORKS GENERAL OBLIGATION REFUNDING BONDS,
2020 SERIES A**

<u>Maturity (March 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.† (Base No. 592659)</u>
2029	\$1,280,000				
2030	1,325,000				
2031	1,375,000				
2032	1,445,000				
2033	1,520,000				
2034	1,595,000				
2035	1,675,000				
2036	1,755,000				
2037	1,850,000				

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP numbers have been assigned by an independent company not affiliated with Metropolitan and are included solely for the convenience of the holders of the 2020 Series A Bonds. Metropolitan is not responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the 2020 Series A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2020 Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2020 Series A Bonds.

**MAJOR WATER CONVEYANCE FACILITIES
TO SOUTHERN CALIFORNIA**



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THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Management

JEFFREY KIGHTLINGER
General Manager⁽¹⁾

MARCIA SCULLY
General Counsel

GERALD C. RISS
General Auditor

ABEL SALINAS
Ethics Officer

DEVEN UPADHYAY
*Assistant General
Manager/Chief
Operating Officer*

SHANE CHAPMAN
*Assistant General
Manager/Chief
Administrative Officer*

KATANO KASAINÉ
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Financial Officer*

ROGER K. PATTERSON
*Assistant General
Manager/Strategic Water
Initiatives*

DEE ZINKE
Assistant General Manager/Chief External Affairs Officer

ROSA A. CASTRO
Board Executive Secretary

Special Services

Bond Counsel

Hawkins Delafield & Wood LLP
Los Angeles, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Diego, California

Municipal Advisor

Public Resources Advisory Group
Los Angeles, California

Treasurer and Registrar

Katano Kasaine
Metropolitan Treasurer

Escrow Agent

Wells Fargo Bank, National Association
Los Angeles, California

⁽¹⁾ In March 2020, Mr. Kightlinger announced his retirement, which is expected to occur in March 2021.

For purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), this document constitutes an Official Statement of Metropolitan with respect to the 2020 Series A Bonds that has been deemed “final” by Metropolitan as of its date except for the omission of information permitted to be omitted therefrom under Rule 15c2-12.

This Official Statement does not constitute an offer to sell the 2020 Series A Bonds in any state to any person to whom it is unlawful to make such an offer in such state. This Official Statement is not to be construed as a contract with the purchasers of the 2020 Series A Bonds. Metropolitan has not authorized any dealer, broker, salesperson or any other person to give any information or to make any representations other than those contained herein in connection with the offering of the 2020 Series A Bonds, and if given or made, investors must not rely on such information or representations.

The information set forth herein has been obtained from Metropolitan and other sources that are believed to be reliable. Prospective investors should not interpret estimates and opinions in this Official Statement as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, imply that there has been no change in the affairs of Metropolitan since the date hereof.

In connection with this offering, the underwriter purchasing 2020 Series A Bonds in the competitive sale thereof for reoffering (the “Initial Purchaser”) may overallocate or effect transactions which stabilize or maintain the market price of 2020 Series A Bonds purchased at a level above that which might otherwise prevail on the open market. Such stabilizing, if commenced, may be discontinued at any time. The Initial Purchaser of the 2020 Series A Bonds may offer and sell 2020 Series A Bonds to certain dealers and others at prices lower or yields higher than the offering prices or yields shown on the inside cover page hereof and such public offering prices or yields may be changed from time to time by the Initial Purchaser.

CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence, and are set forth herein for convenience of reference only. These data are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services. Neither Metropolitan nor its Municipal Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

Certain statements included or incorporated by reference in the following information constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “estimate,” “budget” or other similar words. The achievement of results or other expectations contained in forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results may not meet Metropolitan’s forecasts. Metropolitan is not obligated to issue any updates or revisions to the forward-looking statements in any event.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) system.

Metropolitan maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2020 Series A Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained or incorporated in this Official Statement and should not be considered to be a complete statement of the facts material to making an investment decision. All terms used in this Summary Statement and not otherwise defined have the meanings given such terms elsewhere in this Official Statement, in APPENDIX I – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS” or in the Resolutions. Investors must read the entire Official Statement, including the Appendices hereto and the Referenced Appendices incorporated herein, to obtain information essential to making an informed investment decision.

The Metropolitan Water District of Southern California

The Metropolitan Water District of Southern California (“Metropolitan”) is a metropolitan water district created in 1928 by a vote of the electorates of several southern California cities. Metropolitan’s primary purpose was and is to provide a supplemental supply of water for domestic and municipal uses and purposes at wholesale rates to its member public agencies. There are 26 member public agencies of Metropolitan, consisting of 14 cities, 11 municipal water districts, and one county water authority. Metropolitan is governed by a 38-member Board of Directors (the “Board”), with each member agency having at least one representative on the Board. Representation and voting rights are based upon the assessed valuation of real property within the jurisdictional boundary of each member agency. Metropolitan imports water from two principal sources, the State Water Project in Northern California, via the California Aqueduct, and the Colorado River, via the Colorado River Aqueduct.

The mission of Metropolitan, as promulgated by the Board, is to provide its service area with adequate and reliable supplies of high quality water to meet present and future needs in an environmentally and economically responsible way.

Metropolitan is authorized to levy property taxes within its service area; establish water rates for wholesale water service; collect charges for water standby and service availability; incur general obligation bonded indebtedness and issue revenue bonds, notes and short-term revenue certificates; execute contracts; and exercise the power of eminent domain for the purpose of acquiring property.

Incorporation by Reference of 2020 Official Statement

Metropolitan has described its finances and operations and has presented certain economic and demographic information in its Official Statement dated June 9, 2020, relating to its Water Revenue Refunding Bonds, 2020 Series C (the “2020 Official Statement”), which includes the following:

1. APPENDIX A – “THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA” (referred to herein as “Referenced Appendix A”);
2. APPENDIX B – “THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA INDEPENDENT AUDITOR’S REPORT AND BASIC FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)” (referred to herein as “Referenced Appendix B”); and
3. APPENDIX E – “SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION FOR METROPOLITAN’S SERVICE AREA” (referred to herein as “Referenced Appendix E”).

Metropolitan includes by this specific reference into this Official Statement the Referenced Appendix A, the Referenced Appendix B and the Referenced Appendix E. The 2020 Official Statement is on file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (the "EMMA System") and can be accessed at <http://emma.msrb.org/>.

Recent Developments

Metropolitan has provided updates to selected portions of Referenced Appendix A to reflect certain recent developments that have occurred since the date of the 2020 Official Statement. See "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA – Recent Developments."

Economy of Metropolitan's Service Area

Metropolitan's service area comprises approximately 5,200 square miles and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura. For selected demographic and economic information on Metropolitan's service area, see Referenced Appendix E.

The 2019-20 assessed valuation of the service area was approximately \$3,092.4 billion and the 2018-19 assessed valuation of the service area of the service area was approximately \$2,916.6 billion.

As of June 30, 2020, the total direct and overlapping tax and assessment debt within Metropolitan's service area totaled approximately \$59.48 billion or approximately 1.92% of the 2019-20 assessed valuation. The sum of Metropolitan's general obligation debt, net overlapping general obligation bonded debt and direct and overlapping tax and assessment debt within Metropolitan's service area was approximately \$80.84 billion or approximately 2.61% of the 2019-20 assessed valuation. See "METROPOLITAN TAX REVENUES – Direct and Overlapping Bonded Debt."

Authorization for the 2020 Series A Bonds

The Waterworks General Obligation Refunding Bonds, 2020 Series A (the "2020 Series A Bonds") are being issued pursuant to the Metropolitan Water District Act, California Statutes 1927, Chapter 429, as reenacted in 1969 in Statutes 1969, Chapter 209, as amended, and as supplemented by Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53550 and 53580, respectively) of the California Government Code (the "Act"), the special election held in the service area of Metropolitan on June 7, 1966 (the "Election"), Resolution 6954 adopted on May 9, 1967 and Resolution 8386 adopted on January 12, 1993, as amended and supplemented, including by Resolution 8901 adopted on April 13, 2004 (collectively, the "Resolutions"). Voters voting in the Election authorized the issuance of \$850,000,000 of general obligation bonds (the "Bonds") for the purpose of financing the acquisition and construction of improvements and works of Metropolitan for supplying its inhabitants with water, including facilities relating thereto. As of August 1, 2020, Metropolitan had outstanding \$37,300,000 aggregate principal amount of Bonds, including the Refunded Bonds (as defined herein), payable on parity with the 2020 Series A Bonds.

Purpose of the 2020 Series A Bonds

The 2020 Series A Bonds are being issued to redeem Metropolitan's outstanding Waterworks General Obligation Refunding Bonds, 2010 Series A (the "Refunded Bonds") and to pay the costs of issuance for the 2020 Series A Bonds. See "PLAN OF REFUNDING."

General Terms of the 2020 Series A Bonds

The 2020 Series A Bonds will be dated their date of delivery. The 2020 Series A Bonds will be issued in the aggregate principal amount, will mature in the principal amounts on the dates and in the years and bear interest at the respective rates of interest per annum, all as set forth on the inside cover page of this Official Statement. The 2020 Series A Bonds will be issued as fully registered bonds, in book-entry only form, in denominations of \$5,000 principal amount or any integral multiple thereof. Interest on the 2020 Series A Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2021. The 2020 Series A Bonds are subject to optional redemption prior to maturity. See “DESCRIPTION OF THE 2020 SERIES A BONDS.”

Book-Entry Only

The 2020 Series A Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2020 Series A Bonds. Principal of and interest on the 2020 Series A Bonds will be payable directly to DTC, as the registered owner of the 2020 Series A Bonds. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the 2020 Series A Bonds. See APPENDIX 2 – “BOOK-ENTRY ONLY SYSTEM.”

Security for the 2020 Series A Bonds

The 2020 Series A Bonds constitute general obligation indebtedness of Metropolitan, payable as to both principal and interest from *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property within Metropolitan to pay the principal of and interest on such indebtedness and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, within Metropolitan to pay the principal of and interest on such indebtedness. These *ad valorem* taxes are unlimited as to rate or amount when levied for the purpose of paying the interest on and principal of general obligation bonds of Metropolitan.

Metropolitan also levies *ad valorem* taxes for the purpose of paying a portion of Metropolitan’s State Water Contract (as defined herein) obligation. The State Water Contract requires that in the event Metropolitan fails or is unable to raise sufficient funds by other means, Metropolitan must levy upon all properties within its boundaries not exempt from taxation a tax or assessment sufficient to provide for all payments due under the State Water Contract. See Referenced Appendix A under the captions “METROPOLITAN REVENUES–General” and “METROPOLITAN EXPENSES–General Obligation Bonds” and “–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 described in the Revenue Bond Resolutions (defined below). See Referenced Appendix A under the caption “METROPOLITAN REVENUES–Revenue Allocation Policy and Tax Revenues.”

The 2020 Series A Bonds are not secured by any pledge of or lien upon water revenues, although the Act provides that the Board of Directors, so far as practicable, shall fix water rates sufficient, together with revenue from any water standby or availability service charge or assessment, to produce revenues to pay operating expenses of Metropolitan, expenses for repairs and maintenance, the purchase price or other charges for property or services or other rights acquired by Metropolitan and the interest on and principal of the bonded debt, subject to the applicable provisions of the Act authorizing the issuance and retirement of bonds. Net Operating Revenues (as such term is defined in the applicable Revenue Bond Resolutions) have been pledged to secure Metropolitan’s outstanding Revenue Bonds (defined below), and Metropolitan has historically paid debt service on all its general obligation bonds from *ad valorem* taxes.

Additional Indebtedness

As of August 1, 2020, Metropolitan had outstanding \$37,300,000 aggregate principal amount of Bonds (as defined herein), including the Refunded Bonds, payable on parity with the 2020 Series A Bonds. No additional Bonds other than refunding bonds can be issued pursuant to the Election. Under current law, additional general obligation bonds (in excess of the existing authorization) may only be authorized and issued for the purpose of acquiring or improving real property and only with the approval of two-thirds of the voters voting at a new election within Metropolitan's service area.

Under the Act, the amount of outstanding Bonds and other evidences of indebtedness (including Revenue Bonds) may never exceed 15% of the assessed value of all taxable property within Metropolitan's service area. Metropolitan's principal amount of outstanding Bonds, Revenue Bonds and other evidences of indebtedness as of August 1, 2020, in the amount of \$3.85 billion, was approximately 0.12% of the 2019-20 assessed valuation of \$3,092.4 billion within Metropolitan.

Revenue Bonds and Other Borrowings

As of August 1, 2020, Metropolitan had outstanding water revenue bonds, including senior lien revenue bonds and subordinate revenue bonds (collectively, "Revenue Bonds") in the aggregate principal amount of \$3.76 billion, payable from Net Operating Revenues (as such term is defined in the resolutions adopted by Board of Directors of Metropolitan pursuant to which the Revenue Bonds were issued (the "Revenue Bond Resolutions")), and short-term revenue certificates in the aggregate principal amount of \$46.80 million, payable from Net Operating Revenues on parity with the subordinate revenue bonds. Metropolitan has financed and intends to finance a major portion of its capital investment plan through pay-as-you-go funding and the issuance of its Revenue Bonds. The total amount of Revenue Bonds which may be outstanding at any given time is subject to the limitation described above and is subject to certain other limitations contained in the Act and in the Revenue Bond Resolutions. See Referenced Appendix A under the caption "METROPOLITAN EXPENSES—Revenue Bond Indebtedness and Other Obligations" and "—Limitations on Additional Revenue Bonds."

Continuing Disclosure

Metropolitan has agreed to provide with respect to the 2020 Series A Bonds, or to cause to be provided, to the Municipal Securities Rulemaking Board, through the EMMA System, certain annual financial information and operating data relating to Metropolitan and, in a timely manner, notice of certain events with respect to the 2020 Series A Bonds. These covenants have been made in order to assist the Initial Purchaser in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the U.S. Securities and Exchange Commission under the Securities Act of 1934, as amended. See "CONTINUING DISCLOSURE" and APPENDIX 4 – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" in this Official Statement.

Metropolitan has not failed in the previous five years to comply in all material respects with any previous undertaking to provide annual reports or notices of certain events in accordance with the Rule.

Miscellaneous

The summaries of and references to the Act, the Resolutions and all resolutions, documents, statutes, reports and other information referred to herein do not purport to be complete, comprehensive or definitive and each such summary or reference is qualified in its entirety by reference to the Act and such resolutions, documents, statutes, reports and other information. Copies of such information may be obtained from the Assistant General Manager/Chief Financial Officer of The Metropolitan Water District of Southern California at 700 North Alameda Street, Los Angeles, California 90012; telephone (213) 217-7121.

OFFICIAL STATEMENT

\$13,820,000*

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA WATERWORKS GENERAL OBLIGATION REFUNDING BONDS, 2020 SERIES A

INTRODUCTION

General; Purpose

The purpose of this Official Statement (which includes the cover page, the inside cover page, the Summary Statement and all appendices hereto or incorporated herein) is to set forth information concerning The Metropolitan Water District of Southern California (“Metropolitan”) and its Waterworks General Obligation Refunding Bonds, 2020 Series A (the “2020 Series A Bonds”) in connection with the sale by Metropolitan of the 2020 Series A Bonds.

The 2020 Series A Bonds are being issued pursuant to the Metropolitan Water District Act, California Statutes 1927, Chapter 429, as reenacted in 1969 in Statutes 1969, Chapter 209, as amended, and as supplemented by Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53550 and 53580, respectively) of the California Government Code (the “Act”), the special election held in the service area of Metropolitan on June 7, 1966 (the “Election”), Resolution 6954 adopted on May 9, 1967 and Resolution 8386 adopted on January 12, 1993, as amended and supplemented by Resolution 8728 adopted on January 16, 2001, Resolution 8824 adopted on August 20, 2002 and Resolution 8901 adopted on April 13, 2004 (collectively, the “Resolutions”). The Election authorized the issuance of \$850,000,000 of general obligation bonds (the “Bonds”) for the purpose of financing the acquisition and construction of improvements and works of Metropolitan for supplying its inhabitants with water, including facilities relating thereto.

The 2020 Series A Bonds are being issued to redeem Metropolitan’s outstanding Waterworks General Obligation Refunding Bonds, 2010 Series A (the “Refunded Bonds”) and to pay the costs of issuance for the 2020 Series A Bonds. See “PLAN OF REFUNDING.”

Security for the 2020 Series A Bonds

The 2020 Series A Bonds constitute general obligation indebtedness of Metropolitan, payable as to both principal and interest from *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property within Metropolitan to pay the principal of and interest on such indebtedness and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, within Metropolitan to pay the principal of and interest on such indebtedness. These *ad valorem taxes* are unlimited as to rate or amount when levied for the purpose of paying the interest on and principal of general obligation bonds of Metropolitan.

As of August 1, 2020, Metropolitan had outstanding \$37,300,000 aggregate principal amount of its Bonds, including the Refunded Bonds. The \$18,565,000 aggregate principal amount of Bonds to remain outstanding upon the delivery of the 2020 Series A Bonds are payable on parity with the 2020 Series A Bonds. No additional general obligation bonds, other than refunding bonds, can be issued under the authorization under the Election. Under current law, additional general obligation bonds (in excess of the existing authorization) may only be authorized and issued for the purpose of acquiring or improving real property and only with the approval of two-thirds of the voters voting at a new election within Metropolitan’s service area. Under the Act, the amount of outstanding Bonds, Revenue Bonds (as described herein) and

* Preliminary, subject to change.

other evidences of indebtedness may never exceed 15% of the assessed value of all taxable property within the jurisdiction of Metropolitan. Metropolitan's principal amount of outstanding Bonds, Revenue Bonds and other evidences of indebtedness as of August 1, 2020, in the amount of \$3.85 billion, was approximately 0.12% of the 2019-20 assessed valuation of \$3,092.4 billion within Metropolitan.

Incorporation by Reference of 2020 Official Statement

Metropolitan has described its finances and operations and has presented certain economic and demographic information in its Official Statement dated June 9, 2020, relating to its Water Revenue Refunding Bonds, 2020 Series C (the "2020 Official Statement"), which includes the following:

1. APPENDIX A – "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA" (referred to herein as "Referenced Appendix A");

2. APPENDIX B – "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA INDEPENDENT AUDITOR'S REPORT AND BASIC FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)" (referred to herein as "Referenced Appendix B"); and

3. APPENDIX E – "SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION FOR METROPOLITAN'S SERVICE AREA" (referred to herein as "Referenced Appendix E").

Metropolitan includes by this specific reference into this Official Statement the Referenced Appendix A, the Referenced Appendix B and the Referenced Appendix E. The 2020 Official Statement is on file with the Municipal Securities Rulemaking Board (the "MSRB") on its Electronic Municipal Market Access system (the "EMMA System") and can be accessed at <http://emma.msrb.org/>.

See also "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA – Recent Developments" for updated information to selected portions of Referenced Appendix A reflecting certain recent developments that have occurred since the date of the 2020 Official Statement.

COVID-19 Considerations

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared as a pandemic by the World Health Organization. The pandemic is currently affecting many parts of the world, including the United States and the State of California (the "State" or "California"). Commerce, travel, asset values and financial markets have been negatively affected worldwide, and it is widely expected that global and local economies will continue to be negatively impacted, at least for some period of time. Pursuant to the State's four-stage re-opening plan put forth by Governor Newsom, a phased re-opening of various sectors of the economy is underway in California. However, the re-closure of, and/or additional restrictions on, the operations of certain sectors previously authorized to re-open have occurred (including in the six counties all or portions of which comprise the service area of Metropolitan) and may be imposed in the future based upon metrics established by the Governor and local conditions.

As discussed in Referenced Appendix A under the caption "INTRODUCTION–COVID-19 Pandemic," Metropolitan is assessing the effects that the ongoing COVID-19 outbreak, and measures taken by State and local governments to slow the virus' spread, will have on Metropolitan and its business and operations, as well as in the region that comprises Metropolitan's service area. Due to the COVID-19 outbreak, the behavior of businesses and people has been altered in a manner that has significantly slowed economic output throughout the United States, the State and the region. While federal and state governments, including California, have enacted legislation and have taken executive actions designed to mitigate the negative public health and economic impacts of the COVID-19 pandemic, Metropolitan is unable to predict

whether such interventions will have the intended effects. Reduced economic activity and its associated impacts, including as a result of the COVID-19 outbreak itself, such as job losses, income losses, business closures and housing foreclosures or vacancies, and any prolonged recession that may occur, could have a variety of adverse effects on Metropolitan and in the region. Declines in assessed valuations in Metropolitan’s service area and/or increases in property tax delinquencies or non-payment of taxes as a result of the economic disruption may negatively affect property tax collections and reduce tax levy receipts. Economic conditions affect aggregate levels of retail water use and may reduce water demands in the region and Metropolitan’s water transactions and revenues. A protracted disruption in the manufacturing or construction industry may affect supply chains or delay construction schedules for, or the implementation of, Metropolitan’s capital improvement programs and projects, and may increase the costs of such projects or program or Metropolitan’s water system operations. Sustained deterioration in global stock market values may impact the market value of assets held to fund Metropolitan’s pension and other post-employment benefit plans, which could result in future increases in required plan contributions. The ultimate geographic spread of the virus, the duration and severity of the outbreak, and the ramifications of future actions that may be taken or required by governmental authorities to contain and respond to the outbreak are uncertain, and no assurances can be given that Metropolitan’s operations and finances will not be negatively affected. See also Referenced Appendix A under the caption “INTRODUCTION–COVID-19 Pandemic.” For additional information regarding the impacts of the COVID-19 outbreak on the regional economies as of the dates indicated, see Referenced Appendix E– “SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION FOR METROPOLITAN’S SERVICE AREA.” It should be noted that because of the evolving and unprecedented nature of the COVID-19 pandemic, historical data may not be an accurate predictor of future performance. Accordingly, any trends that may be suggested by historical data, financial results and budgets or projections referred to herein or in Referenced Appendix A or Referenced Appendix E should be considered in light of a possible future negative impact of COVID–19.

Miscellaneous

This Introduction is not a summary of this Official Statement. This Introduction is only a brief description of and guide to, and is qualified by, more complete and detailed information contained and incorporated in the entire Official Statement and the documents described herein. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. The statements in this Official Statement concerning the 2020 Series A Bonds are summaries of certain provisions of the 2020 Series A Bonds, the Resolutions and related documents, which summaries do not purport to be complete and are qualified in their entirety by reference to the Resolutions and related documents. Financial and statistical information set forth herein, except for the audited financial statements included in Referenced Appendix B, is unaudited. The source of information herein is Metropolitan unless otherwise stated. All terms used herein and not otherwise defined shall have the meanings given such terms in APPENDIX 1 – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS.”

DESCRIPTION OF THE 2020 SERIES A BONDS

General

The 2020 Series A Bonds will be dated their date of delivery, and will mature in the principal amounts in the years and bear interest at the respective rates of interest per annum, all as set forth on the inside cover page hereof. Interest on the 2020 Series A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Metropolitan will issue the 2020 Series A Bonds as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof, in book-entry only form, and will register the 2020 Series A Bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). See “– Book-Entry Only System” below. See also APPENDIX 2 – “BOOK–ENTRY ONLY SYSTEM.”

Interest on the 2020 Series A Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2021. Interest on the 2020 Series A Bonds will be payable on each interest payment date to the registered owners thereof as of the close of business on the Record Date. “Record Date” means, with respect to the 2020 Series A Bonds, the close of business on the fifteenth (15th) day of each month preceding an interest payment date.

Pursuant to the Resolutions, the Treasurer of Metropolitan (the “Treasurer”) has certain responsibilities for making payments on, and has been appointed and serves as Registrar for the registration and transfer of, Metropolitan’s Bonds, including the 2020 Series A Bonds. Effective April 1, 2018, Metropolitan has entered into an Omnibus Paying Agent Agreement with Wells Fargo Bank, National Association, as paying agent (“Wells Fargo”), pursuant to which Metropolitan has appointed Wells Fargo to act as agent of the Treasurer for the purpose of performing the duties and responsibilities of the Treasurer under the Resolutions with respect to the Bonds (including the 2020 Series A Bonds), including: the obligation of the Treasurer to make payments in respect of the 2020 Series A Bonds; the obligation of the Treasurer (as Registrar) to maintain a bond register for the registration and transfer of 2020 Series A Bonds; and the obligation of the Treasurer (as Registrar) to transfer and exchange 2020 Series A Bonds.

Book-Entry Only System

Metropolitan will issue the 2020 Series A Bonds as fully registered bonds in the name of Cede & Co., as nominee of DTC. The 2020 Series A Bonds will be available to Beneficial Owners (as further defined in APPENDIX 2 –“BOOK-ENTRY ONLY SYSTEM”) only under the book-entry system maintained by DTC. Beneficial Owners of 2020 Series A Bonds will not receive physical certificates representing their interests in the 2020 Series A Bonds. So long as the 2020 Series A Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the 2020 Series A Bonds. Payments made by Metropolitan of principal of and interest on the 2020 Series A Bonds will be paid by Wells Fargo as agent of the Treasurer directly to DTC or Cede & Co. so long as DTC or Cede & Co. is the registered owner of the 2020 Series A Bonds. Disbursements of such payments to DTC’s Direct Participants is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of DTC’s Direct Participants and Indirect Participants (“Participants”). See APPENDIX 2 – “BOOK-ENTRY ONLY SYSTEM.”

Metropolitan and the Treasurer and Registrar will have no responsibility or obligation with respect to: (i) the accuracy of the records of DTC, its nominee or any Participant with respect to any beneficial ownership interest in the 2020 Series A Bonds; (ii) the delivery to any Participant, Beneficial Owner or other Person, other than DTC, of any notice with respect to the 2020 Series A Bonds; (iii) the payment to any Participant, Beneficial Owner or other Person, other than DTC, of any amount with respect to the principal of or interest on the 2020 Series A Bonds; (iv) any consent given by DTC or its nominee as Owner; or (v) if applicable, the selection by DTC or any Participant of any Beneficial Owners to receive payment if the 2020 Series A Bonds are redeemed in part. See APPENDIX 2 – “BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The 2020 Series A Bonds maturing on and after March 1, 2031 are subject to redemption prior to their respective stated maturities, from any source of available funds, at the option of Metropolitan, as a whole or in part, on any date on or after March 1, 2030, at a redemption price equal to the principal amount of the 2020 Series A Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Selection for Redemption. If less than all of the outstanding 2020 Series A Bonds are to be redeemed prior to maturity, the 2020 Series A Bonds to be redeemed shall be selected by Metropolitan. In the event that less than all of the 2020 Series A Bonds of a like maturity are selected for redemption, the

2020 Series A Bonds of that maturity to be redeemed shall be selected in such manner as the Treasurer of Metropolitan in his or her discretion may determine.

Notice of Redemption. Notice of the intended redemption of 2020 Series A Bonds shall be mailed, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to the respective owners of the affected 2020 Series A Bonds at their addresses appearing on the bond registration books of the Treasurer. Such notice of redemption shall (a) state the redemption date; (b) state the redemption price or prices; (c) state the numbers and maturity dates of the 2020 Series A Bonds or portions thereof to be redeemed in whole or in part, provided that where the redemption includes all of the outstanding 2020 Series A Bonds, the numbers of such 2020 Series A Bonds need not be stated; (d) require that the affected 2020 Series A Bonds be surrendered at the office of the Treasurer or such other place as shall be acceptable to the Depository (as defined in the Resolutions) and Metropolitan except that if the 2020 Series A Bonds are not then in book-entry form pursuant to the Resolutions, then such 2020 Series A Bonds shall be surrendered at the office of one of the Current Official Banks (as defined in the Resolutions); and (e) give notice that further interest on the 2020 Series A Bonds, or parts thereof, called for redemption shall cease to accrue after the designated redemption date. Each such notice may also state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the principal, interest and premiums, if any, to become due on such 2020 Series A Bonds upon redemption.

The actual receipt by any 2020 Series A Bond owner of notice of redemption shall not be a condition precedent to the redemption, and the failure to receive notice shall not affect the validity of the proceedings for redemption of the 2020 Series A Bonds or the cessation of interest on the redemption date.

SECURITY FOR AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS

Security for the 2020 Series A Bonds

The Election authorized the issuance of \$850,000,000 of Bonds for the purpose of financing the acquisition and construction of improvements and works of Metropolitan for supplying its inhabitants with water, including facilities relating thereto. All of the Bonds authorized by the Election have been issued. No additional general obligation bonds, other than refunding bonds, can be issued under the authorization of the Election. As of August 1, 2020, Metropolitan had outstanding \$37,300,000 aggregate principal amount of its Bonds, including the Refunded Bonds. The \$18,565,000 aggregate principal amount of Bonds to remain outstanding upon the delivery of the 2020 Series A Bonds are payable on parity with the 2020 Series A Bonds. The 2020 Series A Bonds are being issued for the purpose of refunding a portion of Metropolitan's outstanding Bonds, as described herein. See "PLAN OF REFUNDING." Metropolitan levies *ad valorem* taxes to pay voter-approved debt service on its outstanding Bonds. General obligation indebtedness of Metropolitan is payable, as to both principal and interest, from *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property within Metropolitan to pay the principal of and interest on such indebtedness and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, within Metropolitan to pay the principal of and interest on such indebtedness.

Metropolitan also levies *ad valorem* taxes for the purpose of paying a portion of Metropolitan's payment obligation under its water supply contract with the California Department of Water Resources (the "State Water Contract"). The State Water Contract requires that in the event Metropolitan fails or is unable to raise sufficient funds by other means, Metropolitan must levy upon all properties within its boundaries not exempt from taxation a tax or assessment sufficient to provide for all payments due under the State Water Contract. See Referenced Appendix A under the captions "METROPOLITAN REVENUES-General" and "METROPOLITAN EXPENSES-General Obligation Bonds" and "-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 described in the Revenue Bond Resolutions (as defined herein). See

“METROPOLITAN TAX REVENUES – Limitations on and Application of *Ad Valorem* Tax Revenues.” See also Referenced Appendix A under the caption “METROPOLITAN REVENUES–Revenue Allocation Policy and Tax Revenues.”

The 2020 Series A Bonds are not secured by any pledge of or lien upon water revenues, although the Act provides that the Board of Directors, so far as practicable, shall fix water rates sufficient, together with revenue from any water standby or availability service charge or assessment, to pay operating expenses of Metropolitan (and those under its State Water Contract), to provide for repairs and maintenance, to provide for the purchase price or other charges for property or services or other rights acquired by Metropolitan, and to provide for the interest on and principal of the bonded debt subject to the applicable provisions of the Act authorizing the issuance and retirement of bonds.

Although not required by the Act or by any general obligation bond resolution, policies adopted by the Board require Metropolitan to hold, on June 30 of any year, cash and securities in an amount at least equal to the sum of interest and principal payments to be made on all of its outstanding Bonds during the next eighteen months, less revenues anticipated to be derived from the next succeeding tax levy specifically for such debt service.

Additional Indebtedness

As of August 1, 2020, Metropolitan had outstanding \$37,300,000 aggregate principal amount of its Bonds, including the Refunded Bonds. The \$18,565,000 aggregate principal amount of Bonds to remain outstanding upon the delivery of the 2020 Series A Bonds are payable on parity with the 2020 Series A Bonds. Under current law, additional general obligation bonds may only be authorized and issued for the purpose of acquiring or improving real property and, except for refunding bonds, only with the approval of two-thirds of the voters voting at a new election within Metropolitan’s service area.

Under the Act, the amount of outstanding indebtedness may never exceed 15% of the assessed value of all taxable property within Metropolitan’s service area. Metropolitan’s principal amount of outstanding Bonds, Revenue Bonds (defined below) and other evidences of indebtedness as of August 1, 2020, in the amount of \$3.85 billion, is approximately 0.12% of the 2019-20 assessed valuation of \$3,092.4 billion within Metropolitan.

Revenue Bonds and Other Borrowings

As of August 1, 2020, Metropolitan had outstanding water revenue bonds, including senior lien revenue bonds and subordinate revenue bonds (collectively, “Revenue Bonds”) in the aggregate principal amount of \$3.76 billion, payable from Net Operating Revenues as such term is defined in the resolutions adopted by Board of Directors of Metropolitan pursuant to which the Revenue Bonds were issued (the “Revenue Bond Resolutions”), and short-term revenue certificates in the aggregate principal amount of \$46.80 million, payable from Net Operating Revenues on parity with the subordinate revenue bonds. See Referenced Appendix A under the caption “METROPOLITAN EXPENSES–Revenue Bond Indebtedness and Other Obligations.” See also “THE METROPOLITAN WATER DISTRICT – Recent Developments.” Metropolitan has financed and intends to finance a major portion of its capital investment plan through pay-as-you-go funding and the issuance of its Revenue Bonds. The total amount of Revenue Bonds which may be outstanding at any given time is subject to the limitation described above and is subject to certain other limitations contained in the Act and in the Revenue Bond Resolutions. See Referenced Appendix A under the caption “METROPOLITAN EXPENSES–Limitations on Additional Revenue Bonds.” Net Operating Revenues (as such term is defined in the applicable Revenue Bond Resolutions) have been pledged to secure Metropolitan’s outstanding Revenue Bonds and obligations payable from Net Operating Revenues on a parity with such Revenue Bonds.

PLAN OF REFUNDING

A portion of the proceeds of the 2020 Series A Bonds will be used, together with certain other available funds, to refund and redeem all of the outstanding maturities of Metropolitan’s Waterworks General Obligation Refunding Bonds, 2010 Series A (herein referred to as the Refunded Bonds). The maturities and principal amounts of the Refunded Bonds are detailed in the table below.

Refunded Bonds

Maturity Dates (March 1)	Principal Amount to be Redeemed	Redemption Date	Redemption Price	CUSIP Number (Base 592659)
2029 ⁽¹⁾	\$ 1,710,000	September 1, 2020	100.0%	W51
2030	555,000	September 1, 2020	100.0	W69
2030	1,235,000	September 1, 2020	100.0	X35
2031	1,870,000	September 1, 2020	100.0	X43
2032	1,965,000	September 1, 2020	100.0	X50
2033	2,065,000	September 1, 2020	100.0	X68
2035 ⁽¹⁾	4,440,000	September 1, 2020	100.0	W77
2037	250,000	September 1, 2020	100.0	X76
2037 ⁽¹⁾	4,645,000	September 1, 2020	100.0	X27
Total	\$18,735,000			

† CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence, and are set forth for convenience of reference only. Neither Metropolitan nor its Municipal Advisor assume responsibility for the accuracy of such numbers.

⁽¹⁾ Term Bond.

Pursuant to the terms of the Resolutions, the Refunded Bonds have been conditionally called for redemption on September 1, 2020. A portion of the proceeds of the 2020 Series A Bonds, together with other available funds, will be deposited into an escrow fund to be established and held by Wells Fargo Bank, National Association, as escrow agent (the “Escrow Agent”) pursuant to escrow instructions from Metropolitan to the Escrow Agent and applied by the Escrow Agent on September 1, 2020, the date of delivery of the 2020 Series A Bonds, to pay the redemption price of the Refunded Bonds of 100% of the principal amount thereof, plus accrued interest to the date of redemption. See “ESTIMATED SOURCES AND USES OF FUNDS.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the 2020 Series A Bonds, and other available moneys, rounded to the nearest dollar, are shown below:

<i>Estimate Sources of Funds:</i>	
Par Amount	\$
Original Issue Premium.....	
Amounts Released from Refunded Bonds	
Total Sources	<u>\$</u>
<i>Estimated Uses of Funds:</i>	
Redemption of Refunded Bonds.....	\$
Initial Purchaser’s Discount.....	
Costs of Issuance ⁽¹⁾	
Total Uses	<u>\$</u>

⁽¹⁾ Includes legal, municipal advisor and escrow agent fees, printing costs, rating costs, and other miscellaneous costs.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Metropolitan is a metropolitan water district created in 1928 by vote of the electorates of 11 southern California cities under authority of the Act to provide a supplemental supply of water for domestic and municipal uses at wholesale rates to its member agencies. The members of Metropolitan are not required to purchase water from Metropolitan. Metropolitan's service area comprises approximately 5,200 square miles and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura. For a listing of the members and general information on Metropolitan's service area, see Referenced Appendix A – "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA."

Metropolitan has described its finances and operations in Referenced Appendix A and Referenced Appendix B. In addition, Metropolitan has presented selected demographic and economic information for its service area in Referenced Appendix E. Metropolitan includes by specific reference into this Official Statement each of Referenced Appendix A, Referenced Appendix B and Referenced Appendix E. The 2020 Official Statement, including Referenced Appendix A, Referenced Appendix B and Referenced Appendix E, is on file with the MSRB's EMMA System and can be accessed at <http://emma.msrb.org/>. To obtain information essential to making an informed investment decision, potential investors must read the entire Official Statement, including the appendices, Referenced Appendix A, Referenced Appendix B and Referenced Appendix E in their entirety.

Recent Developments

The following updates certain information provided in Referenced Appendix A under the caption "REGIONAL WATER RESOURCES–Local Water Supplies" (which begins on page A-39 in Referenced Appendix A).

Metropolitan supports local resources development through its Local Resources Program, which provides financial incentives up to \$475 per acre-foot of water production from local water recycling, groundwater recovery and seawater desalination projects developed by local and member agencies.

On July 14, 2020, Metropolitan's Board authorized the General Manager to enter into two new Local Resource Program agreements to provide financial incentives for proposed local agency recycled water projects in addition to the agreements referenced under the subcaption "*– Recycled Water-Local Agency Projects:*" (i) an agreement with SDCWA and the East County Advanced Water Purification Program Joint Powers Authority in connection with a proposed project to treat wastewater from Padre Dam Municipal Water District, the County of San Diego and the City of El Cajon locally and produce recycled water and purified water, which, if completed, is expected to provide up to 12,882 acre-feet per year of purified water for potable reuse; and (ii) an agreement with SDCWA and the City of Escondido in connection with a proposed advanced recycled water treatment facility utilizing microfiltration and reverse osmosis, which is expected to convey up to 3,280 acre-feet annually for agricultural irrigation purposes. Local Resource Program financial incentives of up to \$115 million could be provided by Metropolitan for these two projects over a 25-year period.

The SDP agreements with MWDOC and West Basin MWD described under the subcaption "*– Seawater Desalination*" expired by their terms on June 30, 2020.

The following updates certain information provided in Referenced Appendix A under the caption "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" (which begins on page A-43 in Referenced Appendix A).

On June 18, 2020, the USEPA withdrew its 2011 determination to regulate perchlorate under the SDWA and issued a new determination that perchlorate does not meet the statutory criteria for regulation.

The issuance by the USEPA of a national drinking water regulation for perchlorate is the subject of ongoing litigation by the Natural Resources Defense Council, Inc.

On July 20, 2020, the SWRCB issued a notice of public availability of changes to the text of its proposed regulations setting a new detection limit for purposes of reporting (DLR) for perchlorate. While the SWRCB had previously proposed to lower the perchlorate DLR from 4 µg/L to 2 µg/L, it now proposes to lower the perchlorate DLR from 2 µg/L to the PHG of 1 µg/L in a second phase effective January 1, 2024. Comments on this proposed change are due by August 7, 2020. Metropolitan will continue to participate in federal and state rulemaking proceedings.

The following updates certain information provided in Referenced Appendix A under the caption “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” (which begins on page A-63 in Referenced Appendix A).

On July 14, 2020, SDCWA filed with the San Francisco Superior Court motions to lift the stays in the 2014 and 2016 SDCWA v. Metropolitan cases and to amend its petitions/complaints in those cases. SDCWA’s filings request that the court allow SDCWA to proceed with its 2014 and 2016 cases against Metropolitan. The cases, along with the 2017 and 2018 SDCWA v. Metropolitan cases, had been on stay since their inception based on the parties’ agreement that the 2010 and 2012 rate cases should be fully resolved before later cases proceed, due to overlapping claims.

SDCWA’s proposed amended petitions/complaints add, remove, and retain claims. Retained claims include SDCWA’s challenge to Metropolitan’s Water Stewardship Rate for calendar years 2015 through 2018 based on its allocation to transportation, with a request for the court to invalidate the transportation rates and the wheeling rate and award damages for breach of the parties’ Exchange Agreement as a result. Added claims include a challenge to the wheeling rate and alleged breach of the Exchange Agreement for failure to provide offsetting benefits (only the stayed 2018 case had previously included an offsetting benefits claim). Metropolitan is unable to assess at this time the likelihood of success of these cases, any possible appeals or any future claims.

On July 23, 2020, SDCWA filed with the San Francisco Superior Court a request for dismissal of its 2017 petition/complaint which challenged Metropolitan’s Readiness-to-Serve Charge and Capacity Charge for 2018 adopted by Metropolitan’s Board on April 11, 2017 and July 11, 2017. The requested dismissal by SDCWA is without prejudice, which means SDCWA would not be precluded from re-initiating the case in the future.

On July 31, 2020, the San Francisco Superior Court entered an order on the form of final judgment and writ of mandate to be issued in the 2010 and 2012 SDCWA v. Metropolitan cases. Pursuant to the order, on August 6, 2020, the parties each submitted proposed language for the final version of the final judgment and writ. Once the court issues the final judgment in the 2010 and 2012 SDCWA v. Metropolitan cases, it will be subject to appeal by either party for 30 days from the date it is entered by the court. The court will hear cross-motions on the determination of a prevailing party and attorneys’ fees, if any, on November 12, 2020, which determination will also be subject to appeal after entry of the final order.

The following updates certain information provided in Referenced Appendix A under the captions “METROPOLITAN EXPENSES–Revenue Bond Indebtedness and Other Obligations” (which begins on page A-70 in Referenced Appendix A), “–Outstanding Senior Revenue Bonds and Senior Parity Obligations” (which begins on page A-73 in Referenced Appendix A), and “–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations” (which begins on page A-80 in Referenced Appendix A).

On June 30, 2020, Metropolitan made a draw on its RBC Short-Term Revolving Credit Facility in the principal amount of \$35,645,000 to provide temporary financing to refund \$35,645,000 principal amount of Metropolitan's Subordinate Water Revenue Refunding Bonds, 2017 Series B. The \$35,645,000 principal amount of Subordinate Water Revenue Refunding Bonds were redeemed on July 1, 2020.

On July 1, 2020, Metropolitan issued its \$267,995,000 Water Revenue Refunding Bonds, 2020 Series C to (a) refund (i) all of its \$250,000,000 then outstanding principal amount of Water Revenue Bonds, 2010 Authorization Series A, (ii) its \$44,330,000 then outstanding principal amount of Water Revenue Refunding Bonds, 2010 Series B maturing on and after July 1, 2021, (iii) all of its \$14,020,000 then outstanding principal amount of Water Revenue Refunding Bonds, 2014 Series C-2, and (iv) all of its \$6,205,000 then outstanding principal amount of Water Revenue Refunding Bonds, 2014 Series G-5 (collectively, the "Refunded Senior Revenue Bonds"); and (b) redeem and repay the short-term notes evidencing the \$35,645,000 draw on its RBC Short-Term Revolving Credit Facility made on June 30, 2020 (the "Refunded Senior Revenue Obligations") as described above. The Refunded Senior Revenue Bonds and Refunded Senior Revenue Obligations were redeemed on July 1, 2020.

The following updates certain information provided in Referenced Appendix A under the caption "METROPOLITAN EXPENSES—Defined Benefit Pension Plan and Other Post-Employment Benefits" (which begins on page A-88 in Referenced Appendix A).

The actuarial valuation dated June 30, 2019 of Metropolitan's OPEB plan was released in June 2020. The June 30, 2019 actuarial valuation indicates the Actuarially Determined Contribution (ADC) will be \$23.2 million and \$23.9 million in fiscal years 2020-21 and 2021-22, respectively. Payments for retiree medical benefit were \$28.1 million in fiscal year 2019-20, as reflected in the ADC for such fiscal year shown in the prior actuarial valuation dated June 30, 2017. In both the June 30, 2017 and the June 30, 2019 valuation, the ADC was based on the entry-age normal actuarial cost method with contributions determined as a level percent of pay. The actuarial assumptions utilized in the June 30, 2019 valuation included the following: (i) a 6.75% investment rate of return; (ii) a 2.75% inflation rate; and (iii) 3.00% salary increases, each the same as utilized in the June 30, 2017 valuation. Health care costs trends were assumed to increase at a slightly lower pace, starting at 6.3% (as compared to 6.5% in the June 30, 2017 valuation), grading down to 4.00% over fifty-five years (which was fifty-seven years in the June 30, 2017 valuation) for medicare; and starting at 7.25% (as compared to 7.5% in the June 30, 2017 valuation), grading down to 4.00% over fifty-five years (which was fifty-seven years in the June 30, 2017 valuation) for non-medicare. The mortality, termination and disability assumptions were based on the CalPERS 1997-2015 Experience Study. No Affordable Care Act Excise tax was assumed as a result of its repeal in December 2019.

As of June 30, 2019, the unfunded actuarial accrued liability of the OPEB plan 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. As part of its biennial budget process, the Board approved the full funding of the ADC for fiscal years 2020-21 and 2021-22.

The following updates certain information provided in Referenced Appendix A under the captions "METROPOLITAN REVENUES—Summary of Revenues by Source" (which begins on page A-53 in Referenced Appendix A), "METROPOLITAN EXPENSES—General" (which begins on page A-70 in Referenced Appendix A), "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" (which begins on page A-93 in Referenced Appendix A) and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES—Projected Fiscal Year 2019-20 Results" (which begins on page A-98 in Referenced Appendix A).

Based upon preliminary, unaudited information, total revenues for the fiscal year ended June 30, 2020 are estimated to be approximately \$1,547 million. Total expenses (net of reimbursements) for the fiscal year ended June 30, 2020 are estimated to be approximately \$1,488 million. Water transactions (which includes water sales, exchanges and wheeling) for the fiscal year ended June 30, 2020 are estimated to be approximately 1.42 million acre-feet, with water revenues from water transactions estimated to be approximately \$1,188 million. Total operating revenues for the fiscal year ended June 30, 2020 are estimated to be approximately \$1,353 million. Operation and maintenance expenses are estimated to be approximately \$1,025 million. As noted above, estimated results for fiscal year 2019-20 are based upon preliminary, unaudited financial information and are subject to change.

METROPOLITAN TAX REVENUES

Overview

The 2020 Series A Bonds and Metropolitan's outstanding Bonds are payable from *ad valorem* property taxes authorized by the Election. Metropolitan's outstanding Revenue Bonds and other revenue obligations are payable from water revenues received by Metropolitan from charges for water transactions (which includes water sales, wheeling and exchanges) and availability of water, including, without limitation, Metropolitan's water rates, readiness-to-serve charge, standby charge and capacity charge. Water revenues are *not* pledged or expected to be a source for payment of the 2020 Series A Bonds. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS."

For information on Metropolitan's revenues and expenses, including historical and projected revenue and expenses, see Referenced Appendix A under the captions "METROPOLITAN REVENUES," "METROPOLITAN EXPENSES" and "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" and "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA—Recent Developments" above. See also Metropolitan's financial statements contained in Referenced Appendix B.

Limitations on and Application of *Ad Valorem* Tax Revenues

The *ad valorem* tax levy for any year is subject to limits imposed by the State Constitution, the Act and Board policy and to the requirement under the State Water Contract that in the event that Metropolitan fails or is unable to raise sufficient funds by other means, Metropolitan must levy upon all property within its boundaries not exempt from taxation a tax or assessment sufficient to provide for all payments under the State Water Contract. The State Constitution generally caps *ad valorem* taxes at 1% of assessed value and permits additional *ad valorem* taxes for certain voter-approved debt. See "METROPOLITAN TAX REVENUES – Taxation Limits" below. Provisions of the Act limit Metropolitan's *ad valorem* tax to the aggregate amount required to pay the principal of and interest on Metropolitan's general obligation bonds and to satisfy a portion of Metropolitan's payment obligation (limited to pre-existing debt service on State general obligation bonds used to finance construction of State Water Project facilities for the benefit of Metropolitan) under Metropolitan's State Water Contract. However, Metropolitan has authority under the Act to impose a greater tax levy if, following a public hearing, the Board finds that such revenue is essential to Metropolitan's fiscal integrity. For each fiscal year since 2013-14, the Board has exercised that authority and voted to suspend the tax limit clause in the Act, maintaining the fiscal year 2012-13 *ad valorem* tax rate to pay for a greater portion of Metropolitan's State Water Contract obligations. See Referenced Appendix A under the caption "METROPOLITAN EXPENSES—State Water Contract Obligations." Any deficiency between *ad valorem* tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Metropolitan's operating revenues. See Referenced Appendix A under the captions "METROPOLITAN REVENUES—Revenue Allocation Policy and Tax Revenues" and "HISTORICAL AND PROJECTED REVENUES AND EXPENSES." *Ad valorem* taxes levied by Metropolitan are applied solely to the payment of outstanding general obligation bonds of Metropolitan and a portion of Metropolitan's State Water Contract payment obligations.

Ad Valorem Tax Revenues

Below is a summary of Metropolitan’s revenues from *ad valorem* tax levies for the last ten fiscal years. *Ad valorem* tax levies for pre-1978 voter-approved annual debt service (including the Election), other than revenue bond debt service, are established to produce net collections, after allowances for delinquencies and for statutory tax allocations to be made to successor agencies to redevelopment agencies, which will be sufficient to meet all such required debt service requirements prior to the succeeding tax levy and collection cycle.

SUMMARY OF PROPERTY TAX LEVIES Fiscal Years 2010-11 through 2019-20 (Dollars in Thousands)

Fiscal Year	Total Tax Levy	Total Tax Collections⁽¹⁾⁽²⁾	Percent of Total Tax Collections to Total Tax Levy
2010-11	\$ 95,385	\$ 88,056	92.3%
2011-12	94,810	90,253	95.2
2012-13	92,247	96,654	104.8
2013-14	94,963	98,707	103.9
2014-15	100,066	103,007	102.9
2015-16	104,829	110,654	105.6
2016-17	112,727	115,137	102.1
2017-18	121,647	129,666	106.6
2018-19	130,566	145,154	111.2
2019-20	143,646	147,102	102.4

Source: Metropolitan.

⁽¹⁾ Total tax collections exclude cash payments on new annexations.

⁽²⁾ Tax levy payments are due on and delinquent after December 10 and April 10 of each fiscal year.

Taxation Limits

Article XIII A of the California Constitution. The taxing powers of California public agencies are limited by Article XIII A of the California Constitution, added by an initiative amendment approved by the voters on June 6, 1978, commonly known as Proposition 13.

Article XIII A limits the maximum *ad valorem* tax on real property to 1% of “full cash value,” which is defined as “the County Assessor’s valuation of real property as shown on the fiscal year 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per annum, or reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

The tax rate limitation referred to above does not apply to *ad valorem* taxes to pay the interest and redemption charges on any indebtedness approved by the voters before July 1, 1978, or on any bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the votes cast by the voters voting on the proposition. Thus by its terms, the tax rate limitation does not apply to taxes levied to pay debt service on Metropolitan’s Bonds, including the 2020 Series A Bonds, because the Bonds were approved by the voters in 1966.

In 1960, Metropolitan signed the State Water Contract. Under the State Water Contract, Metropolitan receives a proportionate share (approximately 46%) of water from the State Water Project

allocated annually to the State water contractors. Metropolitan's State Water Contract, under a 100% allocation, provides Metropolitan 1,911,500 acre-feet of water. For information regarding Metropolitan's obligations under the State Water Contract see Referenced Appendix A under the caption "METROPOLITAN EXPENSES–State Water Contract Obligations." By virtue of a 1983 decision of the California Court of Appeal, the tax rate limitation referred to above also does not apply to taxes levied by Metropolitan to meet its payment obligations under the State Water Contract. With these two exceptions, Article XIII A and implementing legislation have established an overall limitation which effectively precludes a tax levy to be used by Metropolitan for its general purposes.

Metropolitan levies and collects *ad valorem* taxes to meet its Bond debt service and a portion of its payment obligations under the State Water Contract. See "METROPOLITAN TAX REVENUES – Limitations on and Application of *Ad Valorem* Tax Revenues" above. Metropolitan also levies and collects taxes pursuant to pre-1978 annexation proceedings, the proceeds of which are used to pay debt service on Metropolitan's Bonds and a certain portion of payments due under the State Water Contract.

Article XIII B of the California Constitution. State and local government agencies in California, and the State of California itself, are subject to annual "appropriation limits" imposed by Article XIII B, an initiative constitutional amendment approved by the voters on November 6, 1979, as amended, which prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, certain State subventions and certain other funds, including proceeds from regulatory licenses, other revenues and certain other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product, or service." No limit is imposed on appropriation of funds which are not "proceeds of taxes," nor on debt service for indebtedness existing or authorized by January 1, 1979 (including Metropolitan's Bonds, including the 2020 Series A Bonds), or subsequently authorized by the voters, nor on appropriations required to comply with mandates of courts or the federal government, nor on user charges or fees which do not exceed the cost of the service provided. Metropolitan believes that Article XIII B does not apply to debt service on Metropolitan's Bonds by virtue of specific exemptions contained therein.

Proposition 218. Proposition 218, a State constitutional ballot initiative approved by the voters on November 5, 1996, added Articles XIII C and XIII D to the California Constitution. Article XIII C provides that no local government may impose a new special tax or extend or increase an existing special tax unless such tax is submitted to the electorate and approved by a two-thirds vote. Proposition 218 does not limit imposition of the *ad valorem* taxes securing Metropolitan's Bonds, including the 2020 Series A Bonds, which were approved by the voters in 1966.

Article XIII D provides substantive and procedural requirements on the imposition, extension or increase of any "fee" or "charge", other than an *ad valorem* tax, levied by a local government upon a parcel of real property or upon a person as an incident of property ownership. See Referenced Appendix A under the caption "METROPOLITAN REVENUES–California Ballot Initiatives."

Tax Collection Procedures

Property taxes are levied by Metropolitan on all secured and unsecured taxable property within the Metropolitan service area. The term "secured property," as used in California, is defined to include all real property and personal property to the extent that taxes on said property constitute a lien on real property. "Unsecured property" includes all other taxable property.

In August of each year, Metropolitan's Board, by resolution, establishes the rate of taxation for the levy of *ad valorem* taxes on taxable property for the fiscal year beginning on the immediately preceding July 1. Metropolitan's *ad valorem* taxes are generally collected by county officials at the same time and in

the same manner as county taxes. Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be prepaid by payment of the delinquent taxes and the delinquency penalty, plus costs and prepayment penalty of 1.5% per month to the time of prepayment. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale at auction by the county tax collectors. Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of 1.5% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer. Since the timing of tax collections by the counties and remittances to Metropolitan do not coincide, delinquencies carried on county records are not necessarily identical to those carried in Metropolitan's accounts.

On May 6, 2020, Governor Newsom issued Executive Order N-61-20 ("Order N-61-20"), suspending certain provisions of the State Revenue and Taxation Code until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions, including (i) the property is a residential property occupied by the taxpayer or the property is used for a small business, (ii) the taxes owed were not delinquent as of March 4, 2020, (iii) the taxpayer files for relief in a form and manner prescribed by the tax collector, and (iv) the taxpayer sufficiently demonstrates the economic hardship or inability to make timely payment was due to the COVID-19 pandemic, or any local, state, or federal government response to COVID-19. The penalty relief does not apply to any property for which taxes are paid through an impound account.

Statutory tax increment allocations are made to certain pass-through entities from gross tax collections by the respective county taxing authorities and net collections, after such allocations, are paid to Metropolitan.

Assessed Valuations Within Metropolitan's Service Area

California counties report assessed valuations at 100% of full value (defined as market value) and taxing entities, by law, express their levies in percent of full value. The following two tables set forth, for the indicated years, the assessed valuations and related tax rates for Metropolitan and the assessed valuation of the property in each County within Metropolitan's service area.

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SUMMARY OF ASSESSED VALUATIONS AND TAX RATES
Fiscal Years 2010-11 through 2019-20

Fiscal Year	100% Assessed Valuation ⁽¹⁾ (Dollars in Billions)	Metropolitan Secured Property Percentage Tax Rate
2010-11	\$2,049.1	0.0037%
2011-12	2,067.5	0.0037
2012-13	2,097.4	0.0035
2013-14	2,183.4	0.0035 ⁽²⁾
2014-15	2,315.0	0.0035 ⁽²⁾
2015-16	2,451.0	0.0035 ⁽²⁾
2016-17	2,583.4	0.0035 ⁽²⁾
2017-18	2,740.6	0.0035 ⁽²⁾
2018-19	2,916.6	0.0035 ⁽²⁾
2019-20	3,092.4	0.0035 ⁽²⁾

Source: Metropolitan.

- ⁽¹⁾ Gross assessed valuations (before deduction of Homeowner’s and Business Inventory Exemptions), as of August each year, representing estimated market values of all secured and unsecured property within Metropolitan’s service area, as certified by the County Auditor-Controllers for the respective counties.
- ⁽²⁾ Reflects the Board’s suspension of limitations to the *ad valorem* tax rate, as prescribed by the Act, following the satisfaction of certain requirements of the Act, including the finding that the *ad valorem* tax revenue is “essential to the fiscal integrity of the district.” See Referenced Appendix A under the caption “METROPOLITAN REVENUES.”

ASSESSED VALUATION WITHIN METROPOLITAN’S SERVICE AREA
(BY COUNTIES)⁽¹⁾

County	Fiscal Year 2018-19		Fiscal Year 2019-20	
	\$ in Billions	Percent of Total AV within Metropolitan	\$ in Billions	Percent of Total AV within Metropolitan
Los Angeles	\$1,415.3	48.5%	\$1,504.9	48.7%
Orange	591.4	20.3	625.2	20.2
San Diego	508.6	17.4	537.7	17.4
Riverside	184.6	6.3	196.2	6.3
San Bernardino	112.9	3.9	120.1	3.9
Ventura	103.7	3.6	108.2	3.5
TOTAL ⁽²⁾	\$2,916.6	100.0%	\$3,092.4	100.0%

Source: Metropolitan.

- ⁽¹⁾ Gross assessed valuations (before deduction of Homeowner’s and Business Inventory Exemptions), as of August each year, representing estimated market values of all secured and unsecured property within Metropolitan’s service area, as certified by the County Auditor-Controllers for the respective counties.
- ⁽²⁾ Total reflects independent rounding.

Total assessed valuations within Metropolitan’s service area increased 6.0% from 2018-19 to 2019-20, reflecting impacts from increasing property values. All of the six counties located in Metropolitan’s service area posted year-to-year increases in assessed valuation, with the smallest increase, 4.4% in Ventura County. While the assessed valuation of property within Metropolitan’s service area has increased over recent years, future declines in real estate values in southern California, natural disasters, the departure of

major taxpayers or other factors, including but not limited to COVID-19 or an economic recession, could result in lower assessed values and in a higher level of delinquencies in tax payments.

Outstanding General Obligation Bonds

As of August 1, 2020, Metropolitan had outstanding the following Bonds, as shown below:

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	<u>16,755,000</u>	<u>14,025,000</u>
Total	<u>\$134,645,000</u>	<u>\$37,300,000</u>

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 general obligation bonds.
- (2) Metropolitan anticipates refunding these general obligation bonds with proceeds of the 2020 Series A Bonds. See “PLAN OF REFUNDING.”

Direct and Overlapping Bonded Debt

The estimated direct and overlapping bonded debt within Metropolitan’s service area as of June 30, 2020 is shown below. The issuance of the 2020 Series A Bonds and the refunding to be effected with proceeds thereof are not reflected in the following table.

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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(as of June 30, 2020)

2019-20 Assessed Valuation: \$3,092,426,782,060

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/20</u>
Community College Districts	Various	\$12,481,516,564
Los Angeles Unified School District	99.626	10,584,276,203
San Diego Unified School District	99.961	3,826,184,095
Other Unified School Districts	Various	14,880,906,214
High School and School Districts	Various	7,145,378,738
City of Los Angeles	99.996	729,490,819
Other Cities	Various	215,003,982
Irvine Ranch Water District Improvement Districts	100.	541,500,000
Santa Margarita Water District Improvement Districts	100.	46,895,000
Other Water Districts	Various	32,109,151
Healthcare Districts	Various	658,514,280
Other Special Districts	Various	12,200,461
Community Facilities Districts	Various	7,308,211,789
1915 Act Bonds and Other Special Assessment District Bonds	Various	<u>979,598,332</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$59,441,785,628
METROPOLITAN WATER DISTRICT TOTAL DIRECT DEBT		\$ 37,300,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$59,479,085,628
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County Obligations	93.226%	\$ 2,165,391,172
Orange County Obligations	99.914	865,793,530
Riverside County Obligations	66.348	1,127,008,972
San Bernardino County Obligations	50.751	270,760,461
San Diego County Obligations	96.674	673,566,428
Ventura County Obligations	76.653	263,111,422
City of Anaheim General Fund Obligations	99.872	523,762,470
City of Long Beach General Fund Obligations and Pension Obligation Bonds	100.	121,765,000
City of Los Angeles General Fund and Judgment Obligations	99.996	1,430,797,746
City of Pasadena General Fund and Pension Obligation Bonds	100.	543,162,944
City of San Diego General Fund Obligations	99.949	496,074,282
Other City General Fund Obligations	Various	4,357,324,538
Water District General Fund Obligations	Various	64,976,993
Los Angeles Unified School District Certificates of Participation	99.626	163,815,032
Other School District General Fund Obligations	Various	1,888,012,519
Other Special District General Fund Obligations	Various	<u>74,962,377</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$15,030,285,886
Less: Obligations supported from other revenue sources		<u>921,821,544</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$14,108,464,342
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		\$ 6,334,362,592
GROSS COMBINED TOTAL DEBT		\$80,843,734,106⁽¹⁾
NET COMBINED TOTAL DEBT		\$79,921,912,562

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$37,300,000)	0.001%
Total Direct and Overlapping Tax and Assessment Debt.....	1.92%
Gross Combined Total Debt.....	2.61%
Net Combined Total Debt	2.58%

Ratios to Redevelopment Incremental Valuation (\$426,954,318,272):

Total Overlapping Tax Increment Debt.....	1.48%
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Source: California Municipal Statistics, Inc.

⁽¹⁾ Debt instruments included are general obligation bonds, lease revenue bonds and certificates of participation (when supported by the general fund), pension obligation bonds, 1915 Act special assessment bonds and Mello-Roos Act special assessment bonds. Excluded are enterprise revenue bonds, mortgage revenue bonds, tax and revenue anticipation notes and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Debt Service Requirements

Set forth below is the debt service on all Metropolitan outstanding Bonds, including the debt service on the 2020 Series A Bonds.

DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION BONDS⁽¹⁾ (Cash Basis)

Fiscal Year Ending June 30	Outstanding Bonds ⁽²⁾	2020 Series A Bonds		Total Debt Service
		Principal	Interest	
2021	\$ 7,254,175			
2022	8,239,175			
2023	2,211,425			
2024	2,208,425			
2025	2,208,175			
2026	2,210,425			
2027	2,204,925			
2028	2,206,925			
2029	2,635,925			
2030	2,630,425			
2031	2,629,250			
2032	2,630,750			
2033	2,632,500			
2034	2,629,250			
2035	2,631,000			
2036	2,627,250			
2037	2,633,000			
TOTAL	\$52,423,000			

⁽¹⁾ Totals are rounded.

⁽²⁾ Includes principal of and interest on the Refunded Bonds.

ACCOUNTING AND BUDGET MATTERS

Accounting Policies

Metropolitan operates as a utility enterprise and is accounted for as an enterprise fund. A summary of Metropolitan's significant accounting policies is contained in Note 1 to Metropolitan's full accrual basis audited financial statements for the fiscal years ended June 30, 2019 and June 30, 2018. See Referenced Appendix B.

Budgetary Accounting Method

Metropolitan's budgeting and budgetary financial reporting is presented using a modified accrual basis. The modified accrual basis of accounting that Metropolitan uses varies from the full accrual basis of accounting utilized in Metropolitan's audited annual financial statements in the following respects: depreciation and amortization are not recorded and payments for debt service and pay-as-you-go construction are recorded when paid. Under this modified accrual basis of accounting, revenues are recognized in the fiscal year in which they are earned and expenses are recognized when incurred. Thus, water revenues are recognized in the month the water transaction occurs and expenses are recognized when goods have been

received and services have been rendered. See Referenced Appendix A under the captions “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” and “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES.”

Financial Statements

The Basic Financial Statements of Metropolitan for the Fiscal Years ended June 30, 2019 and June 30, 2018 and Basic Financial Statements for the Nine Months Ended March 31, 2020 and 2019 (Unaudited) are included in Referenced Appendix B. Metropolitan routinely prepares unaudited quarterly financial statements for the quarters ended September 30, December 31 and March 31 of each fiscal year, and although Metropolitan is not obligated to do so, such unaudited quarterly financial statements are generally filed by Metropolitan voluntarily with the MSRB’s EMMA System, when available (typically approximately two months after the end of the relevant fiscal quarterly period). Such filing of Metropolitan’s unaudited quarterly financial statements is not required pursuant to any continuing disclosure undertaking by Metropolitan relating to its outstanding bonds, and Metropolitan, does not have and has not incurred any obligation to continue to provide any such ongoing filing of its quarterly unaudited financial statements.

The Financial Statements for the Fiscal Years ended June 30, 2019 and June 30, 2018 have been audited by KPMG LLP, Metropolitan’s independent auditor (the “Independent Auditor”), as stated in its Independent Auditors’ Report, dated October 14, 2019, which is included in Referenced Appendix B. Metropolitan has not requested the consent of the Independent Auditor, nor has the Independent Auditor consented, to the inclusion of the Financial Statements or the Independent Auditors’ Report in Referenced Appendix B. KPMG LLP, Metropolitan’s Independent Auditor, has not been engaged to perform and has not performed, since the date of its Independent Auditors’ Report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

The financial and statistical information contained elsewhere in this Official Statement is included herein for informational purposes only and a complete review of the audited Financial Statements and the Notes to such Financial Statements set forth in Referenced Appendix B is integral to an understanding of such information. No independent auditor has audited the financial tables or other financial information or data included in this Official Statement, other than the audited Financial Statements for the Fiscal Years ended June 30, 2019 and June 30, 2018 included in Referenced Appendix B.

Budget System

Metropolitan’s budget system incorporates features of program budgeting, management by objectives, and performance reporting which provides for funding, analysis, review and control. Operating budgets are prepared by each department and division annually. Each program and its required resources are reviewed by management and, upon acceptance, are incorporated into the overall budget for approval by the Board. Costs are maintained by project and activity, and expenditures are controlled by Board-approved appropriations. Each month, variances between budget estimates and actual receipts and expenditures are identified and evaluated. This review is performed as one of several control measures to assure progress in meeting Metropolitan’s goals and program objectives.

LITIGATION

No litigation is pending, or, to the knowledge of Metropolitan, threatened, questioning (i) the existence of Metropolitan, or the title of the officers of Metropolitan to their respective offices, or (ii) the validity of the 2020 Series A Bonds or the power and authority of Metropolitan to issue the 2020 Series A Bonds, or (iii) which may materially impair the ability of Metropolitan to meet its obligations to the owners of the 2020 Series A Bonds.

Metropolitan is a party to various legal proceedings affecting Metropolitan's water system and is regularly involved in litigation regarding the condemnation of property in accordance with its authorization under the Act to exercise the powers of eminent domain. Metropolitan does not believe that an adverse ruling in any of these proceedings could have an adverse impact on the ability of Metropolitan to meet its obligations to the owners of the 2020 Series A Bonds.

For a discussion of litigation challenging the allocation of costs to certain water rates, see Referenced Appendix A– “THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,” including information under the caption “METROPOLITAN REVENUES – Litigation Challenging Rate Structure.” See also “THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA – Recent Developments” herein. For a discussion of litigation affecting the water supply of Metropolitan that could adversely affect Metropolitan's operating revenues, see Referenced Appendix A– “THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,” including information under the captions “METROPOLITAN'S WATER SUPPLY – State Water Project,” “– Colorado River Aqueduct,” and “– Endangered Species Act and Other Environmental Considerations” and “METROPOLITAN EXPENSES – Power Sources and Costs; Related Long-Term Commitments.”

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to Metropolitan, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2020 Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the 2020 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by Metropolitan and others in connection with the 2020 Series A Bonds, and Bond Counsel has assumed compliance by Metropolitan with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2020 Series A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to Metropolitan, under existing statutes, interest on the 2020 Series A Bonds is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the 2020 Series A Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2020 Series A Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2020 Series A Bonds in order that interest on the 2020 Series A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2020 Series A Bonds, yield and

other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2020 Series A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. Metropolitan has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2020 Series A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2020 Series A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2020 Series A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2020 Series A Bonds.

Prospective owners of the 2020 Series A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2020 Series A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a 2020 Series A Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, *i.e.*, a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2020 Series A Bonds. In general, the issue price for each maturity of 2020 Series A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any 2020 Series A Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2020 Series A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2020 Series A Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2020 Series A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2020 Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2020 Series A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2020 Series A Bonds under federal or state law or otherwise prevent beneficial owners of the 2020 Series A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2020 Series A Bonds.

Prospective purchasers of the 2020 Series A Bonds should consult their own tax advisors regarding the foregoing matters.

PURCHASE AND REOFFERING

_____, the Initial Purchaser of the 2020 Series A Bonds, purchased the 2020 Series A Bonds from Metropolitan at a competitive sale at a purchase price of \$_____, representing the \$_____ aggregate principal amount of the 2020 Series A Bonds, plus original issue premium of \$_____, less the Initial Purchaser's discount of \$_____.

The public offering prices or yields of the 2020 Series A Bonds may be changed from time to time by the Initial Purchaser of such 2020 Series A Bonds. The Initial Purchaser of the 2020 Series A Bonds may offer and sell the 2020 Series A Bonds to certain dealers and others at prices lower or yields higher than the respective offering prices or yields shown on the inside cover page hereof.

MUNICIPAL ADVISOR

Metropolitan has retained Public Resources Advisory Group, Los Angeles, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the 2020 Series A Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to Metropolitan, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor has reviewed this Official Statement but makes no guaranty, warranty or other representation respecting accuracy and completeness of the information contained in this Official Statement. Certain fees of the Municipal Advisor are contingent upon the issuance and delivery of the 2020 Series A Bonds.

LEGAL MATTERS

Hawkins Delafield & Wood LLP, Bond Counsel to Metropolitan, will render its approving opinion with respect to the 2020 Series A Bonds, substantially in the form set forth in APPENDIX 3 – "FORM OF BOND COUNSEL OPINION." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for Metropolitan by its General Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, is acting as Disclosure Counsel to Metropolitan in connection with the issuance of the 2020 Series A Bonds. Bond Counsel and Disclosure Counsel will receive compensation that is contingent upon the issuance and delivery of the 2020 Series A Bonds.

RATINGS

Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") have assigned the 2020 Series A Bonds their ratings of "Aaa" and "AAA", respectively. Such credit ratings reflect only the views of such organizations and any desired explanation of the significance of such credit ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its credit rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Any such credit rating may not continue for any given period and may be revised downward or withdrawn entirely by the rating agency furnishing the same, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of any such credit rating could have an adverse effect on the market price of the 2020 Series A Bonds.

CONTINUING DISCLOSURE

Metropolitan has agreed to execute a continuing disclosure undertaking (the “Continuing Disclosure Undertaking”), which provides for disclosure obligations on the part of Metropolitan for so long as the 2020 Series A Bonds remain Outstanding. Under the Continuing Disclosure Undertaking, Metropolitan will covenant for the benefit of registered owner and Beneficial Owners of the 2020 Series A Bonds to provide certain financial information and operating data relating to Metropolitan by not later than 180 days after the end of the prior fiscal year (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notice Events”) in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event. The Annual Reports and the notices of Notice Events will be filed with the EMMA System. These covenants will be made to assist the Initial Purchaser of the 2020 Series A Bonds in complying with the Rule. See APPENDIX 4 – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Metropolitan has not failed in the previous five years to comply in any material respect with any previous undertaking to provide annual reports or notices of certain events in accordance with the Rule.

MISCELLANEOUS

The terms of the 2020 Series A Bonds are set forth in the Resolutions and the Notice Inviting Bids dated August 6, 2020. Copies of such documents may be obtained from the office of the Assistant General Manager/Chief Financial Officer of Metropolitan, 700 North Alameda Street, Los Angeles, California 90012, telephone (213) 217-7121. Metropolitan reserves the right to charge the requesting party for the cost of copying such documents. Questions pertaining to this Official Statement may be directed to the Assistant General Manager/Chief Financial Officer.

The attached appendices, and Referenced Appendix A, Referenced Appendix B and Referenced Appendix E incorporated herein, are integral parts of this Official Statement and should be read in their entirety. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Board of Directors of Metropolitan has duly authorized the delivery of this Official Statement.

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By: _____
General Manager

APPENDIX 1

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

The following is a summary of certain provisions of Resolution 8386 adopted by the Board of Directors of Metropolitan (the "Board") on January 12, 1993, as amended and supplemented, including by Resolution 8901 adopted on April 13, 2004 (collectively, the "Resolutions"). The 2020 Series A Bonds will be referred to in this summary as "Refunding Bonds." This summary does not purport to be complete and is qualified in its entirety by reference to the Resolutions for a complete statement of the provisions therein.

DEFINITIONS

The following are definitions of certain terms used and not defined elsewhere in the Official Statement. Terms not defined herein have the meanings specified in the Resolutions.

"Act" means the Metropolitan Water District Act, California Statutes 1927, Chapter 429, as reenacted in Statutes 1969, Chapter 209, as amended, and as supplemented by Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Sections 53550 and 53580, respectively) of the Government Code of the State of California.

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

"Bonds" means outstanding bonds issued by Metropolitan pursuant to the Act and Ordinance 105.

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

"Costs of Issuance Fund" means with respect to a Series of Refunding Bonds, the Waterworks General Obligation Refunding Bonds Costs of Issuance Fund established for such Series pursuant to the Resolutions.

"Excess Earnings Fund" means, with respect to a Series of the Refunding Bonds, the Waterworks General Obligation Refunding Bonds Excess Earnings Fund established for such Series of the Refunding Bonds.

"Interest and Principal Fund" means the fund of that name established by Resolution 6954 adopted by the Board on May 9, 1967, as amended from time to time.

"Mandatory Redemption Fund" means the fund of that name established by Resolution 6954 adopted by the Board on May 9, 1967, as amended from time to time.

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

"Outstanding" when used as of any particular time with reference to the Refunding Bonds shall mean all the Refunding Bonds theretofore issued and delivered by Metropolitan under the Resolutions except: (a) Refunding Bonds theretofore cancelled by the Treasurer or surrendered to the Treasurer for cancellation; (b) Refunding Bonds for the payment or redemption of which money or securities in the necessary amount (as provided in the Resolutions) shall have been theretofore deposited with the

Treasurer (whether upon or prior to the maturity or the redemption date of such Refunding Bonds), provided that, if such Refunding Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Resolutions or provision satisfactory to the Treasurer shall have been made for the giving of such notice; and (c) Refunding Bonds which may have been lost, stolen, mutilated, destroyed or cancelled and for which other Refunding Bonds shall have been issued and delivered by Metropolitan in lieu thereof or in substitution therefor pursuant to the Resolutions.

“**Retirement Fund**” means “The Waterworks Bonds, Election 1966, Retirement Fund” established by Resolution 6954 adopted by the Board on May 9, 1967, as amended from time to time.

“**Serial Bonds**” means Refunding Bonds not subject to mandatory redemption prior to maturity.

“**Series**,” whenever used in the Resolutions with respect to Refunding Bonds, means all of the Refunding Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rates, redemption and other provisions, and any Refunding Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Refunding Bonds as provided in the Resolutions.

“**Tax and Nonarbitrage Certificate**” means the Tax and Nonarbitrage Certificate of Metropolitan delivered by Metropolitan in connection with the issuance of a Series of Refunding Bonds.

“**Term Bonds**” means Refunding Bonds which are subject to mandatory redemption prior to maturity.

“**Treasurer**” means the Treasurer of Metropolitan.

Tax Levy; Interest and Principal Fund

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

Payment of Serial Bonds

Subject to the provisions of the Resolutions, the principal of Serial Bonds of a Series, if any, shall be paid from the Interest and Principal Fund in the following manner: a reasonable time prior to the time when any principal of such Serial Bonds becomes due, by maturity, redemption or otherwise, there shall be transferred from the Interest and Principal Fund and placed in the Retirement Fund such sums as shall

be sufficient to meet all amounts coming due for principal of such Serial Bonds. Moneys so transferred from the Interest and Principal Fund to the Retirement Fund shall be used to pay the principal of the Serial Bonds for which the transfer was made and for no other purpose.

Payment of Term Bonds

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

Establishment and Application of Costs of Issuance Funds

Metropolitan shall establish, and the Treasurer shall maintain and hold in trust a separate fund with respect to each Series of the Refunding Bonds, which shall be designated as the "Waterworks General Obligation Refunding Bonds Costs of Issuance Fund" and shall bear such additional designation as shall be ascribed thereto 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 Refunding 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.

Establishment and Application of Excess Earnings Fund

To ensure proper compliance with the tax covenants contained in the Resolutions, Metropolitan shall establish and the Treasurer shall maintain an Excess Earnings Fund for each Series of the Refunding Bonds, which fund shall be separate from any other fund or account established and maintained under the Resolutions. All money at any time deposited in the applicable Excess Earnings Fund in accordance with the provisions of the applicable Tax and Nonarbitrage Certificate shall be held by the Treasurer for the account of Metropolitan in trust for payment to the federal government of the United States of America, and neither Metropolitan nor the Owner of any bond of any such Series of Refunding Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in any Excess Earnings Fund shall be governed by the Resolutions and by the applicable Tax and Nonarbitrage Certificate. The Treasurer shall invest all amounts held in any Excess Earnings Fund in accordance with the applicable Tax and Nonarbitrage Certificate. Money shall not be transferred from any Excess Earnings Fund except in accordance with the applicable Tax and Nonarbitrage Certificate relating to such appropriate Series of Refunding Bonds.

Tax Covenant

In order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Refunding Bonds, Metropolitan covenants to comply with each applicable requirement of Section 103 and Sections 140 through 150 of the Code. In furtherance of such covenant, Metropolitan agrees to comply with the applicable Tax and Nonarbitrage Certificate, to be executed by Metropolitan upon issuance of the Refunding Bonds, as such Tax and Nonarbitrage Certificate may be amended from time to time, as a source of guidance for compliance with such provisions.

Amendments Without Consent of Bond Owners

Metropolitan may, from time to time and at any time, adopt resolutions (which resolutions shall thereafter form a part of the Resolutions): (a) to cure any ambiguity or formal defect or omission in the Resolutions, (b) to grant to or confer upon the owners of Refunding Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon them, or (c) to amend or supplement the Resolutions in any other respect, provided such amendment or supplement is not adverse to the interests of the registered owners of the Refunding Bonds.

Amendments With Consent of the Bond Owners

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

Defeasance

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

APPENDIX 2

BOOK-ENTRY ONLY SYSTEM

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APPENDIX 2

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “– General” below has been provided by DTC. Metropolitan makes no representations as to the accuracy or completeness of such information. Further, Metropolitan undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s website as described under the caption “– General,” including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website. The beneficial owners of the 2020 Series A Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants (such terms as defined below).

NEITHER METROPOLITAN NOR THE TREASURER (OR THE AGENT THEREOF) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2020 SERIES A BONDS UNDER THE RESOLUTIONS; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2020 SERIES A BONDS, IF APPLICABLE; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE 2020 SERIES A BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2020 SERIES A BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2020 Series A Bonds. The 2020 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2020 Series A Bond certificate will be issued for each maturity of the 2020 Series A Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC

system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). S&P Global Ratings has rated DTC “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*. The information set forth on such website is not incorporated herein by reference.

Purchases of the 2020 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Series A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2020 Series A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2020 Series A Bonds, except in the event that use of the book-entry system for the 2020 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2020 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Series A Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2020 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2020 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2020 Series A Bonds documents. For example, Beneficial Owners of the 2020 Series A Bonds may wish to ascertain that the nominee holding the 2020 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Series A Bonds of the same maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020 Series A Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Metropolitan as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2020 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2020 Series A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Metropolitan or the Treasurer (or its agent), on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Treasurer (or its agent), or Metropolitan, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the 2020 Series A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Metropolitan or the Treasurer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NONE OF METROPOLITAN, THE TREASURER AND REGISTRAR (OR THE AGENT THEREOF) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF THE 2020 SERIES A BONDS FOR REDEMPTION.

Metropolitan, the Treasurer and Registrar (or the agent thereof) cannot and do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the 2020 Series A Bonds paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Metropolitan, the Treasurer and Registrar (or the agent thereof) are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2020 Series A Bonds or for an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the 2020 Series A Bonds at any time by giving reasonable notice to Metropolitan or the Treasurer and Registrar. Under such circumstances, in the event that a successor depository is not obtained, 2020 Series A Bond certificates are required to be printed and delivered.

Metropolitan may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2020 Series A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Metropolitan believes to be reliable, but Metropolitan takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF 2020 SERIES A BONDS AND WILL NOT BE RECOGNIZED BY THE TREASURER AND REGISTRAR (OR ITS AGENT) AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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APPENDIX 3

FORM OF BOND COUNSEL OPINION

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APPENDIX 3

FORM OF BOND COUNSEL OPINION

Upon issuance of the 2020 Series A Bonds, Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to The Metropolitan Water District of Southern California, will render its approving opinion with respect to the 2020 Series A Bonds in substantially the following form:

The Metropolitan Water District of Southern California
700 North Alameda Street
Los Angeles, California 90012

*Re: The Metropolitan Water District of Southern California
 Waterworks General Obligation Refunding Bonds, 2020 Series A*

Ladies and Gentlemen:

We have examined certified copies of proceedings of the issuance of \$_____ in aggregate principal amount of The Metropolitan Water District of Southern California (“Metropolitan”) Waterworks General Obligation Refunding Bonds, 2020 Series A (the “2020 Series A Bonds”).

The 2020 Series A Bonds are issued under and pursuant to the Metropolitan Water District Act, California Statutes 1927, Chapter 429, as reenacted in 1969 in Statutes 1969, Chapter 209, as amended, and as supplemented by Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53550 and 53580, respectively) of the California Government Code, the special election held in the service area of Metropolitan on June 7, 1966, Resolution 6954 of the Board of Directors of Metropolitan (the “Board”) adopted on May 9, 1967 and Resolution 8386 of the Board adopted on January 12, 1993, as amended and supplemented, including by Resolution 8901 of the Board adopted on April 13, 2004 (collectively, the “Resolutions”). All terms used herein and not otherwise defined shall have the meanings given such terms in the Resolutions.

The 2020 Series A Bonds mature in the amounts and in the years and bear interest in accordance with the terms of the Resolutions.

On the basis of the foregoing examination and in reliance upon the certified proceedings, we are of the opinion that:

(i) The proceedings for the issuance of the 2020 Series A Bonds have been taken in accordance with the laws and Constitution of the State of California, and the 2020 Series A Bonds, having been issued in duly authorized form and executed by the proper officials and delivered to and paid for by the purchasers, constitute the legally valid and binding obligations of Metropolitan, enforceable in accordance with their terms.

(ii) The 2020 Series A Bonds constitute general obligation indebtedness of Metropolitan and shall be payable, as to both principal and interest, from *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property within Metropolitan to pay the principal of and interest on such indebtedness and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, within Metropolitan to pay the principal of and interest on such indebtedness.

(iii) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (a) interest on the 2020 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as

amended (the “Code”) and (b) interest on the 2020 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 2020 Series A Bonds in order that, for federal income tax purposes, interest on the 2020 Series A Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the 2020 Series A Bonds, restrictions on the investment of proceeds of the 2020 Series A Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2020 Series A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the 2020 Series A Bonds, Metropolitan will execute a Tax Certificate (the “Tax Certificate”) containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, Metropolitan covenants that Metropolitan will comply with the provisions and procedures set forth therein and that Metropolitan will do and perform all acts and things necessary or desirable to assure that interest paid on the 2020 Series A Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph (iii) hereof, we have relied upon and assumed (a) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the 2020 Series A Bonds, and (b) compliance by Metropolitan with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

(iv) Under existing statutes, interest on the 2020 Series A Bonds is exempt from State of California personal income taxes.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the 2020 Series A Bonds or the ownership or disposition thereof, except as stated in paragraphs (iii) and (iv) above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2020 Series A Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the 2020 Series A Bonds and express herein no opinion relating thereto.

The foregoing opinions are qualified to the extent that the enforceability of the 2020 Series A Bonds, the Resolutions and the Tax Certificate may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors’ rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification).

Very truly yours,

APPENDIX 4

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX 4

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is dated as of September 1, 2020 by The Metropolitan Water District of Southern California (“Metropolitan”) in connection with the issuance of its \$_____ aggregate principal amount of Waterworks General Obligation Refunding Bonds, 2020 Series A (the “2020 Series A Bonds”). The 2020 Series A Bonds are being issued under and pursuant to the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended and as supplemented by Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53550 and 53580, respectively) of the California Government Code (the “Act”), the special election held in the service area of Metropolitan on June 7, 1966, Resolution 6954 adopted by the Board of Directors of Metropolitan (the “Board”) on May 9, 1967 and Resolution 8386 adopted by the Board on January 12, 1993, as amended and supplemented, including by Resolution 8901 adopted by the Board on April 13, 2004 (collectively, the “Resolutions”). Capitalized terms used in this Undertaking which are not otherwise defined in the Resolutions shall have the respective meanings specified above or in Article I hereof. In accordance with the requirements of the Rule (as hereinafter defined), Metropolitan agrees as follows:

ARTICLE I Definitions

Section 1.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (A) the financial information and operating data with respect to Metropolitan, for each fiscal year of Metropolitan, substantially in the form presented in the Official Statement as follows: (i) under the caption “METROPOLITAN TAX REVENUES” in the forepart of the Official Statement, the tables entitled “Summary of Property Tax Levies”, “Summary of Assessed Valuations and Tax Rates”, “Assessed Valuation Within Metropolitan’s Service Area (By Counties)” and “Debt Service Requirements for General Obligation Bonds”; (ii) under the caption “METROPOLITAN REVENUES” in Referenced Appendix A incorporated by reference in the Official Statement, the tables entitled “Summary of Revenues by Source”, “Summary of Water Transactions and Revenues”, “Summary of Water Rates”, and “Ten Largest Water Customers”; the water standby charge for the fiscal year; revenues for the fiscal year resulting from wheeling and exchange transactions; the total power revenues for the fiscal year; and the unrestricted reserve balances available to Metropolitan for the fiscal year; (iii) under the caption “METROPOLITAN EXPENSES” in Referenced Appendix A incorporated by reference in the Official Statement, the table entitled “Summary of Expenses”; outstanding indebtedness (including revenue bonds, subordinate revenue obligations, variable rate and swap obligations, other revenue obligations and general obligation bonds), the payment obligation under the State Water Contract, a description of other long term commitments, and the information described under the sub-caption “Defined Benefit Pension Plan and Other Post-Employment Benefits”; (iv) under the caption “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in Referenced Appendix A incorporated by reference in the Official Statement, historical revenues and expenses for the then immediately past fiscal year, as presented in the table entitled “Historical and Projected Revenues and Expenses”; (v) under the caption “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in Referenced Appendix A incorporated by reference in the Official Statement, the percentage of operation and maintenance expenses to total costs; (vi) under the caption “METROPOLITAN EXPENSES – Power Sources and Costs; Related Long-Term Commitments” in Referenced Appendix A incorporated by reference in the Official Statement, the expenses for electric power, for so long as such information shall be deemed to be material by Metropolitan; and (B) the

information regarding amendments to this Undertaking required pursuant to Sections 4.2(c) and (d) of this Undertaking. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (1) above of financial information and operating data constituting Annual Financial Information are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, or legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

(2) “Audited Financial Statements” means the annual financial statements, if any, of Metropolitan, audited by such auditor as shall then be required or permitted by State law or the Resolutions. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that Metropolitan may from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 4.2(d) hereof shall include a reference to the specific federal or State law or regulation describing such accounting principles.

(3) “Counsel” means a nationally recognized bond counsel or counsel expert in federal securities laws, in each case acceptable to Metropolitan.

(4) “EMMA System” means the MSRB’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the SEC for the purposes referred to in the Rule.

(5) “Event Notice” means written or electronic notice of a Notice Event.

(6) “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(7) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

(8) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

(9) “Notice Event” means any of the following events with respect to the 2020 Series A Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;

- (v) substitution of credit or liquidity providers or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the 2020 Series A Bonds, or other material events affecting the tax status of any 2020 Series A Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of Metropolitan (such event being considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for Metropolitan in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of Metropolitan, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of Metropolitan);
- (xiii) the consummation of a merger, consolidation, or acquisition involving Metropolitan or the sale of all or substantially all of the assets of Metropolitan, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of Metropolitan, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of Metropolitan, any of which affect holders of the Bonds, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of Metropolitan, any of which reflect financial difficulties (it being understood that for purposes of Section 2.4 hereof, Metropolitan intends to comply with the provisions of this

Undertaking for the Notice Events described in this subparagraph (xvi) and subparagraph (xv) of this paragraph (9) and the definition of “Financial Obligation” in paragraph (6) of this Section 11, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release).

(10) “Official Statement” means the Official Statement, dated _____, 2020, of Metropolitan relating to the 2020 Series A Bonds.

(11) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(12) “SEC” means the United States Securities and Exchange Commission.

(13) “State” means State of California.

(14) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE II The Undertaking

Section 2.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the 2020 Series A Bonds and is being executed and delivered solely to assist the underwriters in complying with subsection (b)(5) of the Rule.

Section 2.2. Annual Financial Information.

(a) Metropolitan shall provide Annual Financial Information with respect to each fiscal year of Metropolitan, commencing with such information with respect to fiscal year 2019-20, by no later than 180 days after the end of the respective fiscal year, to the EMMA System.

(b) Metropolitan shall provide, in a timely manner, notice of any failure of Metropolitan to provide the Annual Financial Information by the dates specified in subsection (a) above to the EMMA System.

Section 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 2.2(a) hereof, Metropolitan shall provide Audited Financial Statements, when and if available, to the EMMA System.

Section 2.4. Event Notices. If a Notice Event occurs, Metropolitan shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Notice Event, an Event Notice to the EMMA System.

Section 2.5. Additional Information. Nothing in this Undertaking shall be deemed to prevent Metropolitan from disseminating any other information, using the means of dissemination set

forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Event Notice, in addition to that which is required by this Undertaking. If Metropolitan chooses to include any information in any Annual Financial Information or Event Notice in addition to that which is specifically required by this Undertaking, Metropolitan shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information or Event Notice.

ARTICLE III Operating Rules

Section 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if Metropolitan provides Annual Financial Information by specific reference to documents (i) either (1) provided to the EMMA System, or (2) filed with the SEC, or (ii) if such document is a “final official statement,” as defined in paragraph (f)(3) of the Rule, available from the MSRB or the EMMA System.

Section 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 3.3. Event Notices. Each Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the 2020 Series A Bonds.

Section 3.4. Transmission of Information and Notices. Any filing under this Undertaking may be made solely by transmitting such filing to (i) the MSRB through the EMMA System or (ii) as otherwise specified in the relevant rules and interpretive advice provided by the SEC. Unless otherwise required by law and, in Metropolitan’s sole determination, subject to technical and economic feasibility, Metropolitan shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of Metropolitan’s information and notices.

Section 3.5. Fiscal Year. Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. Metropolitan’s current fiscal year is July 1 to June 30, and Metropolitan shall promptly notify the EMMA System of each change in its fiscal year.

ARTICLE IV Termination, Amendment and Enforcement

Section 4.1. Effective Date; Termination.

(a) This Undertaking and the provisions hereof shall be effective upon the issuance of the 2020 Series A Bonds.

(b) Metropolitan’s obligations under this Undertaking shall terminate upon a legal defeasance pursuant to Section 7.06 of the Resolutions or the prior redemption or payment in full of all of the 2020 Series A Bonds.

(c) This Undertaking, or any provision hereof, shall be null and void in the event that Metropolitan (1) receives an opinion of Counsel, addressed to Metropolitan, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the 2020 Series A Bonds, whether because such portions of the Rule are invalid, have been

repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the EMMA System.

Section 4.2. Amendment.

(a) This Undertaking may be amended by Metropolitan, without the consent of the holders of the 2020 Series A Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of Metropolitan or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) Metropolitan shall have received an opinion of Counsel, addressed to Metropolitan, to the same effect as set forth in clause (2) above, (4) either (i) Metropolitan shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with Metropolitan (such as bond counsel) and acceptable to Metropolitan, addressed to Metropolitan, to the effect that the amendment does not materially impair the interests of the holders of the 2020 Series A Bonds or (ii) the holders of the 2020 Series A Bonds consent to the amendment to this Undertaking pursuant to the same procedures as are required for amendments to the Resolutions with consent of holders of 2020 Series A Bonds, pursuant to the Resolutions as in effect on the date of this Undertaking, and (5) Metropolitan shall have delivered copies of such opinion(s) and amendment to the EMMA System.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived by Metropolitan, without the consent of the holders of the 2020 Series A Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) Metropolitan shall have received an opinion of Counsel, addressed to Metropolitan, to the effect that performance by Metropolitan under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) Metropolitan shall have delivered copies of such opinion and amendment to the EMMA System.

(c) To the extent any amendment to this Undertaking results in a change in the type of financial information or operating data provided pursuant to this Undertaking, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of such amendment shall be provided by Metropolitan to the EMMA System.

Section 4.3. Contract: Benefit; Third-Party Beneficiaries: Enforcement.

(a) The provisions of this Undertaking shall constitute a contract with and inure solely to the benefit of the holders from time to time of the 2020 Series A Bonds, except that beneficial owners of 2020 Series A Bonds shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of Metropolitan to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding 2020 Series A Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the holders of 25 percent in aggregate amount of Outstanding 2020 Series A Bonds. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of Metropolitan's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of 2020 Series A Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of 2020 Series A Bonds for purposes of this subsection (b).

(c) Any failure by Metropolitan to perform in accordance with this Undertaking shall not constitute a default or an Event of Default under the Resolutions and shall not result in any acceleration of payment of the 2020 Series A Bonds, and the rights and remedies provided by the Resolutions upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By: _____
Katano Kasaine
Assistant General Manager/
Chief Financial Officer

APPROVED AS TO FORM:

MARCIA SCULLY, General Counsel

By: _____

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