REOFFERING – NOT A NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
S&P: A+/A-1
Fitch: __
See the caption "RATINGS."

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Remarketing Statement, interest on the 2011A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the 2011A Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS."

$39,275,000
CITY OF RIVERSIDE, CALIFORNIA
Variable Rate Refunding Electric Revenue Bonds
Issue of 2011A
(CUSIP 768874 TS8)

Date of Initial Delivery: April 28, 2011 **Due: October 1, 2035**

Remarketing of the 2011A Bonds. Pursuant to the provisions of the Resolution (as such term is defined herein), the City of Riverside (the "**City**") has exercised its option to effect a mandatory tender of the above-captioned bonds (the "**2011A Bonds**") on April 23, 2020.

Upon the purchase of the 2011A Bonds pursuant to such mandatory tender: (i) the Interest Rate Period for the 2011A Bonds will be Converted from an Index Interest Rate Period to a Weekly Interest Rate Period; and (ii) the 2011A Bonds will be remarketed and will bear interest at a Weekly Interest Rate commencing on April 23, 2020. Promptly after the Remarketing Agent determines the initial Weekly Interest Rate relating to the 2011A Bonds for the Weekly Interest Rate Period commencing on April 23, 2020, the City will publish it by supplementing this Remarketing Statement and posting the supplement on the EMMA system.

The Purchase Price of the 2011A Bonds will be paid on April 23, 2020 from moneys held by the Fiscal Agent, consisting of immediately available funds on deposit in the Remarketing Account, as more fully described herein.

Terms of the 2011A Bonds. The 2011A Bonds are being remarketed in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the 2011A Bonds will not receive securities certificates representing their beneficial ownership in the 2011A Bonds purchased. The principal of and interest on the 2011A Bonds are payable by the Fiscal Agent to Cede & Co. and such interest and principal payments and premium, if any, are to be disbursed to the Beneficial Owners of the 2011A Bonds through their nominees.

The 2011A Bonds are being issued initially as variable rate demand obligations in denominations of $100,000 or any $5,000 increment in excess of $100,000. The 2011A Bonds will bear interest at a Weekly Interest Rate as described herein, until the interest rate mode is changed as provided herein. So long as the 2011A Bonds are in a Weekly Interest Rate Period, interest on the 2011A Bonds will be payable on the first Business Day of each month, commencing on the first Business Day of the month following the commencement of the Weekly Interest Rate Period. The 2011A Bonds will be subject to mandatory tender for purchase upon a conversion to an Interest Rate Period other than a Weekly Interest Rate Period, and upon the occurrence of certain other events, in the manner described herein.

This Remarketing Statement is not intended to describe the 2011A Bonds while in an Interest Rate Period other than the Weekly Interest Rate Period.

Security for the 2011A Bonds. The 2011A Bonds are special limited obligations of the City and are secured by a pledge of and lien upon, and payable solely from, the Net Operating Revenues (as such term is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Net Operating Revenues") of the Electric System and other funds, assets and security described in the Resolution. The 2011A Bonds do not constitute a general obligation or indebtedness of the City. The City is not funding a debt service reserve account for the 2011A Bonds.

Redemption Prior to Maturity. The 2011A Bonds are subject to redemption prior to maturity. See the caption "DESCRIPTION OF THE 2011A BONDS—Redemption Provisions."

Existing Parity Debt. The 2011A Bonds are secured by and payable from Net Operating Revenues on a parity with certain outstanding bonds, which are referred to in this Remarketing Statement as the "Prior Parity Bonds." See the caption "PRIOR DEBT AND DEBT SERVICE—Outstanding Prior Debt and Swap Agreement."

Future Parity Debt. The City is authorized to issue additional bonded indebtedness and to incur additional obligations that are secured by a lien upon and payable from Net Operating Revenues on a parity with the Prior Parity Bonds and the 2011A Bonds, as described in this Remarketing Statement.

Letter of Credit. The regularly scheduled payments of principal of and interest on the 2011A Bonds when due will be supported by an irrevocable, direct pay Letter of Credit issued by Bank of America, N.A. The Fiscal Agent may also draw funds under the Letter of Credit on and subject to the terms and conditions thereof to pay the purchase price of 2011A Bonds which are tendered for purchase and not remarketed to the extent that other moneys are not available therefor. The Letter of Credit issued by Bank of America, N.A. has a scheduled termination date of May 31, 2023, subject to earlier termination under conditions described herein, and may be extended or replaced by an alternate letter of credit or other security at or prior to termination.

BANK OF AMERICA, N.A.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the remarketing. Investors are advised to read the entire Remarketing Statement to obtain information that is essential to making an informed investment decision. Capitalized terms which are used but not defined on this cover page have the meanings set forth in this Remarketing Statement.

The 2011A Bonds are being remarketed subject to the approval of certain matters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, is acting as Disclosure Counsel to the City, and Nixon Peabody LLP, Los Angeles, California, is acting as counsel to Bank of America, N.A., as Credit Provider, and BofA Securities, Inc., as Remarketing Agent. It is anticipated that the remarketed 2011A Bonds will be available for delivery through the facilities of DTC on April 23, 2020.

BofA Securities
as Remarketing Agent

Dated: April __, 2020

CITY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Rusty Bailey, Mayor

Erin Edwards, 1st Ward
Andy Melendrez, 2nd Ward
Ronaldo Fierro, 3rd Ward
Chuck Conder, 4th Ward
Gaby Plascencia, 5th Ward
Jim Perry, 6th Ward
Steve Hemenway, 7th Ward

BOARD OF PUBLIC UTILITIES

Jo Lynne Russo-Pereyra, Chair
Elizabeth E. Sanchez-Monville, Vice Chair

David R. Austin
David M. Crohn
Jeanette Hernandez
Ana Miramontes
Gildardo Oceguera
Andrew C. Walcker

CITY OFFICIALS

Al Zelinka, *City Manager*

Edward Enriquez,
Chief Financial Officer/City Treasurer

Todd Corbin,
Utilities General Manager

Gary G. Geuss
City Attorney

Todd L. Jorgenson,
Utilities Assistant General Manager
Electric

Susan D. Wilson,
Assistant City Attorney

Daniel E. Garcia,
Utilities Assistant General Manager
Resources

George R. Hanson,
Utilities Assistant General Manager
Energy Delivery

Colleen J. Nicol,
City Clerk

BOND COUNSEL AND DISCLOSURE COUNSEL
Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

MUNICIPAL ADVISOR
PFM Financial Advisors LLC
Los Angeles, California

FISCAL AGENT AND CALCULATION AGENT
U.S. Bank National Association
Los Angeles, California

Neither the City nor the Remarketing Agent has authorized any dealer, broker, salesman or other person to give any information or to make any representations other than as contained in this Remarketing Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City or the Remarketing Agent. This Remarketing Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2011A Bonds in any jurisdiction in which such offer to sell or solicitation of an offer to buy is unlawful.

This Remarketing Statement is not to be construed as a contract with the purchasers of the 2011A Bonds. Statements contained in this Remarketing Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information and expressions of opinion contained in this Remarketing Statement are subject to change without notice, and neither the delivery of this Remarketing Statement nor any sale made of the 2011A Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Electric System since the date hereof.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Statement: The Remarketing Agent has reviewed the information in this Remarketing Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE 2011A BONDS, THE REMARKETING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2011A BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements included or incorporated by reference in this Remarketing Statement constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "**Securities Act**"), and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as specifically set forth herein, the City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur.

The 2011A Bonds have not been registered under the Securities Act in reliance upon an exception from the registration requirements contained therein. The 2011A Bonds have not been registered or qualified under the securities law of any state.

The City maintains a website; however, the information it contains is not part of this Remarketing Statement and should not be relied upon in making investment decisions with respect to the 2011A Bonds.

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CITY OF RIVERSIDE, CALIFORNIA
Variable Rate Refunding Electric Revenue Bonds
Issue of 2011A

INTRODUCTION

*Pursuant to the provisions of the Resolution (as such term is defined herein), the City of Riverside (the "**City**") has exercised its option to effect a mandatory tender of the above-captioned bonds (the "**2011A Bonds**") on April 23, 2020.*

*Upon the purchase of the 2011A Bonds pursuant to such mandatory tender: (i) the Interest Rate Period for the 2011A Bonds will be Converted from an Index Interest Rate Period to a Weekly Interest Rate Period; and (ii) the 2011A Bonds will be remarketed by BofA Securities, Inc., as remarketing agent (the "**Remarketing Agent**") and will bear interest at a Weekly Interest Rate commencing on April 23, 2020. Promptly after the Remarketing Agent determines the initial Weekly Interest Rate relating to the 2011A Bonds for the Weekly Interest Rate Period commencing on April 23, 2020, the City will publish it by supplementing this Remarketing Statement and posting the supplement on the EMMA system.*

This Remarketing Statement is not intended to describe the 2011A Bonds while in an Interest Rate Period other than the Weekly Interest Rate Period (as described below under the caption "DESCRIPTION OF THE 2011A BONDS").

Authority for the 2011A Bonds

The 2011A Bonds were authorized and issued pursuant to the following, which are referred to collectively in this Remarketing Statement as the "**Law**":

(i) the City Charter;

(ii) Ordinance No. 5001 adopted by the City Council on April 20, 1982, as amended by Ordinance No. 5071 adopted by the City Council on March 22, 1983, and by Ordinance No. 6815 adopted by the City Council on July 26, 2005; and

(iii) Resolution No. 17662 adopted by the City Council on January 8, 1991 (the "**Master Resolution**"), as previously amended and supplemented, including as amended and supplemented by Resolution No. 22193, the sixteenth supplemental resolution, which provides for the issuance of the 2011A Bonds (as amended by Resolution No. 22664 adopted on March 25, 2014, the "**Sixteenth Supplemental Resolution**"), which was adopted by the City Council on April 5, 2011. The Master Resolution, as previously amended and supplemented, and as further amended and supplemented by the Sixteenth Supplemental Resolution, is referred to collectively in this Remarketing Statement as the "**Resolution**."

The City and the Electric System

The City is the county seat of Riverside County (the "**County**") and is located in the western portion of the County, approximately 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. The City was incorporated in 1883 and covers 81.5 square miles. The City is a charter city and has a council-manager form of government with a seven-member council. As of January 1, 2019, the population of the City was estimated to be 328,101. See Appendix A for further information about the City.

The Electric System provides service throughout the City to domestic, commercial, industrial, agricultural, municipal and other customers. In Fiscal Year 2018-19, the Electric System had 110,480 metered customers. The Electric System's power supply requirements are met through City-owned generation facilities,

long-term power purchase agreements and participation in projects which are owned and operated by joint powers agencies and other power suppliers. During fiscal year 2018-19, the Electric System generated and purchased a total of 2,261,700 megawatt hours of electricity for delivery to customers throughout the City. See the caption "THE ELECTRIC SYSTEM" for a detailed discussion of the Electric System and the City's power supply sources.

Security for the 2011A Bonds; Rate Covenant

Nature of Pledge. Pursuant to the Law, the 2011A Bonds are special limited obligations of the City and are secured by a pledge of and lien upon, and payable solely from, Net Operating Revenues of the Electric System and other funds, assets and security described under the Resolution. The term Net Operating Revenues is defined under the caption "SECURITY AND SOURCES OF PAYMENTS FOR THE 2011A BONDS—Net Operating Revenues."

Rate Covenant. The City is obligated by the Resolution to prescribe, revise and collect rates and charges for the services, facilities and electricity of the Electric System during each Fiscal Year in an amount that is at least sufficient to pay the Operating and Maintenance Expenses of the Electric System, to pay debt service on all Bonds (including the 2011A Bonds) and any Parity Debt and to pay all other obligations that are charges, liens or encumbrances upon or payable from Net Operating Revenues, with specified requirements as to priority and coverage. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Rate Covenant."

Electric rates are established by the City of Riverside Board of Public Utilities (the "**Board**"), subject to approval by the City Council, and are not subject to regulation by the California Public Utilities Commission or any other State agency.

Limited Obligation. The City's General Fund is not liable for the payment of the principal of or interest and redemption premium (if any) on the 2011A Bonds, nor is the credit or the taxing power of the City pledged for the payment of the principal of or interest and redemption premium (if any) on the 2011A Bonds. No 2011A Bondowner may compel the exercise of the taxing power of the City or the forfeiture of any of its property. The principal of and interest and redemption premium (if any) on the 2011A Bonds are neither a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues of the Electric System and other funds, security or assets that are, under the terms of the Resolution, pledged to the payment of the principal of and interest and redemption premium (if any) on the 2011A Bonds.

Letter of Credit

The regularly scheduled payment of the principal of and interest on the 2011A Bonds will be supported by an irrevocable, direct-pay letter of credit (the "**Letter of Credit**") provided by Bank of America, N.A. ("**BANA**") pursuant to a Reimbursement Agreement, dated as of April 1, 2020 (the "**Reimbursement Agreement**"), by and between the City and BANA.

The Fiscal Agent may also draw funds under the Letter of Credit on and subject to the terms and conditions thereof to pay the purchase price of 2011A Bonds which are tendered for purchase and not remarketed to the extent that other moneys are not available therefor. The Letter of Credit issued by BANA has a scheduled termination date of May 31, 2023, subject to earlier termination under conditions described herein, and may be extended or replaced by an alternate letter of credit or other security at or prior to termination.

See the caption "THE LETTER OF CREDIT" and Appendix G for further information with respect to the Letter of Credit, the Reimbursement Agreement and BANA.

Joint Powers Agency Obligations

The City participates in certain contracts with the Intermountain Power Agency, a political subdivision of the State of Utah ("**IPA**"), and the Southern California Public Power Authority ("**SCPPA**"), a California joint powers agency. Obligations of the City under the agreements with IPA and SCPPA constitute Operating and Maintenance Expenses of the City payable prior to any of the payments required to be made on the Bonds and any Parity Debt. Agreements between the City and IPA and the City and SCPPA are on a "take-or-pay" basis, which requires payments to be made whether or not applicable projects are completed or operable or whether output from such projects is suspended, interrupted or terminated. All of these agreements contain "step-up" provisions obligating the City to pay a share of the obligations of a defaulting participant. Any "step-up" obligation relating to the City's participation in transmission projects would be included in the City's Transmission Revenue Requirement ("**TRR**") as approved by the Federal Energy Regulatory Commission ("**FERC**") (which would require filing a new TRR with FERC) and would be recovered from all California Independent System Operator (the "**CAISO**") grid users. The City's participation and share of principal obligation (without giving effect to any "step-up" provisions) for each of the joint powers agency projects in which it participates are described under the caption "THE ELECTRIC SYSTEM—Joint Powers Agency Obligations."

Outstanding Prior Debt

The 2011A Bonds are secured by and payable from Net Operating Revenues on a parity with Prior Parity Bonds (as such term is defined under the caption "PRIOR DEBT AND DEBT SERVICE—Outstanding Prior Debt and Swap Agreement") which were outstanding in the aggregate principal amount of $524,430,000 as of June 30, 2019.

Additional Bonds and Parity Debt

The City is authorized under the Resolution to issue additional bonds (the "**Additional Bonds**") that are secured by a pledge of and lien upon, and payable from, Net Operating Revenues and other funds, assets and security described under the Resolution on a parity with the 2011A Bonds and the Prior Parity Bonds. The 2011A Bonds, together with the Prior Parity Bonds and any Additional Bonds, are referred to in this Remarketing Statement as the "**Bonds**."

The City is authorized to issue and incur additional obligations that do not constitute Bonds which are secured by and payable from Net Operating Revenues on a parity with the Bonds. Any such obligations are referred to in this Remarketing Statement as "**Parity Debt**." The City currently has no outstanding Parity Debt.

See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Additional Bonds and Parity Debt."

2011A Reserve Account Not Funded

The City has established a debt service reserve account for the 2011A Bonds, but the 2011A Bond Reserve Requirement is $0. Consequently, no amounts will be deposited into such debt service reserve account.

Subordinate Obligations

The City has incurred certain obligations and has the right to issue additional obligations that are secured by and payable from Net Operating Revenues on a subordinate basis to the Bonds and any Parity Debt. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Subordinate Obligations."

Interest Rate Period

In the Weekly Interest Rate Period, the 2011A Bonds will bear interest at a Weekly Interest Rate which will be determined by the Remarketing Agent by 5:00 p.m., New York City time, on Tuesday of each week during the Weekly Interest Rate Period, or if such day is not a Business Day, then on the next succeeding Business Day.

Each Weekly Interest Rate will be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2011A Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the 2011A Bonds, would enable the Remarketing Agent to sell all of the 2011A Bonds on the effective date of that rate at a price (without regard to accrued interest) equal to the principal amount thereof.

See the caption "DESCRIPTION OF THE 2011A BONDS."

Redemption of the 2011A Bonds

While the 2011A Bonds bear interest in the Weekly Interest Rate Period, they are subject to optional and mandatory sinking fund redemption as described under the caption "DESCRIPTION OF THE 2011A BONDS—Redemption Provisions."

Continuing Disclosure

In connection with the commencement of the Weekly Interest Rate Period on April 23, 2020, the City will execute a Continuing Disclosure Certificate in which it covenants for the benefit of the owners and Beneficial Owners of the 2011A Bonds to provide certain financial information and operating data relating to the Electric System and notices of the occurrence of certain enumerated significant events. See the caption "CONTINUING DISCLOSURE" and Appendix D.

Summaries and References to Documents

Brief descriptions of the 2011A Bonds, the security and sources of payment for the 2011A Bonds and the Electric System and summaries of the Resolution and certain other documents are included in this Remarketing Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references in this Remarketing Statement to the 2011A Bonds, the Resolution and any other documents are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of the City Clerk located at Riverside City Hall, 3900 Main Street, Riverside, California 92522, telephone: (951) 826-5557.

A copy of the most recent annual report of the Electric System may be obtained from the Utilities Assistant General Manager, Finance and Administration of the City of Riverside Public Utilities Department, at the same address. Financial and statistical information set forth in this Remarketing Statement, except for the audited financial statements included in Appendix B or as otherwise indicated, is unaudited.

All capitalized terms which are used in this Remarketing Statement and not otherwise defined have the meanings set forth in the Resolution.

PRIOR DEBT AND DEBT SERVICE

Outstanding Prior Debt and Swap Agreement

The 2011A Bonds are secured by and payable from Net Operating Revenues on a parity with the following outstanding bonds (collectively, the "**Prior Parity Bonds**"):

TABLE 1
OUTSTANDING PARITY DEBT

Name of Issue	*Outstanding Principal Amount*[1]
Variable Rate Refunding Electric Revenue Bonds, Issue of 2008A[2] (the "**2008A Bonds**")	$ 34,465,000
Variable Rate Refunding Electric Revenue Bonds, Issue of 2008C[3] (the "**2008C Bonds**")	32,150,000
Electric Revenue Bonds, Issue of 2010A (Federally Taxable Build America Bonds – Direct Payment)[4] (the "**2010A Bonds**")	133,290,000
Electric Revenue Bonds, Issue of 2010B (Tax-Exempt Bank Qualified)[4] (the "**2010B Bonds**")	2,210,000
Refunding Electric Revenue Bonds, Issue of 2013A[5] (the "**2013A Bonds**")	38,990,000
Refunding Electric Revenue Bonds, Issue of 2019A[6] (the "**2019A Bonds**")	283,325,000
Total	$524,430,000

(1) As of June 30, 2019.
(2) Issued pursuant to the Master Resolution and Resolution No. 21611 adopted on April 22, 2008.
(3) Issued pursuant to the Master Resolution and Resolution No. 21613 adopted on April 22, 2008.
(4) Issued pursuant to the Master Resolution and Resolution No. 22127 adopted on November 23, 2010.
(5) Issued pursuant to the Master Resolution and Resolution No. 22357 adopted on June 18, 2013.
(6) Issued pursuant to the Master Resolution and Resolution No. 23409 adopted on January 22, 2019.

Source: City.

Debt Service Requirements

The following table sets forth the estimated debt service on the Prior Parity Bonds and the 2011A Bonds, assuming no optional redemptions.

TABLE 2
DEBT SERVICE REQUIREMENTS[1]

Fiscal Year Ending June 30	*Prior Parity Bonds Principal*	*Prior Parity Bonds Interest*[2]	*2011A Bonds Principal*	*2011A Bonds Interest*[3]	*Total Bonds Debt Service*[2]	*Less Treasury Credits*[4][5]	*Total Bonds Debt Service Net of Treasury Credits*[4][5]
2020	$ 8,185,000	$ 28,053,511	$ 1,750,000	$ 1,278,222	$ 39,266,733	$ (3,283,103)	$ 35,983,630
2021	13,530,000	27,502,302	1,825,000	1,216,049	44,073,351	(3,283,103)	40,790,248
2022	14,135,000	26,787,744	1,900,000	1,158,284	43,981,028	(3,237,539)	40,743,489
2023	14,810,000	26,030,140	1,950,000	1,096,400	43,886,540	(3,188,224)	40,698,315
2024	16,790,000	25,205,289	725,000	1,062,016	43,782,305	(3,134,796)	40,647,509
2025	17,610,000	24,290,430	725,000	1,034,970	43,660,400	(3,074,841)	40,585,559
2026	18,580,000	23,367,560	725,000	1,013,671	43,686,232	(3,012,230)	40,674,002
2027	19,360,000	22,488,412	725,000	990,464	43,563,876	(2,946,615)	40,617,261
2028	20,235,000	21,567,933	725,000	969,016	43,496,949	(2,873,815)	40,623,134
2029	21,105,000	20,598,997	725,000	942,311	43,371,308	(2,797,578)	40,573,730
2030	22,035,000	19,591,438	725,000	920,842	43,272,280	(2,717,658)	40,554,623
2031	19,380,000	18,609,916	4,350,000	820,383	43,160,299	(2,633,809)	40,526,490
2032	20,230,000	17,607,962	4,525,000	678,564	43,041,526	(2,545,909)	40,495,617
2033	21,175,000	16,553,238	4,650,000	528,885	42,907,123	(2,451,857)	40,455,266
2034	22,120,000	15,451,894	4,825,000	377,326	42,774,220	(2,353,172)	40,421,048
2035	21,120,000	14,347,807	5,000,000	219,148	40,686,954	(2,249,602)	38,437,352
2036	22,075,000	13,242,608	5,175,000	55,369	40,547,977	(2,140,898)	38,407,078
2037	28,420,000	11,932,957	-	-	40,352,957	(2,026,809)	38,326,148
2038	29,835,000	10,349,002	-	-	40,184,002	(1,907,084)	38,276,918
2039	31,325,000	8,686,105	-	-	40,011,105	(1,781,473)	38,229,632
2040	37,840,000	6,469,845	-	-	44,309,845	(1,649,600)	42,660,245
2041	39,710,000	3,673,268	-	-	43,383,268	(844,712)	42,538,556
2042	6,290,000	2,084,000	-	-	8,374,000	-	8,374,000
2043	6,605,000	1,761,625	-	-	8,366,625	-	8,366,625
2044	6,935,000	1,423,125	-	-	8,358,125	-	8,358,125
2045	4,525,000	1,136,625	-	-	5,661,625	-	5,661,625
2046	4,750,000	904,750	-	-	5,654,750	-	5,654,750
2047	4,985,000	661,375	-	-	5,646,375	-	5,646,375
2048	5,235,000	405,875	-	-	5,640,875	-	5,640,875
2049	5,500,000	137,500	-	-	5,637,500	-	5,637,500
Total	$524,430,000	$410,923,232	$41,025,000	$14,361,919	$990,740,151	$(56,134,428)	$934,605,723

(1) Totals may not add due to rounding.

(2) Reflects an assumed annual interest rate of 3.111% on the hedged portion of the 2008A Bonds and 3.204% on the 2008C Bonds, reflecting the anticipated effect of the swap agreements described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Subordinate Obligations—Existing Subordinate Obligations." Also assumes an interest rate of 3.500% on the unhedged portion of the 2008A Bonds.

(3) Reflects an assumed annual interest rate of 3.201% on the 2011A Bonds.

(4) Reflects amounts payable by the federal government under Section 6431 of the Internal Revenue Code of 1986 (the "**Code**"), which the City will elect to receive under Section 54AA(g)(1) of the Code. These amounts are currently included in Gross Operating Revenues for purposes of the rate covenant under the Resolution. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Rate Covenant—Future Change in Rate Covenant."

(4) On March 1, 2013, automatic spending cuts within the federal government known as the "sequester" took effect. For the period from October 1, 2019, through and including September 30, 2020, the cuts included a 5.9% reduction in amounts payable by the federal government to issuers of Build America Bonds (and other direct pay bonds) under Section 6431 of the Code, as determined by the Office of Management and Budget (the "**2019-20 Sequestration Rate**"). Because the 2010A Bonds were issued as Build America Bonds and will be affected by the reduction in credits (absent future Congressional action), more Net Operating Revenues will be needed to pay debt service on the 2009B Bonds than previously scheduled in order to offset the impact of the sequester. Under a federal budget bill enacted in 2019, the reduction of sequester will continue through September 30, 2029. The sequestration rate for federal fiscal years 2021 through 2029 will be set from time to time in the future, unless Congress takes additional action to change or eliminate the sequestration percentage; however, this table assumes that the 2019-20 Sequestration Rate remains in effect through the final maturity of the 2010A Bonds on October 1, 2040.

DESCRIPTION OF THE 2011A BONDS

This Remarketing Statement describes the 2011A Bonds only while bearing interest in the Weekly Interest Rate Period. It is not intended to describe the terms of the 2011A Bonds after conversion to another Interest Rate Period. The City anticipates that if it elects to change the 2011A Bonds to any of such other Interest Rate Periods, a separate offering document will be distributed describing such new Interest Rate Period. Investors purchasing the 2011A Bonds in connection with a conversion to a different Interest Rate Period should look to the offering document prepared in connection with such conversion.

The following is a summary of certain provisions of the 2011A Bonds while in the Weekly Interest Rate Period. Reference is made to the 2011A Bonds for the complete text thereof and to the Resolution for a more detailed description of such provisions. The discussion in this Remarketing Statement is qualified by such reference. See Appendix C.

General

The 2011A Bonds may bear interest from time to time in an Index Interest Rate Period, a Daily Interest Rate Period, a Weekly Interest Rate Period, a Short-Term Interest Rate Period or a Long-Term Interest Rate Period (each an "**Interest Rate Period**") until the 2011A Bonds are converted to another Interest Rate Period.

Upon the remarketing of the 2011A Bonds on April 23, 2020, the 2011A Bonds will be Converted to a Weekly Interest Rate Period and will bear interest at a Weekly Interest Rate. While bearing interest at a Weekly Interest Rate, the 2011A Bonds will be delivered in denominations of $100,000 or any integral multiples of $5,000 in excess of $100,000.

The 2011A Bonds are subject to mandatory tender for purchase and redemption prior to maturity, as described in greater detail below.

The 2011A Bonds will be prepared as one fully registered bond and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**"). DTC will act as securities depository for the 2011A Bonds. Principal, premium, if any, and interest on the 2011A Bonds are payable by the Fiscal Agent to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the 2011A Bonds. See Appendix F.

Interest Rate Provisions

Weekly Interest Rate; Bank Bonds. During the Weekly Interest Rate Period, the 2011A Bonds will bear interest at the Weekly Interest Rate. Notwithstanding anything in the Sixteenth Supplemental Resolution to the contrary, however, the Bank Bonds will bear interest calculated at the rates (and on the basis) applicable from time to time under the applicable Credit Support Instrument and/or Credit Support Agreement and such interest will accrue and be payable on the dates as specified in the applicable Credit Support Instrument and/or Credit Support Agreement; provided that no Bank Bond will ever bear interest in excess of the Maximum Bank Bond Interest Rate. Promptly upon being notified of any date of remarketing of Bank Bonds, but not later than 12:30 p.m., New York City time, on the remarketing date, the Credit Provider will notify the Fiscal Agent of the Differential Interest Amount resulting from the remarketing of such Bank Bonds. The Fiscal Agent is directed to pay the Differential Interest Amount to the Credit Provider with amounts deposited with the Fiscal Agent by the City in the Interest Account on the date of remarketing. See the caption "THE LETTER OF CREDIT."

Determination of the Weekly Interest Rate. During each Weekly Interest Rate Period for 2011A Bonds, the 2011A Bonds will bear interest at the Weekly Interest Rate, which will be determined by the Remarketing Agent by 5:00 p.m., New York City time, on Tuesday of each week during the Weekly Interest Rate Period, or if such day is not a Business Day, then on the next succeeding Business Day. The first Weekly interest Rate for each Weekly Interest Rate Period will be determined on or prior to the first day of such Weekly Interest Rate

Period and will apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Tuesday. Thereafter, each Weekly Interest Rate will apply to the period commencing on and including Wednesday and ending on and including the next succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period will apply to the period commencing on and including the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period.

Each Weekly Interest Rate will be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2011A Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the 2011A Bonds, would enable the Remarketing Agent to sell all of the 2011A Bonds on the effective date of that rate at a price (without regard to accrued interest) equal to the principal amount thereof.

If the Remarketing Agent fails to establish a Weekly Interest Rate for any week with respect to the 2011A Bonds bearing interest at such rate, then the Weekly Interest Rate for such week will be the same as the immediately preceding Weekly Interest Rate if such Weekly Interest Rate was determined by the Remarketing Agent. If the immediately preceding Weekly Interest Rate was not determined by the Remarketing Agent, or if the Weekly Interest Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the Weekly Interest Rate for such week will be equal to 100% of the SIFMA Municipal Swap Index, or if such index is no longer available, 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day that such Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period.

The determination of the Weekly Interest Rate by the Remarketing Agent will be conclusive and binding upon the City, the Fiscal Agent, the Tender Agent, the Remarketing Agent, the Credit Provider and the 2011A Bondowners.

Interest Payment Date. During the Weekly Interest Rate Period, interest on the 2011A Bonds will be payable on the first Business Day of each month (each, an "**Interest Payment Date**") for the period commencing on the immediately preceding Interest Accrual Date (the first Business Day of the prior month) and ending on the day immediately preceding such Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period).

While in a Weekly Interest Rate Period, interest on the 2011A Bonds will accrue on the basis of the actual number of days elapsed during the Interest Rate Period and on a year of 365 days (366 days in a leap year).

Conversion of Interest Rate Period

Conversion to Daily Interest Rate Period. Subject to the Sixteenth Supplemental Resolution, the City may, from time to time, by written direction to the Fiscal Agent, the Tender Agent (if any), the Credit Provider (if any), and the Remarketing Agent (if any) for the 2011A Bonds, elect that the 2011A Bonds will bear interest at a Daily Interest Rate. The direction of the City will specify: (A) the proposed effective date of such Conversion to a Daily Interest Rate, which will be a Business Day not earlier than the 30th day following the second Business Day after receipt by the Fiscal Agent of such direction; and (B) the Purchase Date for the 2011A Bonds to be purchased, which will be the proposed effective date of the Conversion to a Daily Interest Rate.

In addition, the direction of the City will be accompanied by a form of notice to be mailed to the Owners of the 2011A Bonds by the Fiscal Agent as provided in the Sixteenth Supplemental Resolution. The Fiscal Agent will give notice by first-class mail of a Conversion to a Daily Interest Rate Period to the Owners of the

2011A Bonds being Converted not less than 30 days prior to the proposed effective date of such Daily Interest Rate Period. A copy of such notice will be sent to the Rating Agencies. Such notice will state: (A) that the interest rate will be Converted to a Daily Interest Rate unless the City rescinds its election to Convert the interest rate to a Daily Interest Rate as provided in the Sixteenth Supplemental Resolution; (B) the proposed effective date of the Daily Interest Rate Period; (C) that the 2011A Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Purchase Price and the place of delivery for purchase of the 2011A Bonds; and (D) the information set forth under the caption "—Purchase of 2011A Bonds—Notice of Mandatory Tender for Purchase."

Conversion to Long-Term Interest Rate Period. Subject to Sixteenth Supplemental Resolution, at any time, the City, by written direction to the Fiscal Agent, the Tender Agent (if any), the Credit Provider (if any) and the Remarketing Agent (if any) for the 2011A Bonds, may elect that the 2011A Bonds will bear interest at a Long-Term Interest Rate. The direction of the City: (A) will specify the duration of the Long-Term Interest Rate Period; (B) will specify the proposed effective date of the Long-Term Interest Rate Period, which date will be a Business Day not earlier than the 30th day following the second Business Day after receipt by the Fiscal Agent of such direction; (C) will specify the last day of the Long-Term Interest Rate Period (which last day will be either the day immediately prior to the Maturity Date of the 2011A Bonds (in which event, the 2011A Bonds will not thereafter be subject to subsequent Conversion), or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); (D) will specify a Purchase Date on or prior to which Owners of the 2011A Bonds are required to deliver their 2011A Bonds to be purchased; and (E) may specify redemption prices and periods (subject to the requirement of a Favorable Opinion of Bond Counsel as provided in the Sixteenth Supplemental Resolution) different than those set forth in the Sixteenth Supplemental Resolution, and, in connection with a Conversion to a Long-Term Interest Rate Period extending to the day immediately prior to the Maturity Date of the 2011A Bonds, will provide for the 2011A Bonds to mature and/or be subject to annual mandatory sinking fund redemption as provided in the Sixteenth Supplemental Resolution.

The direction of the City will be accompanied by a form of the notice to be mailed by the Fiscal Agent to the Owners of the 2011A Bonds being Converted as provided in the Sixteenth Supplemental Resolution. During the Long-Term Interest Rate Period, the interest rate(s) on the 2011A Bonds will be Long-Term Interest Rate(s).

The Fiscal Agent will give notice by first-class mail of a Conversion to a Long-Term Interest Rate Period to the Owners of the 2011A Bonds being Converted not less than 30 days prior to the effective date of the Long-Term Interest Rate Period. A copy of such notice will be sent to the Rating Agencies. Such notice will state: (A) that the interest rate will be Converted to, or continue to be, a Long-Term Interest Rate unless: (1) the City rescinds its election to Convert the interest rate to a Long-Term Interest Rate as provided in the Sixteenth Supplemental Resolution; or (2) all of the 2011A Bonds are not remarketed at a Long-Term Interest Rate; (B) the proposed effective date, duration and last day of the Long-Term Interest Rate Period; (C) that the 2011A Bonds are subject to mandatory tender for purchase on such proposed effective date and setting forth the Purchase Price and the place of delivery for purchase of the 2011A Bonds; and (D) the information set forth under the caption "—Purchase of 2011A Bonds—Notice of Mandatory Tender for Purchase."

Conversion to Bond Interest Term Rates. Subject to the Sixteenth Supplemental Resolution, the City may, from time to time, by written direction to the Fiscal Agent, the Tender Agent (if any), the Credit Provider (if any) and the Remarketing Agent (if any), elect that the 2011A Bonds will bear interest at Bond Interest Tern Rates. The direction of the City will specify: (A) the proposed effective date of the Short-Term Interest Rate Period (during which the 2011A Bonds will bear interest at Bond Interest Term Rates), which will be a Business Day not earlier than the 30th day following the second Business Day after receipt by the Fiscal Agent of such direction; and (B) the Purchase Date for the 2011A Bonds to be purchased, which will be the proposed effective date of the Short-Term Interest Rate Period. In addition, the direction of the City will be accompanied by a form of the notice to be mailed by the Fiscal Agent to the Owners of the 2011A Bonds as provided in the Sixteenth Supplemental Resolution. During each Short-Term Interest Rate Period commencing on the date specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each

2011A Bond will bear interest at a Bond Interest Term Rate during each Bond Interest Term for that 2011A Bond.

The Fiscal Agent will give notice by first-class mail of a Conversion to a Short-Term Interest Rate Period to the Owners of the 2011A Bonds being Converted not less than 30 days prior to the proposed effective date of such Short-Term Interest Rate Period. A copy of such notice will be sent to the Rating Agencies. Such notice will state: (A) that the 2011A Bonds will bear interest at Bond Interest Term Rates unless the City rescinds its election to Convert the interest rate to Bond Interest Term Rates as provided in the Sixteenth Supplemental Resolution; (B) the proposed effective date of the Short-Term Interest Rate Period; (C) that the 2011A Bonds are subject to mandatory tender for purchase on the proposed effective date of the Short-Term Interest Rate Period and setting forth the applicable Purchase Price and the place of delivery for purchase of the 2011A Bonds; and (D) the information set forth under the caption "—Purchase of 2011A Bonds—Notice of Mandatory Tender for Purchase."

Conversion to Index Interest Rate Period. Subject to the Sixteenth Supplemental Resolution, the City may, from time to time, by written direction to the Fiscal Agent, the Tender Agent (if any), the Credit Provider (if any), the Remarketing Agent (if any), and the Calculation Agent (if any) for the 2011A Bonds, elect that the 2011A Bonds will bear interest at an Index Interest Rate. The direction of the City will specify: (A) the proposed effective date of the Conversion to the Index Interest Rate, which will be a Business Day not earlier than the 30th day following the second Business Day after notifying the Fiscal Agent of such direction; (B) the Purchase Date for the 2011A Bonds to be purchased, which will be the proposed effective date of the adjustment to an Index Interest Rate, as set forth in the Sixteenth Supplemental Resolution; and (C) the Applicable Index Spread, the Index Rate Scheduled Purchase Date and the Call Protection Date with respect to the new Index Interest Rate Period, as described in the Sixteenth Supplemental Resolution. In addition, the direction of the City will be accompanied by a form of notice to be mailed to the Owners of the 2011A Bonds being Converted by the Fiscal Agent as provided in the Sixteenth Supplemental Resolution. During each Index Interest Rate Period for the 2011A Bonds commencing on a date so specified and ending on the day immediately preceding the Index Rate Purchase Date, which will also be an effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2011A Bonds will be at an Index Interest Rate.

The Fiscal Agent will give notice by first-class mail of the Conversion to an Index Interest Rate Period to the Owners of the 2011A Bonds being Converted not less than 30 days prior to the proposed effective date of such Index Interest Rate Period. A copy of such notice will be sent to the Rating Agencies. Such notice will state: (A) that the interest rate will be adjusted to an Index Interest Rate, unless the City rescinds its election to adjust the interest rate to an Index Interest Rate on an Index Rate Unscheduled Purchase Date as provided in the Sixteenth Supplemental Resolution; (B) the proposed effective date of the Index Interest Rate Period; (C) that the 2011A Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Purchase Price and the place of delivery for purchase of the 2011A Bonds; and (D) the information set forth under the caption "—Purchase of 2011A Bonds—Notice of Mandatory Tender for Purchase" and otherwise in accordance with the Sixteenth Supplemental Resolution.

Notice of Conversion of Interest Rate Period. If the City elects to Convert the Interest Rate Period on the 2011A Bonds to a Daily Interest Rate, a Long-Term Interest Rate, Bond Interest Term Rates or an Index Interest Rate as provided in the Sixteenth Supplemental Resolution, the written direction furnished by the City to the Fiscal Agent, the Tender Agent (if any), the Credit Provider (if any), the Calculation Agent (if any), and the Remarketing Agent (if any) for the 2011A Bonds as required by the Sixteenth Supplemental Resolution will be made by registered or certified mail, or by telecopy confirmed by registered or certified mail. That direction will specify whether the 2011A Bonds are to bear interest at the Weekly Interest Rate, Daily Interest Rate, Long-Term Interest Rate(s), Bond Interest Term Rates or an Index Interest Rate and will be accompanied by: (a) copy of the notice required to be given by the Fiscal Agent pursuant to the Sixteenth Supplemental Resolution, as the case may be; and (b) the following:

(1) With respect to the new Interest Rate Period, the City will have appointed a Remarketing Agent and there will have been executed and delivered a Remarketing Agreement.

(2) With respect to the new Interest Rate Period, there will be in effect a Credit Support Instrument if and as required under the Sixteenth Supplemental Resolution.

(3) The Fiscal Agent will have received a Favorable Opinion of Bond Counsel with respect to such Conversion.

(4) Except as provided in the Sixteenth Supplemental Resolution, in the case of any Conversion with respect to which there is no Credit Support Instrument in effect to provide funds for the purchase of 2011A Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date will not be less than the amount required to purchase all of the 2011A Bonds at the Purchase Price (but not including any premium).

(5) The City shall have appointed a Calculation Agent.

In the event that any condition to the Conversion of the 2011A Bonds have not been satisfied as provided in the Sixteenth Supplemental Resolution, then the Interest Rate Period will not be Converted and the 2011A Bonds will continue to bear interest at the Weekly Interest Rate as in effect immediately prior to such proposed Conversion, and the 2011A Bonds will continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in the Sixteenth Supplemental Resolution.

Rescission of Conversion Election. Notwithstanding anything in the Sixteenth Supplemental Resolution, in connection with any Conversion of the Interest Rate Period for the 2011A Bonds; the City has the right to deliver to the Fiscal Agent, the Remarketing Agent (if any), the Tender Agent (if any), the Calculation Agent (if any) and the Credit Provider (if any) for the 2011A Bonds, on or prior to 10:00 a.m., New York City time, on the second Business Day prior to any such Conversion a notice to the effect that the City elects to rescind its election to make such Conversion. If the City rescinds its election to make such Conversion, then the Interest Rate Period will not be Converted and the 2011A Bonds will continue to bear interest at a Weekly Interest Rate in effect immediately prior to such proposed Conversion. In any event, if notice of a Conversion has been mailed to the Owners of the 2011A Bonds as provided in the Sixteenth Supplemental Resolution and the City rescinds its election to make such Conversion, then the 2011A Bonds will continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in the Sixteenth Supplemental Resolution.

Purchase of 2011A Bonds

Purchase During Weekly Interest Rate Period. During any Weekly Interest Rate Period, any 2011A Bond (other than a Bank Bond or a 2011A Bond for which the City is the Owner or the Beneficial Owner) bearing interest at a Weekly Interest Rate will be purchased in an Authorized Denomination (provided that the amount of any such 2011A Bond not to be purchased is also in an Authorized Denomination) from its Owner at the option of the Owner on any Business Day at a purchase price equal to the Purchase Price, payable in immediately available funds, upon delivery to the Remarketing Agent, the Tender Agent at its corporate trust office for delivery of 2011A Bonds and to the Fiscal Agent at its corporate trust office of an irrevocable written notice which states the principal amount of such 2011A Bond, the principal amount thereof to be purchased and the date on which the same will be purchased, which date will be a Business Day not prior to the 7th day after the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, will be deemed to have been received on the next succeeding Business Day. Bank Bonds may not be tendered for purchase at the option of the Owner thereof and 2011A Bonds for which the City is the Owner or Beneficial Owner may not be tendered for purchase by the City. For payment of the Purchase Price on the Purchase Date, such 2011A Bond must be delivered at or prior to 10:00 a.m., New York City time, on the Purchase Date to the Tender Agent at its corporate trust office for delivery of 2011A Bonds accompanied by an instrument of transfer, in form satisfactory to the Tender Agent executed in blank by the 2011A Bondowner

or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

During any Weekly Interest Rate Period for which the Book-Entry System described in the Sixteenth Supplemental Resolution is in effect, any 2011A Bond bearing interest at the Weekly Interest Rate or portion thereof (provided that the principal amount of such 2011A Bond to be purchased and the principal amount to be retained are each an Authorized Denomination) will be purchased on the date specified in the notice referred to below at the Purchase Price. The irrevocable written notice, executed by the Participant, will be delivered on any Business Day by the Participant for such 2011A Bond to the Remarketing Agent, the Tender Agent at its corporate trust office for the delivery of such 2011A Bonds and to the Fiscal Agent at its corporate trust office. That notice will state the principal amount of such 2011A Bond, the portion thereof to be purchased and the date on which the same will be purchased, which date will be a Business Day at least 7 days after the date of delivery of such notice to the Fiscal Agent. Upon confirmation by the Securities Depository to the Fiscal Agent that such Participant has an ownership interest in the 2011A Bonds at least equal to the amount of 2011A Bonds specified in such irrevocable written notice, payment of the Purchase Price of such 2011A Bond will be made by 3:00 p.m., New York City time, or as soon as practicably possible thereafter, upon the receipt by the Fiscal Agent of the Purchase Price as set forth in the Sixteenth Supplemental Resolution on the Business Day specified in the notice upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such 2011A Bond tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 10: 00 a.m., New York City time, on the date specified in such notice.

Mandatory Tender for Purchase Upon Substitution, Termination or Expiration of Credit Support Instrument Mandatory Standby Tender. If at any time that the Credit Provider is not in default under the Credit Support Instrument, the Fiscal Agent gives notice, in accordance with the Sixteenth Supplemental Resolution, that the 2011A Bonds will, on the date specified in such notice, cease to be subject to purchase pursuant to the Credit Support Instrument then in effect as a result of: (i) the substitution of that Credit Support Instrument with an Alternate Credit Support Instrument or the termination or expiration of the term, as extended, of that Credit Support Instrument, including but not limited to termination at the option of the City in accordance with the terms of such Credit Support Instrument; or (ii) the occurrence of a Mandatory Standby Tender, then: (a) on the effective date of an Alternate Credit Support Instrument (other than an Alternate Credit Support Instrument delivered in substitution for or replacement of a bond insurance policy); or (b) on the 5th Business Day preceding any such termination or expiration of such Credit Support Instrument other than as a result of a Mandatory Standby Tender; or (c) the mandatory purchase date specified by the Tender Agent in the case of a Mandatory Standby Tender, which mandatory purchase date will be a Business Day prior to the termination date of the Credit Support Instrument as a result of such Mandatory Standby Tender, each such 2011A Bond will be purchased or deemed purchased at the Purchase Price.

Payment of the Purchase Price of any such 2011A Bond will be made in immediately available funds by 3:00 p.m., New York City time, on the Purchase Date upon delivery of such 2011A Bond to the Tender Agent at its corporate trust office for delivery of 2011A Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the 2011A Bondowner with the signature of such 2011A Bondowner guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon, New York City time, on the Purchase Date specified in the Sixteenth Supplemental Resolution. If, as a result of any such Mandatory Standby Tender, substitution, expiration or termination of such a Credit Support Instrument, any 2011A Bond is no longer subject to purchase pursuant to a Credit Support Instrument, the Tender Agent will present such 2011A Bond to the Fiscal Agent for notation of such fact thereon.

Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of 2011A Bonds as described under the subcaption "—Mandatory Tender for Purchase Upon Substitution, Termination or Expiration of Credit Support Instrument Mandatory Standby Tender" above, the Fiscal Agent will give the notice required by the Sixteenth Supplemental Resolution. Such notice will state: (i) that the Credit Support Instrument will expire or terminate and that the 2011A Bonds will no longer be payable from the Credit Support Instrument then in effect and that any rating applicable to the 2011A Bonds may be reduced or

withdrawn and, in the case of a substitution, the name of the new Credit Provider and that information about such new Credit Provider will be forthcoming; (ii) that the Purchase Price of any 2011A Bond subject to mandatory tender for purchase will be payable only upon surrender of a 2011A Bond to the Tender Agent at its corporate trust office for delivery of 2011A Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the 2011A Bondowner or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange; (iii) that, provided that moneys sufficient to effect such purchase have been provided through the remarketing of such 2011A Bonds by the Remarketing Agent or through the Credit Support Instrument, all 2011A Bonds subject to mandatory tender for purchase shall be purchased on the mandatory Purchase Date; and (iv) that if any Owner of a 2011A Bond subject to mandatory tender for purchase does not surrender that 2011A Bond to the Tender Agent for purchase on the mandatory Purchase Date, then that 2011A Bond will be deemed to be an Undelivered Bond, that no interest will accrue on that 2011A Bond on and after the mandatory Purchase Date and that the Owner will have no rights under the Sixteenth Supplemental Resolution other than to receive payment of the Purchase Price.

Irrevocable Notice Deemed to be Tender of 2011A Bond; Undelivered Bonds. The giving of notice by an Owner of 2011A Bonds as provided in above will constitute the irrevocable tender for purchase of each 2011A Bond with respect to which such notice is given regardless of whether that 2011A Bond is delivered to the Tender Agent for purchase on the relevant Purchase Date.

The Tender Agent may refuse to accept delivery of any 2011A Bond for which a proper instrument of transfer has not been provided. However, such refusal will not affect the validity of the purchase of such 2011A Bond as described in the Sixteenth Supplemental Resolution. If any Owner of a 2011A Bond who has given notice of tender of purchase as described above under the subcaption "—Purchase During Weekly Interest Rate Period" or any Owner of a 2011A Bond subject to mandatory tender for purchase as described above under the subcaption "—Mandatory Tender for Purchase Upon Substitution, Termination or Expiration of Credit Support Instrument Mandatory Standby Tender" fails to deliver that 2011A Bond to the Tender Agent at the place and on the Purchase Date and at the time specified, or fails to deliver that 2011A Bond properly endorsed, that 2011A Bond will constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bond are available for payment to the Owner thereof on the Purchase Date and at the time specified, then from and after the Purchase Date and time of that required delivery: (A) the Undelivered Bond will be deemed to be purchased and will no longer be deemed to be Outstanding under the Sixteenth Supplemental Resolution; (B) interest will no longer accrue on the Undelivered Bond; and (C) funds in the amount of the Purchase Price of the Undelivered Bond will be held uninvested by the Fiscal Agent for the benefit of the Owner thereof (provided that the Owner has no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its corporate trust office for delivery of 2011A Bonds.

Possible Limitations of Book-Entry System. No representation is made in this Remarketing Statement as to the timely exercise by DTC or any of its participants of any direction with respect to an election to tender beneficial interests in the 2011A Bonds, nor is any representation made in this Remarketing Statement as to the timely payment of principal and interest upon a tender of beneficial interests in the 2011A Bonds under the book-entry system. Tenders of beneficial interests in the 2011A Bonds under the book-entry system will be governed by the procedures of DTC and its participants in effect from time to time. See Appendix F.

Notice of Mandatory Tender for Purchase

General Conditions. In connection with the mandatory tender for purchase of 2011A Bonds on an Index Rate Purchase Date the Fiscal Agent will give notice as a part of the notice described under the caption "—Conversion to Another Interest Rate Period—Notice Upon Converting Interest Rate" above. Such notice will state the following:

(1) the type of Interest Rate Period to commence on such Index Rate Purchase Date;

(2) that the Purchase Price of any 2011A Bond subject to mandatory tender for purchase will be payable only upon surrender of a 2011A Bond to the Tender Agent at its corporate trust office for delivery of 2011A Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondowner or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange;

(3) that, provided that moneys sufficient to effect such purchase will have been provided through the remarketing of such 2011A Bonds by the Remarketing Agent, all 2011A Bonds subject to mandatory tender for purchase will be purchased on the Index Rate Purchase Date; and

(4) that if any Owner of a 2011A Bond subject to mandatory tender for purchase does not surrender such 2011A Bond to the Tender Agent for purchase on the Index Rate Purchase Date, then that 2011A Bond will be deemed to be an Undelivered Bond, that no interest will accrue on that 2011A Bond on and after the Index Rate Purchase Date and that the Owner will have no rights under the Sixteenth Supplemental Resolution other than to receive payment of the Purchase Price.

Notice Upon Index Rate Scheduled Purchase Date. In addition to the information described above under the subcaption "—General Conditions," prior to the Index Rate Scheduled Purchase Date, the Fiscal Agent will give notice by first-class United States mail, postage prepaid, to the Owners of the 2011A Bonds not less than 30 days prior to the Index Rate Scheduled Purchase Date. Such notice will state:

(1) the date of such notice;

(2) the distinguishing designation of the 2011A Bonds;

(3) the date of issue of the 2011A Bonds;

(4) the Index Rate Scheduled Purchase Date; and

(5) the CUSIP number of the 2011A Bonds.

Each such notice will also state that the Owners of all of the 2011A Bonds are required to tender, and the City is required to purchase, all of the 2011A Bonds on the Index Rate Scheduled Purchase Date of an Index Interest Rate Period. All 2011A Bonds will be subject to tender by the Owners thereof and to be purchased by the City notwithstanding any failure of the Fiscal Agent to deliver such notice or the inadequacy or incompleteness of any notice delivered by the Fiscal Agent.

See the captions "—Provisions Related to the Index Rate Scheduled Purchase Date" and "—Purchase Event of Default and Purchase Default Period."

Notice Upon Index Rate Unscheduled Purchase Date. In addition to information described above, under the subcaption "—General Conditions," the Fiscal Agent will give notice of any Index Rate Unscheduled Purchase Date tender by first-class United States mail, postage prepaid, to the Owners of the 2011A Bonds not less than seven days prior to the date on which such 2011A Bonds will be purchased. Such notice will state:

(1) the Purchase Date;

(2) that the Purchase Price of any 2011A Bond will be payable only upon surrender of such 2011A Bond to the Fiscal Agent for delivery of the 2011A Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Fiscal Agent, executed in blank by the Owner thereof or its duly authorized attorney-in-fact, with such signature guaranteed by an eligible guarantor institution;

(3) that, provided that moneys sufficient to effect such purchase have been provided through the remarketing of such 2011A Bonds by the Remarketing Agent or from the City, all 2011A Bonds so subject to Index Rate Unscheduled Purchase Date tender will be purchased on the Purchase Date, and that if any Owner of a 2011A Bond subject to Index Rate Unscheduled Purchase Date tender does not surrender such 2011A Bond to the Fiscal Agent for purchase on such Purchase Date, and moneys sufficient to pay the Purchase Price thereof are on deposit with the Fiscal Agent, then such 2011A Bond will be deemed to be an Undelivered Bond, and that no interest will accrue thereon on and after such Purchase Date and that the Owner thereof will have no rights under the Sixteenth Supplemental Resolution, other than to receive payment of the Purchase Price thereof;

(4) in the event that moneys sufficient to pay the Purchase Price of such 2011A Bonds have not been provided to the Fiscal Agent either through the remarketing of such 2011A Bonds or from the City, that such 2011A Bonds will not be purchased or deemed purchased and will continue to bear interest as if no such Index Rate Unscheduled Purchase Date notice had been given; and

(5) that the Index Rate Unscheduled Purchase Date is subject to rescission by the City and is subject to the condition that amounts sufficient to pay the Purchase Price of such Index Rate Unscheduled Purchase Date are on deposit with the Fiscal Agent on the Purchase Date.

All 2011A Bonds subject to Index Rate Unscheduled Purchase Date tender will be subject to tender by the Owners thereof and to purchase by the City notwithstanding any failure of the Fiscal Agent to deliver such notice or the inadequacy or incompleteness of any notice the Fiscal Agent delivers.

If the City delivers a notice of an Index Rate Unscheduled Purchase Date tender and such Index Rate Unscheduled Purchase Date tender does not occur, then the Fiscal Agent will give notice by first-class United States mail, postage prepaid, to the Owners of the 2011A Bonds, as soon as practicable, which states that such Index Rate Unscheduled Purchase Date tender for purchase has not occurred. In that event, the 2011A Bonds will continue to bear interest at the Index Interest Rate in effect during the Index Interest Rate Period then in effect, without change or modification, and the Index Interest Rate Period then in effect will continue until terminated.

See the caption "—Provisions Related to an Index Rate Unscheduled Purchase Date" below for additional information.

Notice Upon Interest Rate Period Change. While in the Index Interest Rate Period, in connection with any mandatory tender for purchase of the 2011A Bonds upon a change in the Interest Rate Period of the 2011A Bonds on the Index Rate Scheduled Purchase Date, in addition to the items noted above under the subcaption "—General Conditions," the notice to be provided by the Fiscal Agent will include the following statement: that in the event that moneys sufficient to pay the Purchase Price of such 2011A Bonds have not been provided to the Fiscal Agent either through the remarketing of such 2011A Bonds or from other moneys received from the City, that such 2011A Bonds will not be purchased or deemed purchased and, upon the City's failure to pay the Purchase Price on the Index Rate Scheduled Purchase Date, the 2011A Bonds will continue to bear interest as further provided at the Purchase Default Rate, and subject to other provisions described under the caption "—Purchase Event of Default and Purchase Default Period" below.

Irrevocable Notice Deemed to be Tender of 2011A Bond; Undelivered Bonds. The Tender Agent may refuse to accept delivery of any 2011A Bond for which a proper instrument of transfer has not been provided. However, such refusal will not affect the validity of the purchase of such 2011A Bond as described in the Sixteenth Supplemental Resolution. If any Owner of a 2011A Bond subject to mandatory tender for purchase as described under the caption "—Mandatory Tender of the 2011A Bonds" fails to deliver that 2011A Bond to the Tender Agent at the place and on the Purchase Date and at the time specified, or fails to deliver that 2011A Bond properly endorsed, that 2011A Bond will constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bond are available for payment to the Owner thereof on the Purchase Date and at the time specified, then from and after the Purchase Date and time of that required delivery: (A) the

Undelivered Bond will be deemed to be purchased and will no longer be deemed to be Outstanding under the Sixteenth Supplemental Resolution; (B) interest will no longer accrue on the Undelivered Bond; and (C) funds in the amount of the Purchase Price of the Undelivered Bond will be held uninvested by the Fiscal Agent for the benefit of the Owner thereof (provided that the Owner will have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its corporate trust office for delivery of 2011A Bonds.

Special Considerations Relating to the Remarketing Agent

The Remarketing Agent is Paid by the City. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing 2011A Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Remarketing Statement. The Remarketing Agent is appointed by the City and is paid by the City for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of the 2011A Bonds.

The Remarketing Agent Routinely Purchases 2011A Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered 2011A Bonds for its own account and, in its sole discretion, may acquire such tendered 2011A Bonds in order to achieve a successful remarketing of the 2011A Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the 2011A Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase 2011A Bonds and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2011A Bonds by purchasing and selling 2011A Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the 2011A Bonds. The Remarketing Agent may also sell any 2011A Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2011A Bonds. The purchase of 2011A Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the 2011A Bonds in the market than is actually the case. The practices described above may also result in fewer 2011A Bonds being tendered in a remarketing.

2011A Bonds May be Offered at Different Prices on Any Date, Including a Remarketing Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the 2011A Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable remarketing date. The interest rate will reflect, among other factors, the level of market demand for the 2011A Bonds (including whether the Remarketing Agent is willing to purchase 2011A Bonds for its own account). There may or may not be 2011A Bonds tendered and remarketed on a remarketing date, the Remarketing Agent may or may not be able to remarket any 2011A Bonds tendered for purchase on such date at par and the Remarketing Agent may sell 2011A Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2011A Bonds at the remarketing price. In the event that a Remarketing Agent owns any 2011A Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such 2011A Bonds on any date, including a remarketing date, at a discount to par to some investors.

The Ability to Sell the 2011A Bonds Other than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell 2011A Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their 2011A Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2011A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2011A Bonds other than by tendering the 2011A Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2011A Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event that there is no Remarketing Agent, the Fiscal Agent may assume such duties as described in the Resolution.

Redemption Provisions

Optional Redemption. While in the Weekly Interest Rate Period, the 2011A Bonds are subject to optional redemption by the City on any Interest Payment Date on or after the Call Protection Date, in whole or in part in an Authorized Denomination, at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, without premium.

Mandatory Sinking Account Redemption. The 2011A Bonds are subject to mandatory sinking account redemption, in part, on October 1, 2020, and on each October 1 thereafter, by lot, from Mandatory Sinking Account Payments, at the principal amount thereof plus accrued interest thereon to but not including the date fixed for redemption, without premium, as follows:

Redemption Date (October 1)	***Principal Amount***
2020	$1,825,000
2021	1,900,000
2022	1,950,000
2023	725,000
2024	725,000
2025	725,000
2026	725,000
2027	725,000
2028	725,000
2029	725,000
2030	4,350,000
2031	4,525,000
2032	4,650,000
2033	4,825,000
2034	5,000,000
2035†	5,175,000

† Final Maturity

Mandatory Redemption of Bank Bonds. Any Bank Bonds from time to time Outstanding will be subject to mandatory redemption in the amounts and at the times and at the redemption prices specified therefor in the Credit Support Agreement with the Credit Provider, upon one Business Day's notice of redemption to the Credit Provider and the Fiscal Agent.

Selection of 2011A Bonds for Redemption. If any 2011A Bond is in a denomination larger than a minimum Authorized Denomination, a portion of such 2011A Bond (the minimum Authorized Denomination or any integral multiple thereof) may be redeemed pursuant to the Resolution, in which case the Fiscal Agent will, without charge to the Owner of such 2011A Bond, authenticate and issue a replacement 2011A Bond or Bonds for the unredeemed portion thereof. Whenever provision is made for the redemption of less than all of the 2011A Bonds, the maturity or maturities of the 2011A Bonds to be redeemed will be specified by the City. In the case of a partial redemption of any maturity of the 2011A Bonds, the Fiscal Agent will select the 2011A Bonds of such maturity to be redeemed by lot at such times as directed by the City in writing at least 30 days prior to the redemption date and if such selection is more than 60 days before a redemption date, will

appropriately identify the 2011A Bonds so called for redemption by stamping them at the time any 2011A Bonds so selected for redemption are presented to the Fiscal Agent for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Fiscal Agent, and any 2011A Bond or Bonds issued in exchange for, or to replace, any 2011A Bond so called for prior redemption will likewise be stamped or otherwise identified. The Fiscal Agent will not select the 2011A Bonds for mandatory sinking account redemption pursuant to the Resolution more than 60 days prior to the redemption date.

Notwithstanding anything in the Resolution to the contrary, any Bank Bonds will be selected for redemption pursuant to the Resolution prior to the selection of any other 2011A Bonds.

Notice of Redemption. The City will notify the Fiscal Agent, the Remarketing Agent (if any), the Credit Provider (if any) and the Calculation Agent (if any), at least 45 days prior to the redemption date for 2011A Bonds pursuant to the Sixteenth Supplemental Resolution. Notice of redemption will be mailed by the Fiscal Agent, not less than 30 nor more than 60 days prior to the redemption date: (i) to the respective Owners of any 2011A Bonds designated for redemption at their addresses appearing on the bond registration books of the Fiscal Agent by first class mail; (ii) to the Securities Depository by facsimile and by first-class mail; and (iii) to the Information Services by first class mail. Notice of redemption will be given in the form and in accordance with the terms of the Sixteenth Supplemental Resolution by first class mail. Notice of the redemption of Bank Bonds will be made in the manner provided in the applicable Credit Support Instrument and/or Credit Support Agreement.

Each notice of redemption will state the date of such notice, the distinguishing designation of the 2011A Bonds, the date of issue of the 2011A Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Fiscal Agent), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; provided, however, in the event of an optional redemption of Bonds of a Series, if the City has not deposited or otherwise made available to the Fiscal Agent the money required for the payment of the Redemption Price of the 2011A Bonds to be redeemed at the time of such mailing, such notice of redemption will state that the redemption is expressly conditioned upon the timely deposit of sufficient funds therefor with the Fiscal Agent. Each such notice will also state that on said date there will become due and payable on each of said 2011A Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2011A Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered at the address or addresses of the Fiscal Agent specified in the redemption notice. Neither the City nor the Fiscal Agent have any responsibility for any defect in the CUSIP number that appears on any 2011A Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Fiscal Agent are liable for any inaccuracy in such numbers. Failure by the Fiscal Agent to give notice to any one or more of the Information Services or Securities Depositories or failure of any Owner to receive notice or any defect in any such notice will not affect the sufficiency of the proceedings for redemption.

Payment of Redeemed Bonds. Notice having been given in the manner provided above under the subcaption "—Notice of Redemption," the 2011A Bonds or portions thereof so called for redemption will become due and payable on the redemption date, and upon presentation and surrender thereof at the office specified in such notice, such 2011A Bonds, or portions thereof, will be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there is drawn for redemption a portion of a 2011A Bond, the City will execute and the Fiscal Agent will authenticate and deliver, upon surrender of such 2011A Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the 2011A Bond so surrendered, a 2011A Bond of like Series and maturity in any authorized denomination. If, on the redemption date, moneys for the redemption of all of the 2011A Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, will be available therefor on said date and if notice

of redemption has been given as aforesaid, then from and after the redemption date, interest on the 2011A Bonds or portion thereof of such Series and maturity so called for redemption will cease to accrue and become payable. If said moneys are not so available on the redemption date, such 2011A Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Partial Redemption of 2011A Bonds. Upon surrender of any 2011A Bond redeemed in part only, the City will execute and the Fiscal Agent will authenticate and deliver to the Owner thereof, at the expense of the City, a new 2011A Bond of Authorized Denominations, and of the same Maturity Date and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2011A Bond surrendered.

SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS

Net Operating Revenues

Pursuant to the Law, the 2011A Bonds are special limited obligations of the City, secured by a pledge of, a charge upon and payable, as to the principal thereof, the interest thereon and any premium upon redemption thereof, solely from the Net Operating Revenues and other funds, assets and security described under the Resolution, on a parity with the Prior Parity Bonds and any Additional Bonds or Parity Debt issued in the future.

The Resolution defines "**Net Operating Revenues**" as Gross Operating Revenues less Operating and Maintenance Expenses, plus (for purposes of determining compliance with the City's rate covenant only) the amounts on deposit as of the date of determination in any unrestricted funds of the Electric System designated by the City Council by resolution and available for the purpose of paying Operating and Maintenance Expenses and/or debt service on the Bonds.

"**Gross Operating Revenues**" consist of: (i) all revenues from rates, fees and charges for providing electric service to persons and real property and all other fees, rents and charges and other revenues derived by the City from the ownership, operation, use or service of the Electric System, including contributions in aid of construction; and (ii) all amounts periodically required to be paid by all Subordinate Swap Providers to the City under all Subordinate Swaps ("**Subordinate Swap Receipts**"), including the Swap Agreements. See the caption "—Subordinate Obligations."

"**Operating and Maintenance Expenses**" are the expenses of operating and maintenance of the Electric System, including payments to certain joint powers agencies and any necessary contribution to the retirement system of the Electric System employees.

Limited Obligation

The General Fund of the City is not liable for the payment of the principal of or interest and redemption premium on the 2011A Bonds, nor is the credit or the taxing power of the City pledged for the payment of the principal of or interest and redemption premium (if any) on the 2011A Bonds. No Owner may compel the exercise of the taxing power of the City or the forfeiture of any of its property. None of the principal of or interest or redemption premium on the 2011A Bonds constitutes a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of its property, or upon any of its income, receipts or revenues, except the Net Operating Revenues of the Electric System and other funds, security or assets that are, under the terms of the Resolution, pledged to the payment of the principal of or interest and redemption premium (if any) on the 2011A Bonds.

Resolution Flow of Funds

The City has created the Electric Revenue Fund pursuant to the City Charter, which secures the payment of the Bonds and Parity Debt. The Electric Revenue Fund includes several accounts, namely, the Bond Service Account, the Renewal and Replacement Account and the Surplus Account. The Resolution provides that the

Interest Account and the Principal Account will be created as subaccounts within the Bond Service Account. The Electric Revenue Fund and all of the accounts and subaccounts therein are held and administered by the Treasurer.

The 2008A Reserve Account has been created under Resolution No. 21611, adopted by City Council on April 22, 2008, and the 2008C Reserve Account has been created under Resolution 21613 adopted by City Council on April 22, 2008, both of which are held by the Fiscal Agent.

The City did not fund debt service reserve accounts for the 2010 Bonds, 2011A Bonds, 2013A Bonds or 2019A Bonds. See the caption "—Debt Service Account Not Funded."

Electric Revenue Fund. All Gross Operating Revenues will be deposited with the Treasurer and placed in the Electric Revenue Fund. So long as any Bonds remain Outstanding, the Treasurer will transfer and apply Gross Operating Revenues from and within the Electric Revenue Fund to the following funds and accounts and will set aside such moneys in such funds in the following amounts, in the following order of priority, the requirements of each fund or account (including requirements arising from any deficiencies caused by the lack of Gross Operating Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority.

Operating and Maintenance Expenses. As soon as practicable in each month, the Treasurer will provide for the payment of the Operating and Maintenance Expenses of the Electric System for that month, prior to the payment or provision for payment of: (i) the interest on and the principal of the Bonds and any Parity Debt or the establishment and maintenance of any reserves therefor; and (ii) amounts becoming due under Subordinate Obligations.

Bond Service Account. Following the required transfers for the payment of the Operating and Maintenance Expenses of the Electric System for that month, the City will set aside and transfer within the Electric Revenue Fund to the Bond Service Account for transfer to the Interest Account and to the Principal Account, as applicable, the following amounts at the following times:

Interest Account. The Treasurer will set aside in the Interest Account as soon as practicable in each month an amount equal to: (a) with respect to the Outstanding Current Interest Bonds of each Series (except for Bonds constituting Variable Rate Indebtedness or Paired Obligations), such amount as will be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on the next interest payment date for all such Outstanding Current Interest Bonds of such Series (excluding any interest for which there are moneys deposited in the Interest Account from the proceeds of such Series of Bonds or other source and reserved as capitalized interest to pay such interest until the next interest payment date), until the requisite amount of interest becoming due on the next interest payment date on all such Outstanding Current Interest Bonds of such Series (except for Bonds constituting Variable Rate Indebtedness or Paired Obligations) is on deposit in such fund; (b) with respect to Outstanding Paired Obligations, such amount as will be sufficient on a monthly pro rata basis to pay the aggregate of the collective fixed interest obligation of the City for such Paired Obligations coming due and payable on the next interest payment date for such Paired Obligations; (c) 110% of the aggregate amount of interest, estimated by the Treasurer in his or her reasonable judgment, to accrue during that month on the Outstanding Variable Rate Indebtedness; *provided, however*, that the amount of the deposit into the Interest Account for any month may be reduced (but only to the extent the amount payable by the City was or will be reduced) by the amount by which the deposit in the prior month for interest estimated to accrue on Outstanding Variable Rate Indebtedness exceeded the actual amount of interest accrued during that month on said Outstanding Variable Rate Indebtedness and further provided that the amount of the deposit into the Interest Account for any month will be increased (but only to the extent the amount payable by the City was or will be increased) by the amount by which the deposit in the prior month for interest estimated to accrue on Outstanding Variable Rate Indebtedness was less than the actual amount of interest accrued during that month on said Outstanding Variable Rate Indebtedness; and (d) only after all deposits have been made for such month in the Principal Account and the Bond Reserve Accounts as provided in the subcaptions "—Principal Account"

and "—Reserve Accounts; Supplemental Deposit" below, respectively, all Subordinate Payments becoming due and payable under all Subordinate Obligations for that month (or if the amount of the Subordinate Payments is not then known, the amount, estimated by the Treasurer in his or her reasonable judgment, to become due and payable under all Subordinate Obligations during that month). No deposit need be made into the Interest Account if the amount contained therein is at least equal to: (i) the interest to become due and payable on the interest payment dates falling within the next six months upon all of the Bonds issued under the Resolution and then Outstanding (but excluding any moneys on deposit in the Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future interest payment dates following such interest payment dates); and (ii) the payments becoming due and payable under all Subordinate Obligations during that month as described in clause (d) above. Payments of interest for Parity Debt that are required to be placed in any debt service fund to pay interest on such Parity Debt will rank and be made pari passu with the payments required to be placed in the Interest Account.

Principal Account. The Treasurer will deposit in the Principal Account as soon as practicable in each month an amount equal to at least: (i) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Bonds having semi-annual maturity dates or semi-annual Mandatory Sinking Account Payments due within the next six months; plus (ii) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Bonds having annual maturity dates or annual Mandatory Sinking Account Payments due within the next 12 months, provided that if the City Council irrevocably determines by resolution that any principal payments on the Bonds of any Series will be refunded on or prior to their due dates or paid from amounts on deposit in a reserve account established and maintained for Bonds of that Series, no amounts need be set aside towards such principal to be so refunded or paid. If, during the twelve-month period immediately preceding a Mandatory Sinking Account Payment Date, the Treasurer has purchased Term Bonds of a Series and maturity subject to such Mandatory Sinking Account Payment with moneys in the Principal Account, or, during said period and prior to giving said notice of redemption, the City has deposited Term Bonds of such Series and maturity with the Fiscal Agent for cancellation, or Term Bonds of such Series and maturity were at any time purchased, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce amounts required to be deposited in the Principal Account. All Term Bonds purchased from the Principal Account or deposited by the City with the Fiscal Agent will be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the City. All Term Bonds redeemed by the Treasurer or the Fiscal Agent for such Series from amounts in the Redemption Account will be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the City.

No deposit need be made into the Principal Account so long as there is in such fund moneys sufficient to pay the Bond Obligations of all Bonds issued under the Resolution and then Outstanding and maturing by their terms or subject to mandatory redemption within the next twelve months. Payments of principal on Parity Debt that are required to be placed in any debt service fund or sinking fund to pay the principal of, or mandatory sinking fund payments with respect to, such Parity Debt will rank and be made pari passu with the payments required to be placed in the Principal Account.

Reserve Accounts; Supplemental Deposit. The Treasurer will deposit as soon as practicable in each month into any reserve account established pursuant to a Supplemental Resolution for a Series of Bonds and into any reserve account established for Parity Debt upon the occurrence of any deficiency therein: (i) one-twelfth of the aggregate amount of any unreplenished prior withdrawal from such reserve account; and (ii) the full amount of any deficiency due to any required valuations of the investments in such reserve account until the balance in such reserve account is at least equal to the amount required to restore such reserve account to the amount required to be maintained therein.

The Treasurer will, without duplication, deposit into the Interest Account as soon as practicable in each month, the amount described in clause (d) under the subcaption "—Bond Service Account—Interest Account" above.

Excess Earnings and Certain Other Amounts. Following the transfers described above as required by the Resolution, the Treasurer will deposit into the excess earnings or rebate account or yield reduction sinking fund or account (established for the purpose of reducing the yield on certain proceeds of Bonds on deposit in a refunding escrow fund in order to satisfy the rules relating to the yield restriction of such proceeds under section 148 of the Code and applicable regulations of the United States Treasury) for the Prior Parity Bonds, the 2011A Bonds, and any other Bonds or Parity Debt the amount, if any, at such times as will be required pursuant to the Supplemental Resolution or other document creating such account.

Renewal and Replacement Account. Following the transfers described above as required by the Resolution, the Treasurer will set aside in the Renewal and Replacement Account as soon as practicable in each month such amount, if any, required by prior action of the City Council. To date, the City Council has not required the Renewal and Replacement Account to be funded and does not anticipate taking any such action. All amounts in the Renewal and Replacement Account will be applied to acquisition and construction of renewals and replacements to the Electric System to the extent provision therefor has not been made from other sources.

Surplus Account. On the first day of each calendar month, any amounts remaining in the Electric Revenue Fund after the above transfers and uses have been made, will be transferred to the Surplus Account and may be: (i) invested in any Authorized Investments, (ii) used for the redemption of any Outstanding Bonds that are subject to call and redemption prior to maturity or for the purchase from time to time in the open market of any of the Outstanding Bonds whether or not subject to call (irrespective of the maturity or number of such Bonds) at such prices and in such manner, either at public or private sale, or otherwise as the City in its discretion may determine, but if the Bonds are subject to call and redemption prior to maturity, the purchase price (including brokerage or other charges, but excluding accrued interest) may not exceed the redemption price on the next interest payment date of such Bonds so purchased; or (iii) used in any lawful manner.

Application of Funds in the Bond Service Account

Interest Account. Amounts in the Interest Account will be used and withdrawn by the Treasurer solely for the purpose of: (i) paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity); (ii) making payments to providers of any Credit Facility for any Bonds with respect to reimbursement to such providers of interest payments on any Bonds made by such providers; and (iii) paying amounts due under Subordinate Obligations.

Principal Account.

All amounts in the Principal Account will be used and withdrawn by the Treasurer solely for the purposes of paying the Bond Obligation of the Bonds when due and payable at maturity or upon redemption and making payments to providers of any Credit Facility for any Bonds with respect to reimbursement to such providers of payments of principal of Bonds made by such providers. Notwithstanding the foregoing, the Treasurer may apply moneys in the Principal Account to the purchase of Bonds maturing or subject to mandatory sinking fund redemption: (i) within the next six months in the case of Bonds subject to semiannual maturity dates or semiannual Mandatory Sinking Account Payments; or (ii) within the next twelve months in the case of Bonds subject to annual maturity dates or annual Mandatory Sinking Account Payments (but only to the extent of amounts deposited in the Principal Account in respect of such Bonds), at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as is directed by the City, except that the purchase price (excluding accrued interest, in the case of Current Interest Bonds) will not exceed the principal amount or Accreted Value thereof. All Bonds purchased pursuant to the foregoing provisions will be delivered to the Fiscal Agent for such Bonds and cancelled

and destroyed by that Fiscal Agent and a certificate of destruction will be delivered to the Treasurer by the Fiscal Agent for such Series.

Rate Covenant

Existing Covenant. The City has covenanted under the Resolution to prescribe, revise and collect such rates and charges for the services, facilities and electricity of the Electric System during each Fiscal Year which, after making allowances for contingencies and error in estimates, will be at least sufficient to pay the following amounts in the order set forth:

(a) Operating and Maintenance Expenses;

(b) the interest on, principal and Accreted Value (or Mandatory Sinking Account Payment) of the Outstanding Bonds as they become due and payable;

(c) all other payments required for compliance with the Resolution or any Supplemental Resolutions; and

(d) all other payments required to meet any other obligations of the City that are charges, liens or encumbrances upon or payable from Net Operating Revenues (including, but not limited to, payments due under the Subordinate Obligations).

The charges will be so fixed that the Net Operating Revenues will be at least 1.10 times the amounts payable under clause (b) above plus 1.0 times the amounts payable under clauses (c) and (d) above. For purposes of determining compliance with this rate covenant, Net Operating Revenues includes the amounts on deposit, as the date of determination, in any unrestricted funds of the Electric System designated by the City Council by resolution and available for the purpose of paying Operating and Maintenance Expenses and/or debt service on the Bonds.

Future Change in Rate Covenant. Pursuant to the Resolution No. 21934 adopted by the City Council on November 17, 2009, certain provisions of the Master Resolution were amended so that at such time as the 2008A Bonds and 2008C Bonds are no longer outstanding or the Subordinate Swaps and Subordinate Swap Policy are in effect without the consent of the Subordinate Swap Providers (to the extent required by the Subordinate Swaps) or the Subordinate Swap Policy Providers (to the extent required by the Subordinate Swaps), the following paragraph will be added to the rate covenant:

> "For purposes of calculating the interest due [under (b) above under the subcaption "—Existing Covenant,"] if interest on such Bonds or Parity Debt is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009), or any future similar program, then interest payments with respect to such Bonds or Parity Debt will be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America."

The foregoing paragraph will be applicable to the calculation of interest due and for determination of Maximum Annual Debt Service with respect to the 2010A Bonds.

The latest final maturity date of the 2008A Bonds and 2008C Bonds is October 1, 2035, although such Bonds could be redeemed earlier.

Debt Service Reserve Account Not Funded

Under the Resolution, the City may, but is not required to, establish, pursuant to a Supplemental Resolution, a separate reserve fund or account for any Series of Bonds issued thereunder. Although a separate reserve account has been established for the 2011A Bonds, the City is not funding such account and has no obligation to fund the account in the future. The owners of the 2011A Bonds will not be entitled to amounts on deposit in the Reserve Accounts established for other series of Bonds.

Additional Bonds and Parity Debt

The City may incur additional obligations payable from Net Operating Revenues as described below.

No Senior Debt. Under the Resolution, the City has covenanted that no additional bonds, notes or other evidences of indebtedness payable out of the Net Operating Revenues will be issued having any priority in payment of principal or interest from the Electric Revenue Fund or out of any Net Operating Revenues payable into such fund over the Outstanding Bonds.

Additional Bonds and Parity Debt. The Resolution provides that, except Refunding Bonds or Parity Debt to the extent incurred to pay or discharge Outstanding Bonds or Parity Debt, no additional Bonds or Parity Debt will be issued or incurred unless:

(i) the City is not in default under the terms of the Resolution;

(ii) either:

(a) the Net Operating Revenues, calculated in accordance with generally accepted accounting principles, as shown by the books of the City for the latest fiscal year, or for any 12 consecutive month period within the last completed 18-month period ended not more than one month before the issuance of or incurrence of such additional Bonds or Parity Debt as set forth in a Certificate of the City; or

(b) the estimated Net Operating Revenues for the first complete fiscal year when the improvements to the Electric System financed with the proceeds of the additional Bonds or Parity Debt are in operation as estimated by and set forth in a Certificate of the City;

plus, in either case, at the option of the City, either or both of the items designated under clauses (1) and (2) below, amount to at least 1.10 times the Maximum Annual Debt Service in any fiscal year thereafter on all Bonds to be Outstanding and all Parity Debt to be outstanding immediately subsequent to the issuance or incurring of such additional Bonds or Parity Debt; and

(iii) on the date of delivery of and payment for such additional Bonds or Parity Debt, the amount in any reserve fund for any Bonds or Parity Debt will be not less than an amount required to be maintained in such fund pursuant to the Supplemental Resolution or other document creating such fund.

The items, either or both of which may be added to such Net Operating Revenues for the purpose of meeting the requirements in clause (ii) above, are the following:

(1) An allowance for any increase in Net Operating Revenues (including, without limitation, a reduction in Operating and Maintenance Expenses) which may arise from any additions to and extensions and improvements of the Electric System to be made or acquired with the proceeds of such additional Bonds or Parity Debt or with the proceeds of bonds previously issued, and also for net revenues from any such additions, extensions or improvements which have been made or acquired with moneys from any source but which, during all or any part of such fiscal year or such 12 consecutive month period within the last completed 18-month period, were not in service, all in an amount equal to the estimated additional average annual net revenues (or

estimated average annual reduction in Operating and Maintenance Expenses) to be derived from such additions, extensions and improvements for the first 36-month period in which each addition, extension or improvement is respectively to be in operation, all as shown by the Certificate of the City; and

(2) An allowance for earnings arising from any increase in the charges made for the use of the Electric System which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such fiscal year or such 12 consecutive month period within the last completed 18-month period, was not in effect, in an amount equal to the amount by which the Net Operating Revenues would have been increased if such increase in charges had been in effect during the whole of such fiscal year or such 12 consecutive month period within the last completed 18-month period, as shown by the Certificate of the City.

For definitions of the term "Maximum Annual Debt Service" and other capitalized terms used in this Remarketing Statement, see Appendix C. See also the caption "—Rate Covenant" above for a change to the calculation methodology for debt service that will become effective when the 2008A Bonds and 2008C Bonds are no longer outstanding.

Subordinate Obligations

Under the Resolution, the City reserves the right to issue and incur obligations that are payable from Net Operating Revenues on a basis that is junior and subordinate to the payment of the Bonds or Parity Debt.

Existing Subordinate Obligations

2004 Swap Agreement. The City previously entered into an interest rate swap agreement in the form of an International Swaps and Derivatives Association, Inc. ("**ISDA**") Master Agreement and Schedule and related Transactions thereunder with Merrill Lynch Capital Services, Inc. (the "**2004 Swap Provider**") in connection with the City's Electric Revenue Bonds, Issue of 2004B (the "**2004 Swap Agreement**"). The 2004 Swap Agreement has been subsequently associated with the 2008A Bonds. The obligations of the 2004 Swap Provider under the 2004 Swap Agreement were guaranteed by Merrill Lynch & Co., Inc. (the "**2004 Swap Guarantor**"). The 2004 Swap Agreement has a scheduled termination date of October 1, 2029.

According to a representative of Bank of America Corporation, following the merger of the 2004 Swap Provider and Bank of America Corporation, the identities of the 2004 Swap Provider and 2004 Swap Guarantor have not changed. The 2004 Swap Provider and 2004 Swap Guarantor are wholly owned subsidiaries of Bank of America Corporation. *The City can provide no assurances as to the accuracy of the information summarized in this paragraph.*

The current notional amount of the 2004 Swap Agreement associated with the 2008A Bonds is $32,450,000.

2005 Swap Agreements. The City also entered into two interest rate swap agreements (each, a "**2005 Swap Agreement**" and collectively, the "**2005 Swap Agreements**") in the form of an ISDA Master Agreement and Schedule and related Transactions thereunder with Bear Stearns Capital Markets Inc. (the "**2005 Swap Provider**" and, together with the 2004 Swap Provider, the "**Swap Providers**") in connection with its Electric Refunding/Revenue Bonds, Issue of 2005A and 2005B. The 2005 Swap Agreements were subsequently associated with the City's Variable Rate Refunding Electric Revenue Bonds, Issue of 2008B (the "**2008B Bonds**") and the 2008C Bonds, respectively. Upon the refunding of the 2008B Bonds from the proceeds of the 2011A Bonds, the 2005 Swap Agreement associated with the 2008B Bonds became associated with the 2011A Bonds. The obligations of the 2005 Swap Provider under the 2005 Swap Agreements were guaranteed by The Bear Stearns Companies Inc. (the "**2005 Swap Guarantor**"). Each 2005 Swap Agreement has a scheduled termination date of October 1, 2035.

Pursuant to an Assignment Agreement, dated as of May 2, 2011, by and among the City, Bear Stearns Capital Markets Inc., as assignor, and JPMorgan Chase Bank, as assignee, JPMorgan Chase Bank succeeded to the rights and assumed the obligations of the 2005 Swap Provider effective as of May 3, 2010.

The current notional amount of the 2005 Swap Agreement associated with the 2008C Bonds is $32,150,000. The current notional amount of the 2005 Swap Agreement associated with the 2011A Bonds is $39,275,000.

Payments under Swap Agreements. The obligation of the City to make regularly scheduled payments to the Swap Providers under the 2004 Swap Agreement and 2005 Swap Agreements (collectively, the "**Swap Agreements**") is subordinate to the City's obligation to make payments on the Bonds and Parity Debt. Under the Swap Agreements, the City pays a fixed rate of interest on specified notional amounts. In return, each Swap Provider pays a variable rate of interest equal to a percentage of the London Interbank Offered Rate ("**LIBOR**") one-month index plus 12 basis points on a like notional amount, all as provided in each applicable Swap Agreement. The periodic amounts payable by a party under each of the Swap Agreements are netted against the payments to be received by such party.

Both the City and the Swap Providers have the right to terminate the Swap Agreements prior to their respective stated termination dates under certain circumstances, including a default or the occurrence of certain termination events, and the City may be required to make a substantial termination payment to the applicable Swap Provider. In the event of early termination of any Swap Agreement, there can be no assurance that the City will: (i) receive any termination payment payable to the City by the applicable Swap Provider; (ii) have sufficient amounts to pay any termination payment payable by the City to the applicable Swap Provider; or (iii) be able to obtain replacement Swap Agreements with comparable terms.

In connection with the Swap Agreements, the City has entered into certain protocols, including amendments or supplements to the Swap Agreements, to comply with ISDA's Dodd-Frank Documentation Initiative and other requirements, including responses to regulatory requirements binding others, imposed under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

There is no guarantee that the floating rate payable to the City pursuant to a Swap Agreement will match the variable interest rate on the related Bonds at all times or at any time. Under certain circumstances, the respective Swap Provider may be obligated to make a payment to the City under a Swap Agreement that is less than the interest due on the related Bonds. In such event, the City would be obligated to pay such insufficiency from Net Operating Revenues. This has occurred on certain occasions.

Any amounts received by the City from the 2004 Swap Provider under the 2004 Swap Agreement and from the 2005 Swap Provider under the 2005 Swap Agreements constitute Gross Operating Revenues under the Resolution.

Revolving Credit Facility. On February 1, 2019, the City entered into a revolving credit agreement (the "**Revolving Credit Agreement**") with U.S. Bank National Association. Under the terms and conditions of the Revolving Credit Agreement, the City may borrow up to $35,000,000 for purposes of the capital or operating financing needs of the Electric System (the "**Revolving Credit Facility**"). Each advance under the Revolving Credit Facility that is allocated to the Electric System will be secured by a subordinate pledge of Net Operating Revenues and accrue interest at a variable rate calculated by reference to LIBOR on the first calendar day of each month. The Revolving Credit Facility matures three years after its execution (the "**Maturity Date**"); however, any advance not paid on the Maturity Date will convert to a term loan that will amortize in equal quarterly payments commencing 90 days after the Maturity Date, and the term loan will accrue interest at a variable rate and become due and payable in full on the third anniversary of the Maturity Date. U.S. Bank National Association, as lender under the Revolving Credit Facility, has the right to terminate the commitments and accelerate amounts due by the City thereunder following certain events of default specified therein, including failure to meet covenants and payment defaults.

LIBOR Phaseout. The periodic payments due to the City from counterparties under the City's outstanding Swap Agreements and the amounts payable by the City under the Revolving Credit Facility are calculated by reference to LIBOR. On July 27, 2017, the Financial Conduct Authority (the "**FCA**"), the U.K. regulatory body that is currently responsible for the regulation and supervision of LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021 (the "**FCA Announcement**"), which is prior to the scheduled termination date of the Swap Agreements. It is not possible to predict the effects of the FCA Announcement or how any prospective phaseout of LIBOR as a reference rate and transition to an alternate benchmark rate will be implemented, but increased volatility in the reported LIBOR rates may occur and the level of such LIBOR-based swap and interest payments may be affected.

Future Subordinate Obligations. Nothing in the Resolution limits the ability of the City to issue or incur obligations that are junior and subordinate (including, but not limited to, Subordinate Obligations) to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt and which subordinate obligations are payable as to (but not limited to) principal, premium, interest and reserve fund requirements, if any, only out of Net Operating Revenues after the prior payment of all amounts then due required to be paid or set aside under the Resolution from Net Operating Revenues for principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt, as the same become due and payable and at the times and in the manner as required in the Resolution or any Parity Debt documents. Further, nothing in the Resolution limits the ability of the City to issue or incur obligations that are junior and subordinate to the payment of amounts due under the Subordinate Obligations and other obligations payable on a parity therewith and which subordinated obligations are payable only out of Net Operating Revenues after the prior payment of all amounts then due required to be paid or set aside under the Resolution from Net Operating Revenues: (i) first, for principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt, as the same become due and payable and at the times and in the manner as required by this Resolution or any Parity Debt documents; and (ii) thereafter, for payment of amounts due under the Subordinate Obligations and other obligations payable on a parity therewith, as the same become due and payable and at the times and in the manner as required in the Resolution.

THE LETTER OF CREDIT

*The following summarizes certain provisions of the Irrevocable Transferable Letter of Credit to be issued by the Credit Provider and the Reimbursement Agreement, to which documents reference is made for the complete provisions thereof. Such summary does not purport to be a complete description or restatement of the material provisions of the Reimbursement Agreement and the Letter of Credit. The provisions of any substitute letter of credit and related reimbursement agreement may be different from those summarized below. Investors should obtain and review a copy of the Reimbursement Agreement and the Letter of Credit in order to understand all terms of the documents. Except for the terms "**Credit Provider**" and "**Parity Debt**," capitalized terms used in the following summary are defined in the Reimbursement Agreement and reference thereto is made for full understanding of their import.*

Letter of Credit

The Letter of Credit is an irrevocable obligation of the Credit Provider. The Letter of Credit will be issued in an amount (which amount may from time to time be reduced and reinstated, the "**Stated Amount**") equal to the aggregate principal amount of the 2011A Bonds outstanding as of the Substitution Date, plus 57 days' accrued interest thereon, at the rate of 12% per annum and assuming a year of 365 days, subject to adjustment in accordance with the Letter of Credit.

The Tender Agent, upon compliance with the terms of the Letter of Credit, and subject to the last sentence of this paragraph, is authorized to draw a maximum aggregate amount not exceeding the Stated Amount, sufficient: (i) to pay accrued interest on the 2011A Bonds; (ii) to pay the principal amount of and accrued interest on the 2011A Bonds in respect of any optional redemption of the 2011A Bonds (subject to certain provisions of the Reimbursement Agreement) or Mandatory Sinking Account Redemption of the 2011A

Bonds; (iii) to pay the principal amount of and accrued interest on the 2011A Bonds delivered for purchase in accordance with the Sixteenth Supplemental Resolution (a "**Liquidity Drawing**"); and (iv) to pay the principal amount of the 2011A Bonds maturing on May 31, 2023. Any 2011A Bond deemed to have been purchased by the Credit Provider pursuant to the terms of the Reimbursement Agreement will thereupon become a 2011A Bank Bond. No drawing under the Letter of Credit may be made with respect to Bank Bonds, 2011A Bonds bearing interest at a rate other than the Weekly Interest Rate or the Daily Interest Rate, or 2011A Bonds owned by or on behalf of the City.

The amount available under the Letter of Credit will be reduced automatically by the amount of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing by the Tender Agent solely to pay interest on the 2011A Bonds on an interest payment date, the amount available under the Letter of Credit will be automatically reinstated effective at 9:00 a.m. New York time on the seventh (7th) calendar day following the date of payment by the Credit Provider of such drawing if the Tender Agent has not received notice from the Credit Provider in the form attached to the Letter of Credit by facsimile (or other communication) prior to 5:00 p.m. New York time on the sixth (6th) calendar day following the date of payment by the Credit Provider that the Credit Provider has not been reimbursed in full for such interest drawing or that any other Event of Default under the Reimbursement Agreement has occurred and, as a result thereof, the Letter of Credit will not be reinstated. With respect to a Liquidity Drawing upon a remarketing of such 2011A Bonds (or portions thereof) purchased with the proceeds of such Liquidity Drawing and upon notice to the Credit Provider by the Tender Agent in the form required by the Letter of Credit and receipt by the Credit Provider of funds, the Available Amount of the Letter of Credit will be automatically reinstated in the amount indicated in such certificate from the Tender Agent.

The Letter of Credit will terminate on the earliest of the Credit Provider's close of business on: (a) the stated expiration date (May 31, 2023, as extended from time to time); (b) the earlier of: (i) the date which is five (5) days following the date on which all of the 2011A Bonds bear interest at a rate other than the Weekly Interest Rate or the Daily Interest Rate, as such date is specified in a certificate in the form attached to the Letter of Credit (the "**Conversion Date**"); or (ii) the date on which the Credit Provider honors a drawing under the Letter of Credit on or after the Conversion Date; (c) the date on which the Credit Provider receives written notice from the Tender Agent that: (i) no 2011A Bonds remain Outstanding within the meaning of the Resolution; (ii) all drawings required to be made under the Sixteenth Supplemental Resolution and available under the Letter of Credit have been made and honored; or (iii) a letter of credit has been issued in substitution for the Letter of Credit in accordance with the terms of the Resolution; (d) the date on which a Stated Maturity Drawing is honored by the Credit Provider; and (e) the date which is fifteen (15) days following the date the Tender Agent receives a written notice from the Credit Provider specifying the occurrence of a Reimbursement Agreement Event of Default (as defined below) and directing the Tender Agent to cause a mandatory tender of the 2011A Bonds.

Reimbursement Agreement Events of Default

Pursuant to the Reimbursement Agreement, the occurrence of any of the following events will constitute an event of default thereunder (each, a "**Reimbursement Agreement Event of Default**"):

(a) the City fails to pay, or cause to be paid, as and when due any Obligation; or

(b) the City fails to pay, or cause to be paid, when due any Parity Debt; or

(c) any representation or warranty made by or on behalf of the City to the Credit Provider in the Reimbursement Agreement, a Related Document or in any certificate or statement delivered under the Reimbursement Agreement will be incorrect or untrue in any material respect when made or deemed to have been made; or

(d) any "*event of default*" under any Related Document which is not cured within any applicable cure period shall occur; or

(e) default in the due observance or performance of certain covenants set forth in the Reimbursement Agreement; or

(f) default in the due observance or performance of any other term, covenant or agreement set forth in the Reimbursement Agreement or any other Related Document and the continuance of such default for thirty (30) days after knowledge by the City or notice from the Credit Provider; or

(g) any provision of the Reimbursement Agreement or any material provision of the Related Documents will cease to be valid and binding, or a senior officer of the City or the City contests any such provision, or a senior officer of the City, or any agent or trustee on its behalf: (A) denies that it has any or further liability: (y) under the Reimbursement Agreement or any of the Related Documents to which it is a party; or (z) with respect to its obligations to pay any Parity Debt (as defined in the Reimbursement Agreement); or (B) claims that any of the Related Documents are invalid; or

(h) an Event of Insolvency will have occurred with respect to the City; or

(i) dissolution or termination of the existence of the City; or

(j) the City or any governmental agency or authority with jurisdiction over the City initiates any legal proceedings to seek an adjudication that the Reimbursement Agreement, the 2011A Bonds, or any Related Document or its obligation to pay any Parity Debt is not valid or not binding on the City; or

(k) any court of competent jurisdiction or other governmental entity with jurisdiction to rule on the validity of the Reimbursement Agreement, the 2011A Bonds or any of the Related Documents, announces, finds or rules that the Reimbursement Agreement, the 2011A Bonds or any of the Related Documents is not valid or not binding on City; or

(l) the City (i) defaults in any payment of any Debt payable from Net Operating Revenues which, individually or in the aggregate, exceeds $10,000,000 ("**Material Debt**") beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Material Debt was created; or (ii) defaults in the observance or performance of any agreement or condition relating to any Material Debt contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of any Material Debt (or a Tender Agent or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Material Debt to become due prior to its stated maturity; or (iii) any Material Debt is declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(m) (i) the withdrawal or suspension for credit-related reasons by any Rating Agency that is at the time rating any long-term unenhanced Debt of the City payable from Net Operating Revenues that is senior in right of payment to, or on a parity with, the 2011A Bonds of its long-term rating with respect to such Debt; or (ii) the downgrade by any such Rating Agency of its long-term rating with respect to any such Debt to a level below "BBB-" (or its equivalent) in the case of Fitch, "BBB-" (or its equivalent) in the case of S&P or "Baa3" (or its equivalent) in the case of Moody's; or

(n) there is appointed or designated with respect to the City or the Electric System, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there is declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it; or

(o) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service is rendered to the effect that interest on the 2011A Bonds is includable in the gross income of the holder(s) or owner(s) of such 2011A Bonds and either: (i) the City, after it has been notified by the Internal Revenue Service, will not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted; or (ii) the City challenges such ruling, assessment, notice or advice and a court of law makes a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered; or

(p) (i) default under any mortgage, agreement or other instrument under or pursuant to which Parity Debt is incurred or issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto; or (ii) the City fails to perform any other agreement, term or condition contained in any agreement under which any such obligation is created or secured which results in such Parity Debt becoming, or being capable of becoming, immediately due and payable, or, with respect to any Parity Debt that is a Swap Contract, which results in such Swap Contract being terminated early or being capable of being terminated early; or

(q) any of the funds or accounts established pursuant to the Resolution or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of the City and such stay, writ, judgment, warrant of attachment, execution or similar process is not released, vacated or stayed within fifteen (15) days after its issue or levy; or

(r) any pledge or security interest created by the Reimbursement Agreement or any Related Document to secure any amount due by the City under the Reimbursement Agreement or with respect to the 2011A Bonds fails to be fully enforceable with the priority required under the Reimbursement Agreement or thereunder; or

(s) a judgment or order for the payment of money in excess of $5,000,000 and for which insurance proceeds will not be available is rendered against the City and such judgment or order continues unstayed, unbonded or unsatisfied for a period of 60 days.

Reimbursement Agreement Remedies

Upon the occurrence of any of the above described Reimbursement Agreement Events of Default, the Credit Provider may exercise any one or more of the following rights and remedies in addition to any other remedies provided in the Reimbursement Agreement or by law provided:

(a) by notice to the City declare all Obligations to be and such amounts will thereupon become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the City; and/or

(b) give written notice to the Tender Agent with a copy to the City specifying that an Event of Default has occurred and is continuing, and that the Tender Agent is to give notice of mandatory tender of the 2011A Bonds thereby causing the Letter of Credit to expire fifteen (15) days thereafter, whereupon all amounts drawn under the Letter of Credit, all Liquidity Advances, all interest thereon and all other amounts payable under the Reimbursement Agreement or in respect of the Reimbursement Agreement will automatically be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which have been expressly waived by the City; and/or

(c) exercise any and all other rights and remedies provided in the Reimbursement Agreement or under the Related Documents; and/or

(d) pursue any other action available at law or in equity.

THE CITY

General information about the City, its location and its demographics is set forth in Appendix A.

THE PUBLIC UTILITIES DEPARTMENT

Management of the Public Utilities Department

Under the provisions of the California Constitution and Article XII of the City Charter, the City owns and operates both the electric and water utilities for its citizens. The City's Public Utilities Department (the "**Department**") exercises jurisdiction over the electric and water utilities which are owned, controlled and operated by the City. The Department is under the management and control of the City Manager, subject to the powers and duties vested in the Board and in the City Council, and is supervised by the Utilities General Manager, who is responsible for design, construction, maintenance and operation of the electric and water utilities.

Management of the Department is as follows:

Mr. Todd Corbin, Utilities General Manager, holds a Certified Public Accountant license, a Bachelor of Science in Business Administration/Accounting from Indiana University of Pennsylvania and a Master of Public Administration from California State University, San Bernardino. He joined the City in November 2018 with 28 years of California utility experience, including serving as General Manager of the Jurupa Community Services District for six years. Prior to that, he served in various management roles including Assistant General Manager of the Cucamonga Valley Water District in Rancho Cucamonga.

Mr. Todd L. Jorgenson, Utilities Assistant General Manager/Water, holds a Bachelor of Science and a Master of Science in Civil Engineering from Brigham Young University and a Master of Business Administration from California State University, San Bernardino. He has been with the City since 2004 and served in various management roles including Interim Utilities General Manager, Engineering Manager, Operations Manager and Senior Engineer. He has over 22 years of experience in the utility industry.

Mr. Daniel E. Garcia, Utilities Assistant General Manager/Resources, holds a Bachelor of Science in Business Management from Woodbury University and has over 30 years of multi-utilities experience, including water, electric and gas. He has been with the Department since 2007 and has served in various management roles including Market Operations Manager and Interim Planning Manager-Resources.

Mr. George R. Hanson, Utilities Assistant General Manager/Energy Delivery, holds a Bachelor of Science degree from University of California, Irvine and a Master of Science degree from California State University, Long Beach in Civil Engineering and is a registered Professional Engineer in the State of California. He has been with the Department since 2010 and has served in various management roles, including Engineering Manager and Electric Field Manager. He has been involved in the electric utility industry for 29 years.

Board of Public Utilities

The Board, created by Article XII, Section 1201, of the City Charter, currently consists of eight members appointed by the City Council. As set forth in Article XII, the Board, among other things, has the power and obligation to: (1) consider the annual budget for the Department during the process of its preparation and make recommendations with respect thereto to the City Council and the City Manager; (2) within the limits of the budget of the Department, authorize and award bids for the purchase of equipment, materials or supplies exceeding the sum of $50,000, and authorize the acquisition, construction, improvement, extension, enlargement, diminution or curtailment of all or any part of any public utility system, and no such purchase, acquisition, construction, improvement, extension, enlargement, diminution or curtailment may be made without such authorization; (3) within the limits of the budget of the Department, make appropriations from the

contingency reserve fund for capital expenditures directly related to the appropriate utility function; (4) require of the City Manager monthly reports of receipts and expenditures of the Department, segregated as to each separate utility, and monthly statements of the general condition of the Department and its facilities; (5) establish rates for water and electric revenue producing utilities owned, controlled, or operated by the City, but subject to the approval of the City Council; (6) approve or disapprove the appointment of the Utilities General Manager, who shall be the Department head; (7) make such reports and recommendations to the City Council regarding the Department as it deems advisable; (8) designate its own secretary; and (9) exercise such other powers and perform such other duties as may be prescribed by ordinance not inconsistent with any of the provisions of the City Charter.

The voters in the City passed Measure MM (the "**Measure**") on November 2, 2004, which became fully effective upon approval of the City Council on May 17, 2005. The Measure amended the City Charter provisions and granted the authority to award bids and authorize procurement contracts to the Board. It streamlines the process for procurement approvals by eliminating the need for City Council approval, assuming funding authority exists in the Department's budget, as adopted or amended by the City Council. Contracts that are subject to the Measure are public works, goods, and non-professional and professional services. Contracts related to property acquisitions/dispositions, power and transmission and other negotiated agreements are not affected by the Measure, and remain subject to prior approval requirements established by the City Council.

The present members of the Board and their respective terms of appointment are:

Jo Lynne Russo-Pereyra – Chair of the Board, appointed to the Board in 2017, current term expires March 1, 2021. Ms. Russo-Pereyra has over 19 years' experience in the water industry and has served as an Assistant General Manager for a local water district.

Elizabeth E. Sanchez-Monville – Vice Chair of the Board, appointed to the Board in 2016, current term expires March 1, 2022. Ms. Sanchez-Monville has over 17 years' experience in government, where she has led advocacy efforts for publicly-owned utilities in California.

David R. Austin – Appointed to the Board in 2013, current term expires March 1, 2021. Mr. Austin is retired from the City's Fire Department.

David M. Crohn – Appointed to the Board in 2016, current term expires March 1, 2020. Mr. Crohn is an Associate Professor in the Department of Environmental Sciences at a local university.

Jeanette Hernandez – Appointed to the Board in 2018, current term expires March 1, 2022. Ms. Hernandez is a legal assistant at a local county court.

Ana Miramontes – Appointed to the Board in 2019, current term expires March 1, 2020. Ms. Miramontes is a vice president for small business banking at a national bank located in the City.

Gildardo Oceguera – Appointed to the Board in 2017, current term expires March 1, 2021. Mr. Oceguera is a retired high school principal with prior experience as a teacher and high school and community college counselor.

Andrew C. Walcker – Appointed to the Board in 2013, current term expires March 1, 2021. Mr. Walcker is a Principal of a local consulting company.

The Department's administrative offices are located at 3750 University Avenue, 3rd Floor, Riverside, California 92501.

Employment Matters

Employee Relations. As of January 14, 2020, 227 City employees were assigned specifically to the Electric System. Substantially all the non-administrative City personnel assigned to the Electric System are represented by the International Brotherhood of Electrical Workers ("**IBEW**"). The City and IBEW are parties to a Memorandum of Understanding that expires on September 30, 2021. Portions of the administrative staff are represented by the Service Employees International Union ("**SEIU**"). The City and SEIU are parties to a Memorandum of Understanding that expires on June 30, 2020. While not under a memorandum of understanding, all unrepresented employees have compensation and benefit packages approved by the City Council. On December 13, 2016, the City Council approved changes for unrepresented employees through January 2021.

The Electric System has faced no strikes or other work stoppages within the last 10 years, and the City does not anticipate any in the near future.

Employee Retirement Systems. Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by Governmental Accounting Standards Board ("**GASB**") Statement No. 68 ("**GASB 68**"). GASB 68 governs the accounting treatment of defined benefit pension plans, including how expenses and liabilities are calculated and reported by state and local government employers in their financial statements. GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer's balance sheet; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer's actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the City's accounting and reporting requirements, but it does not change the City's pension plan funding obligations.

Retirement benefits to City employees, including those assigned to the Electric System, are provided through the City's participation in the Public Employees Retirement System of California ("**CalPERS**"), an agency, multiple-employer, public employee retirement system that acts as a common investment and administrative agency for participating public entities within the State. CalPERS issues a separate, publicly available financial report that includes financial statements and required supplemental information of participating public entities within the State.

The City has a multiple tier retirement plan with benefits varying by plan. All permanent full-time and selected part-time employees are eligible for participation in CalPERS. Benefits vest after five years of service and are determined by a formula that considers the employee's age, years of service and salary. All of the bargaining units included in the Miscellaneous CalPERS Plan, including Management, SEIU and IBEW employees of the Electric System and the City's water utility, agreed to change the calculation of the CalPERS retirement benefit for new employees from an amount derived from the highest year of salary to an amount derived from the average of the highest three years of salary, which addressed concerns associated with salary increases in the year immediately prior to retirement. This change was effective for employees hired on or after December 9, 2011.

Under the current plan, the City pays the employees' contribution to CalPERS for employees hired on or before specific dates as follows:

- 1st Tier -
    - The retirement formula is 2.7% at age 55 for unrepresented employees hired before October 19, 2011. Effective January 1, 2018, the employees are required to pay 2% of the employee contribution of their pensionable income, with the City contributing

the other 6%. Effective January 1, 2019, employees are required to pay an additional portion of their pensionable income. This portion increases over three years by 2% in 2019, 2% in 2020 and 2% in 2021. By 2021, employees will be contributing the entire 8% of their pensionable income.

- The retirement formula is 2.7% at age 55 for SEIU employees hired before June 7, 2011. The employees are required to pay 6% of their pensionable income, with the City contributing the other 2%. Effective January 1, 2019, employees are required to pay an additional portion of their pensionable income. This portion increases over two years by 1% in 2019 and 1% in 2020. By 2020, employees will be contributing the entire 8% of their pensionable income.

- The retirement formula is 2.7% at age 55 for IBEW employees hired before October 19, 2011. Effective November 1, 2017 employees are required to contribute 2% of their total pensionable income, with the City paying the remaining 6%. Effective November 1, 2018, employees are required to pay an additional portion of their pensionable income. This portion increases over three years by 2% in 2018, 2% in 2019 and 2% in 2020. By 2020, employees will be contributing the entire 8% of their pensionable income.

- 2nd Tier - The retirement formula is 2.7% at age 55, and:

  - SEIU employees hired on or after June 7, 2011 pay their share (8%) of contributions.

  - All other Miscellaneous Plan employees hired on or after October 19, 2011 pay their share (8%) of contributions.

- 3rd Tier - The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the employee share ranging from 7% to 8% based on bargaining group classification. Classic members (employees who were CalPERS members prior to December 31, 2012) hired on or after January 1, 2013 may be placed in a different tier.

City employees who were hired on and after January 1, 2013 and who were not previously CalPERS members receive benefits based on a 2% at age 62 formula; such employees are required to make the full amount of required employee contributions themselves under the California Public Employees' Pension Reform Act of 2013 ("**AB 340**"), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier: the 2% at age 62 formula, with a maximum benefit formula of 2.5% at age 67. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36 month period. Employees are required to pay at least 50% of the total normal cost rate. AB 340 also caps pensionable income for 2020 as noted below. Amounts are set annually, subject to Consumer Price Index increases, and retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

PENSIONABLE INCOME CAPS FOR CALENDAR YEAR 2019
(AB 340 AND NON-AB 340 EMPLOYEES)

	Employees Hired Before January 1, 2013 (Non-AB 340 Employees)	***Employees Hired On and After January 1, 2013 (AB 340 Employees)***
Maximum Pensionable Income	$280,000	$149,016
Maximum Pensionable Income if also Participating in Social Security	N/A	$124,180

Source: City.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of AB 340 are expected to reduce the City's unfunded pension lability and potentially reduce City contribution levels in the long term.

CalPERS estimates savings for local agency plans as a result of AB 340 of approximately $1.653 billion to $2.355 billion over the 30-year period after its adoption, primarily due to increased employee contributions and, as the workforce turns over, lower benefit formulas that will gradually reduce normal costs. Savings specific to the City have not been quantified.

The City is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. Required employer normal cost rates for fiscal year 2018-19 were 12.314% for the 1st Tier benefit level, 12.314% for the 2nd Tier benefit level and 12.314% for the 3rd Tier benefit level, and the required employer payment of the unfunded accrued liability was $19,422,351. Required employer normal cost rates for fiscal year 2019-20 are 12.866% for the 1st Tier benefit level, 12.866% for the 2nd Tier benefit level and 12.866% for the 3rd Tier benefit level, and the required employer payment of the unfunded accrued liability is $22,752,102.

Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The total minimum required employer contribution is the sum of the plan's employer normal cost rate (expressed as a percentage of payroll) plus the employer unfunded accrued liability contribution amount (billed monthly). The normal cost rate is the annual cost of service accrual for the upcoming fiscal year of active employees.

The City's Miscellaneous plan had a total net pension liability of approximately $339.89 million for fiscal year 2017-18 and approximately $278.60 million for fiscal year 2018-19. The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts.

For fiscal year 2018-19, the City incurred Miscellaneous plan pension expenses of $0, with a credit of $4,365,000 due to changes in actuarial assumptions resulting from GASB 68. The City's Miscellaneous plan contributions for fiscal years 2017-18 and 2018-19 were $29,948,000 and $34,486,000, respectively. The City currently expects its annual required contribution for the Miscellaneous plan's unfunded accrued liability in fiscal year 2019-20 to be approximately $21,970,000. The share of such contributions which is attributable to the Electric System is expected to be approximately 31% for fiscal year 2019-20.

In addition, the Electric System is obligated to pay its share of the City's pension obligation bonds, which the City issued in 2005 and of which the City refinanced a portion in May 2017 (the "**Pension Obligation Bonds**"). The Electric System's total proportional share of the outstanding principal amount of the Pension Obligation Bonds was $8.4 million as of June 30, 2019. That share will amortize based on the amortization

schedule of the Pension Obligation Bonds (which extends to 2027). See also Note 4 to the audited financial statements of the Electric System attached as Appendix B to this Official Statement for further information.

A summary of principal assumptions and methods used to determine the total pension liability for fiscal year 2018-19 is shown below.

ACTUARIAL ASSUMPTIONS FOR CALPERS MISCELLANEOUS PENSION PLAN

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes projected inflation rate of 2.75%
Mortality Rate Table[(1)]	Derived using CalPERS' membership data for all funds

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

Source: City.

On December 21, 2016, the CalPERS Board of Directors voted to lower its discount rate from the current rate of 7.50% to 7.00%. Effective with its June 2017 Comprehensive Annual Financial Report, CalPERS reduced its discount rate to 7.15% and its investment rate of return to 7.15%. The discount rate for Fiscal Year 2020 is 7.00%.

For public agencies such as the City, the new discount rate took effect July 1, 2017. Lowering the discount rate means that employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 will also see their contribution rates rise under AB 340. The reduction of the discount rate will result in average employer rate increases of approximately 1% to 3% of normal cost as a percentage of payroll for most Miscellaneous retirement plans such as the City's plan. Additionally, employers such as the City could face a 30% to 40% increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring pension funds to a fully funded status over the long-term.

Portions of the above information are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

Changes in the net pension liability for the City's Miscellaneous plan in the most recent Fiscal Year for which information is available were as follows:

CHANGES IN CALPERS MISCELLANEOUS PENSION PLAN NET PENSION LIABILITY
(Dollars in Thousands)

	Increase / (Decrease)		
	Total Pension Liability	***Plan Fiduciary Net Position***[(1)]	***Net Pension Liability / (Asset)***
Balance at June 30, 2017	$ 1,371,914	$ 1,032,027	$ 339,887
Balance at June 30, 2018	1,368,453	1,089,855	278,597
Net Changes for period from July 1, 2017 through June 30, 2018	$ (3,461)	$ 57,828	$ (61,290)

Source: City.

The table below presents the net pension liability of the City's Miscellaneous plan, calculated using the discount rate applicable to fiscal year 2018-19 (7.15%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

SENSITIVITY OF CALPERS MISCELLANEOUS PENSION PLAN NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE
(Dollars in Thousands)

	Discount Rate – 1% (6.15%)	***Current Discount Rate (7.15%)***	***Discount Rate + 1% (8.15%)***
Plan's Net Pension Liability/(Asset)	$464,887	$278,597	$125,412

Source: City.

CalPERS earnings reports for fiscal years 2009-10 through 2018-19 report investment gains of approximately 13.0%, 21.7%, 1.0%, 12.5%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6% and 6.7%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

The City does not currently expect unusual increases in CalPERS contributions or other labor costs in the future. However, no assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of pension benefits will have a material adverse effect on the ability of the City to pay the 2020A Bonds.

For additional information relating to the City's CalPERS Miscellaneous pension plan, see Note 14 to the City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019, which may be obtained on the City's website at https://www.riversideca.gov/finance/cafr/. *This Internet address is included for reference only, and the information on this Internet website is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on this Internet website*.

Other Post-Employment Benefits. The Electric System contributes to two single-employer defined benefit healthcare plans: the Stipend Plan and the Implied Subsidy Plan. These plans provide other post-employment health care benefits ("**OPEB**") for eligible retirees and beneficiaries.

The Stipend Plan is available to eligible IBEW retirees and beneficiaries pursuant to their collective bargaining agreement. Benefit provisions for the Stipend Plan are established and amended through the memorandum of understanding with IBEW as approved by the City Council, which currently provides for the Electric System to make contributions on a pay-as-you-as-go basis. The union establishes the benefits paid to retirees, and the City is not required by law or contractual agreement to provide funding for the plan other than as specified in the memorandum of understanding, which currently provides for a contribution of $100 per month per active IBEW employee.

The Implied Subsidy Plan allows retirees and current employees to be insured together as a group and allows a lower rate for retirees than if they were insured separately. Upon retirement, retirees pay the full amount of applicable premiums; however, they participate in the Electric System's healthcare plans and, as such, an implicit subsidy exists. The Electric System's contributions to the Implied Subsidy Plan are established by the City Council. The Electric System is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefits to eligible retirees and beneficiaries.

Effective for the fiscal year ended June 30, 2018, GASB issued its Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("**GASB 75**"). GASB 75 requires a net OPEB liability to be reported on the balance sheet of the financial statements, similar to the net pension liability. GASB 75 requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. For the fiscal years ended June 30, 2019 and 2018, the OPEB expense recorded for the Electric System was approximately $645,000 and $697,000, respectively. The Electric System's net OPEB liability as of June 30, 2019 and 2018 was $8,572,000 and $8,283,000, respectively.

Changes in the net liability for the City's post-employment benefit plan were as follows.

CHANGES IN OPEB PLAN LIABILITY
(Dollars in Thousands)

	Increase / (Decrease)		
	Total Post-Employment Benefit Plan Liability	***Plan Fiduciary Net Position***	***Net Post-Employment Benefit Plan Liability / (Asset)***
Balance at June 30, 2017	$36,786	$0	$36,786
Balance at June 30, 2018	38,338	0	38,338
Net Changes for period from July 1, 2017 through June 30, 2018	$ 1,552	$0	$ 1,552

Source: City.

The following table presents the net liability of the City's OPEB plan, calculated using the discount rate applicable to fiscal year 2018-19 (3.50%), as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

SENSITIVITY OF OPEB PLAN NET LIABILITY TO CHANGES IN THE DISCOUNT RATE

	Discount Rate – 1% (2.50%)	***Current Discount Rate (3.50%)***	***Discount Rate + 1% (4.50%)***
Plan's Net Liability/(Asset)	$41,534	$38,338	$35,431

Source: City.

The City does not currently expect unusual increases in OPEB funding expenses in the future. However, future changes in funding policies and assumptions, including those related to assumed rates of investment return and healthcare cost inflation, could trigger increases in the City's annual required contributions, and such increases could be material to the finances of the City. No assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of OPEB will have a material adverse effect on the ability of the City to pay the 2020A Bonds.

For additional information relating to the City's OPEB plan, see Note 13 to the City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019, which may be obtained on the City's website at https://www.riversideca.gov/finance/cafr/. *This Internet address is included for reference only, and the information on this Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on this Internet site.*

Investment Policy and Controls

Unexpended revenues from the operation of the Electric System, including amounts held in the Electric Revenue Fund prior to expenditure as described in this Official Statement, are invested under the direction of the City Treasurer, who is charged to pursue the primary objective of safety, and, thereafter, the objectives of liquidity and yield. The City's investment portfolio is managed to provide the necessary liquidity to fund daily operations. Cash flow is continually reviewed, and the City manages 100% of its own funds.

The management and accounting functions of the City's investment portfolio are separated. The City Treasurer renders a quarterly report of investment activity to the City Manager and City Council.

The City's portfolio is currently comprised of fixed rate United States Government Agency Bonds, federal agency securities, corporate notes that are rated at least "A", certificates of deposit and money market funds, including the State of California Local Agency Investment Fund. The City entered into certain interest rate swap agreements in connection with previously issued Bonds. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2020A BONDS—Subordinate Obligations."

The City's investment policy requires the investment of City funds to be made in accordance with Section 53600 *et seq*. of the California Government Code and the City's Investment Policy approved by the City Council on December 15, 2015. In the past, in connection with its budget-adoption process, the City Council has annually delegated authority to the City's Treasurer for responsibility over investments. See Note 2 to the audited financial statements of the Electric System attached as Appendix B and Note 3 to the City's basic financial statements in the City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019, which may be obtained on the City's website at https://www.riversideca.gov/finance/cafr. *This Internet address is included for reference only, and the information on this Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on this Internet site.*

THE ELECTRIC SYSTEM

General

The Electric System operates as a vertically integrated utility providing service to virtually all electric consumers within the city limits of the City, which encompasses 81.5 square miles. The Electric System provides service throughout the City to domestic, commercial, industrial, agricultural, municipal and other customers. In fiscal year 2018-19, the number of metered customers of the Electric System was 110,480.

Power Supply

The Electric System's power supply requirements are met through:

(i) the City's Springs Generating Project, RERC Units 1, 2, 3 and 4 and Clearwater (see the caption "—City-Owned Generating Facilities");

(ii) entitlements in the IPP Generating Station, the Hoover Power Plant and, through the City's participation in SCPPA, PVNGS (see the caption "—Entitlements");

(iii) long-term power purchase agreements for renewable energy (see the caption "—Renewable Resources");

(iv) purchases of firm energy from various western utilities when it is available at an economical price or when needed to satisfy periods of peak demand (see the caption "—Firm Contracts and Market Purchases"); and

(v) energy purchases through the CAISO centralized markets (see the caption "—Firm Contracts and Market Purchases").

For fiscal year 2018-19, the overall average net cost of generation and transmission was 8.4 cents per kilowatt-hour ("**kWh**").

During fiscal year 2018-19, the Electric System generated and purchased a total of 2,261,700 megawatt hours ("**mWh**s") of electricity for delivery to customers throughout the City. The following table sets forth the amounts in MWh and percentages of electricity obtained by the City during fiscal year 2018-19.

TABLE 3
ANNUAL ELECTRICITY SUPPLY[(1)]
FISCAL YEAR 2018-19

Resources	***MWh***	***Percentage***
Renewable Resources	835,500	37%
Firm Contracts and Market Purchases	511,500	23
IPP Generating Station	677,900	30
Springs, RERC and Clearwater	108,000	5
PVNGS	100,200	4
Hoover Power Plant	28,600	1
Total	2,261,700	100%

(1) Includes native load, losses and wholesale power sales.
Source: City.

The system peak for the fiscal year ended June 30, 2019 of 610.9 megawatts ("**MWs**") was set on July 24, 2018. The following table sets forth, in MWh of electricity, the total purchases of power and Electric System peak demand during the periods shown.

TABLE 4
TOTAL ENERGY GENERATED AND PURCHASED AND PEAK DEMAND

	Fiscal Year Ended June 30,				
	2015	***2016***	***2017***	***2018***	***2019***
From City's Own Generation (MWh) ...	65,000	76,400	119,000	122,700	108,200
From Other Sources (MWh).....	2,252,100	2,251,000	2,190,500	2,182,500	2,153,500
System Total (MWh)[(1)]	2,317,100	2,327,400	2,309,500	2,305,200	2,261,700
System Peak Demand (MW)	604.4[(2)]	598.6	581.7	640.3[(2)]	610.9
System Native Load (MWh).....	2,165,000	2,169,000	2,197,000	2,195,000	2,150,000

(1) Before system losses.
(2) Increase primarily due to warmer weather patterns.
Source: City.

City-Owned Generating Facilities

City-owned generating facilities include the City's Springs Generating Project, RERC Units 1, 2, 3 and 4 and Clearwater.

Springs Generating Project. The Springs Generating Project (which began commercial operations in 2002) consists of four natural gas, simple cycle turbine generators, each with a capacity of 10 MW (for a total of 40 MW). The Springs Generating Project is used primarily to serve the Electric System's native load during periods of super peak power demand in the City. These facilities are also available to be used if normal operations of the Electric System are disrupted and will provide essential emergency services within the City, such as hospital care, traffic control and police and fire dispatching.

RERC Units 1, 2, 3 and 4. RERC Units 1 and 2 are natural gas-fired, simple-cycle plants located in the City, consisting of two General Electric LM 6000 SPRINT combustion turbines, nominally rated at 49 MW each (net power at site conditions) and related sub-transmission lines. The construction of the units was completed in June 2006. The units have a combined operating capacity of 98 MW with emission levels that allow for approximately 1,200 hours of run time per unit, per year. RERC Units 3 and 4 are of the same make, model and operating characteristics as RERC Units 1 and 2 and achieved commercial operation on April 1, 2011. RERC Units 3 and 4 have a combined operating capacity of 98 MW with emission levels that allow for approximately 150 hours of run time per unit, per month. All four RERC Units serve the Electric System's native load when economically feasible or during periods of peak power demand in the City, enhance reliability and service delivery to customers and provide energy and ancillary services in the CAISO markets. See the caption "—California Independent System Operator."

Clearwater. Clearwater consists of a single, General Electric LM 2500 combustion turbine generator operating in combined cycle with one RENTECH heat recovery steam generator and one SHIN NIPPON steam turbine generator. The gross plant output of Clearwater is 29.5 MW. The City acquired Clearwater from the City of Corona, California, effective September 1, 2010. Clearwater has been included in the City's resource portfolio and the necessary air quality permits to operate Clearwater up to a baseload configuration are in place. Clearwater is also utilized by the City to meet the local resource adequacy requirements of the CAISO. See the caption "—California Independent System Operator."

Decommissioning of SONGS. The City has a 1.79% undivided ownership interest in Units 2 and 3 of San Onofre Nuclear Generating Station ("**SONGS**"); however, on June 7, 2013, Southern California Edison Company ("**SCE**"), as principal owner and operating agent, announced its plan to retire Units 2 and 3 of SONGS permanently, triggering the start of decommissioning. Consequently, SONGS is no longer a power resource for the Electric System. The process of decommissioning the nuclear power plant is expected to take many years

and is governed by Nuclear Regulatory Commission (the "**NRC**") regulations. According to the 2017 Decommissioning Cost Estimate provided by SCE, the total decommissioning costs for Units 2 and 3 are estimated at $4.7 billion, of which the Electric System's Share is approximately $84 million. The Electric System has established trust accounts and an unrestricted designated decommissioning reserve to accumulate resources for the decommissioning process. As of June 30, 2019, the Electric System has paid $27.1 million for its share of the decommissioning costs from the trust accounts. The remaining estimated costs of $60.6 million are expected to be fully covered by the trust accounts and the unrestricted designated decommissioning reserve, which at June 30, 2019, had values of $55.5 million and $9 million, respectively; however, due to the uncertainty of future unknown costs, the Electric System will continue to set aside funds in the unrestricted designated decommissioning reserve of $1.6 million annually, as approved by the Board and City Council. On October 1, 2018, the City applied $11,005,000 received in settlements and refunds in connection with the decommissioning of SONGS to the defeasance of a portion the City's then-outstanding Electric Revenue Bonds, Issue of 2008D in the same amount.

Fuel Supply/Procurement. The City's RERC, Springs and Clearwater generating plants are fueled by natural gas. The City procures natural gas from credit-approved counterparties for its natural gas generation plants on a monthly and daily basis. Historically, the summer months have been the City's primary focus for natural gas procurement as the City has reliability requirements to run internal generation during high load days. Additionally, natural gas procurement is needed when it is determined to be more economical to run internal generation than to buy from the CAISO energy markets. Finally, natural gas procurement is needed to meet resource adequacy obligations and to meet the reliability needs of the City during line outages or system emergencies that occur.

Entitlements

IPP Generating Station. The City has a 7.617% (approximately 137.1 MW) entitlement in the coal-fired IPP Generating Station Units 1 and 2 located near Lynndyl, Utah, which were declared to be commercially operational in June 1986 and May 1987, respectively. The City has entered into a power sales agreement with the IPA, as the owner of IPP, which obligates the City to purchase its share of capacity and energy of IPP on a take-or-pay basis (the "**IPP Contract**"). The IPP Contract expires in 2027. See the caption "—Joint Powers Agency Obligations."

IPP consists of: (a) two coal-fired, steam-electric generating units with net ratings of 900 MW each and a switchyard located near Lynndyl, Utah; (b) a rail car service center located in Springville, Utah; (c) certain water rights; and (d) certain transmission facilities consisting primarily of the Southern Transmission System (the "**STS**"). See the caption "Transmission and Distribution Facilities—Southern Transmission System."

There are 35 utilities that purchase the output of IPP, consisting of the City, and the California cities of Los Angeles, Anaheim, Burbank, Glendale and Pasadena, 23 members of the IPA and six rural electric cooperatives serving loads in the States of Utah, Arizona, Colorado, Nevada and Wyoming. IPP is operated by the City of Los Angeles, through its Department of Water and Power ("**LADWP**").

The IPP Generating Station's annual coal requirement is approximately 3.6 million tons. LADWP, in its role as the operating agent of IPP, buys coal under contracts to fulfill this supply requirement of the IPP. Coal is purchased under a portfolio of fixed price contracts that are of short and long-term in duration. LADWP has reported that from now through 2021, coal presently under contract is sufficient, with the exercise of available options, to meet IPP's annual coal requirements, with lesser amounts of coal under contract thereafter through 2024. IPA attempts to maintain a coal stockpile at IPP that is sufficient to operate the plant at current plant capacity factors for about 60 days in the event of a disruption in coal supply.

Transportation of coal to IPP is provided to IPA primarily by rail under its agreements with the Utah Railway and Union Pacific Railroad companies, and the coal is transported primarily in IPA-owned railcars. Coal can also be transported, to some extent, in commercial trucks.

Under Senate Bill 1368, the City is precluded from renewing the IPP Contract at the end of its term in June 2027. See the captions "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—State Legislation Affecting the Power Supply—Senate Bill 1368 – Emission Performance Standard" and "—Electric System Strategic Plan—Power Resource Portfolio Management."

In order to facilitate continued participation in IPP, the IPA Board of Directors issued the Second Amendatory Power Sales Contract, which amended the IPP Contract to allow the plant to replace the coal units with combined cycle natural gas units by July 1, 2025. IPA and purchasers representing 100% of IPA's generation entitlement share completed and executed the Renewal Power Sales Contract, which will allow such participants to continue taking power from IPP, fueled initially by natural gas, for the period from 2027 through 2077. After extensive discussions among IPA and the IPP participants, it was determined that the participants' demand would not support the current design capacity of the currently, contractually obligated repowering plan (the "**IPP Repower Project**") of 1,200 MWs. As a result, the IPP Coordinating Committee, the IPP Renewal Contract Coordinating Committee and the IPA Board of Directors concluded that it was in the best interest of the participants to downsize the future IPP Repower Project from 1,200 MW to 840 MW, and to redesign the power block. Such reduction in megawatts and the change in configuration would be considered an "Alternative Repowering" under the Second Amendatory Power Sales Contract. On September 11, 2018, the City Council approved an "Alternative Repowering" for IPP and the amendments to the Second Amendatory Power Sales Contract and the Renewal Power Sales Contract. The City's entitlement share in the Alternative Repowering Project is 4.167% (35 MW).

Under provisions of the Renewal Power Sales Contract, certain California participants, including the City, had the right to exit completely from the IPP Repower Project or any Alternative Repowering by providing a written notice of termination to IPA at least 90 days prior to November 1, 2019. On May 7, 2019, the City Council authorized termination of the Renewal Power Sales Contract between the IPA and the Electric Utility effective November 1, 2019 and the Electric Utility's exit from the IPP Repower Project upon the expiration date of the current Power Sales Contract on June 15, 2027.

Hoover Power Plant. The Hoover Power Plant is located on the Arizona-Nevada border approximately 25 miles east of Las Vegas, Nevada, and is owned and operated by the U.S. Department of the Interior's Bureau of Reclamation (the "**Bureau**"). The power from the project is marketed by the Western Area Power Administration ("**Western**").

Modern insulation technology has made it possible to "uprate" (i.e., improve the power output of) the nameplate capacity of existing generators. The Hoover Uprating Project consisted principally of the uprating of the capacity of the 17 existing generating units at the hydroelectric power plant of the Hoover Dam. The City along with the cities of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Pasadena and Vernon obtained entitlements totaling 127 MW of capacity and approximately 143,000 MWh of allocated energy annually from the Hoover Uprating Project. In 1987, to reflect these entitlements, these cities entered into contracts with the Bureau providing for the advancement of funds for the uprating and with Western for the purchase of power from the Hoover Uprating Project. Subsequently, the City and the cities of Anaheim, Azusa, Banning, Burbank and Colton (the "**Hoover Participants**") entered into assignment agreements with SCPPA to assign their entitlements in return for SCPPA's agreement to provide funds to the Bureau to pay for the Hoover Participants' share of the Hoover Uprating Project costs. The City obtained a 31.9% (30 MW) entitlement interest in SCPPA's approximately 94 MW interest in the total capacity and allocated energy of Hoover Dam. The City executed a power sales contract with SCPPA under which the City agreed to make monthly payments on a take-or-pay basis in exchange for its entitlement of SCPPA's proportionate share of capacity and allocated energy. The Hoover Uprating Project was completed in 1993. The City's entitlement in the Hoover project through SCPPA terminated on September 30, 2017. From and after October 1, 2017, SCPPA had no bonds outstanding with respect to the Hoover Uprating Project.

The City renegotiated and executed new agreements with the Bureau and Western which became effective on October 1, 2017 and expire on September 30, 2067. The City's entitlement is approximately 30

MW (1.461% of the total project); however due to low lake levels resulting from prolonged drought conditions, the City's available capacity entitlement has been reduced to approximately 23.5 MW as of June 30, 2019.

PVNGS. The City has a 5.4% (12 MW) entitlement interest in SCPPA's 5.91% ownership interest in PVNGS, including certain associated facilities and contractual rights, 5.44% ownership in the Arizona Nuclear Power Project High Voltage Switchyard and associated contractual rights and 6.55% share of the rights to use certain portions of the Arizona Nuclear Power Project Valley Transmission System. The City has entered into a power sales agreement with SCPPA that obligates the City to purchase its share of capacity and energy on a take-or-pay basis.

PVNGS consists of three nearly identical nuclear electric generating units located on an approximately 4,000-acre site about 50 miles west of Phoenix, Arizona. Units 1, 2 and 3 (each designed for a 40-year life) achieved firm operation on January 27, 1986, September 18, 1986, and January 19, 1988, respectively.

Units 1, 2 and 3 each operate under a 40-year Full-Power Operating License from the NRC. The Full-Power Operating Licenses for Units 1, 2 and 3 expire in 2025, 2026 and 2027, respectively. In April 2011, the NRC approved 20-year license extensions for all three units, allowing the three units to extend operations until 2045, 2046 and 2047, respectively. SCPPA has informed the City that all other permits, licenses and approvals necessary to operate PVNGS have been secured. Arizona Public Service Company ("**APS**") is the Construction Manager and Operating Agent of PVNGS and the Westwing 500 kilovolt ("**kV**") Switchyard. The high-voltage switchyard portion of the PVNGS was constructed, and is being managed, by Salt River Project Agricultural Improvement and Power District.

The co-owners of PVNGS have created external accounts for the decommissioning of PVNGS at the end of its life. SCPPA's records indicate that the aggregate balance of the external accounts for decommissioning was approximately $181.4 million at June 30, 2019. Based on the most recent 2016 estimate of decommissioning costs prepared by TLG Engineering, SCPPA has advised the City that it estimates that the City's share of the amount required for decommissioning of PVNGS is overfunded. No assurance can be given, however, that such amount will be sufficient to fully fund SCPPA's share of decommissioning costs at license expiration and commencement of decommissioning activities. SCPPA has advised the City that it anticipates receiving a new estimate of decommissioning costs every three years. The next study is scheduled to begin in April 2020.

APS currently stores spent nuclear fuel in on-site pools near the generating units. The pools have reached capacity, and additional on-site spent fuel storage has been used until a permanent repository for high-level nuclear waste developed by the federal government becomes available. The additional onsite spent fuel storage has been provided by an independent spent fuel storage installation. The installation uses dry cask storage similar to that being used at other nuclear plants, such as SONGS, and is designed to accept all spent fuel generated by PVNGS during its lifetime. As of June 30, 2019, over 152 casks, each containing 24 spent fuel assemblies, have been put into storage using the installation.

APS ships all of its low-level radioactive waste to available disposal sites in Utah and South Carolina. In August 1995, a storage facility for low-level radioactive materials was opened at PVNGS to allow temporary on-site storage in case the disposal sites are not available. APS estimates that the storage facility has sufficient storage capacity to store all low-level radioactive waste produced at PVNGS until the end of operations. This on-site storage facility remains fully available.

For information about certain seismic risks relating to PVNGS, see the caption "RISK FACTORS—Casualty Risk."

Renewable Resources

In an effort to increase the share of renewable energy sources in the City's power portfolio, the City entered into power purchase agreements (each, a "**PPA**") with various entities described below on primarily a "take-and-pay" basis.

For a discussion of State law relating to renewable portfolio standards, the adoption of a plan by the City with respect to such standards and the City's compliance with its plan, see the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—State Legislation Affecting the Power Supply."

TABLE 5
LONG-TERM RENEWABLE PPAS IN OPERATION

Supplier	***Type***	***Maximum Contract Amount***[(1)]	***Contract Expiration***
Salton Sea Power LLC	Geothermal	46.0 MW	05/31/2020
CalEnergy – Salton Sea Portfolio	Geothermal	40.0 MW[(2)]	12/31/2039
WKN Wagner	Wind	6.0 MW	12/22/2032
SunEdison - AP North Lake	Photovoltaic	20.0 MW	08/11/2040
Dominion Columbia II	Photovoltaic	11.1 MW	12/22/2034
GlidePath Power Solutions – GPS Cabazon Wind LLC	Wind	39.0 MW	01/01/2025
Capital Dynamics – Kingbird Solar B, LLC	Photovoltaic	14.0 MW	12/31/2036
sPower			
Summer Solar	Photovoltaic	10.0 MW	12/31/2041
Antelope Big Sky Ranch	Photovoltaic	10.0 MW	12/31/2041
Antelope DSR 1 Solar	Photovoltaic	25.0 MW	12/19/2036
Capital Dynamics – Tequesquite Landfill Solar	Photovoltaic	7.3 MW	12/31/2040
American Renewable Power – Loyalton	Biomass	0.8 MW	04/19/2023
Total		229.2 MW	

(1) All contracts are contingent on energy delivered from specific related generating facilities. The City has no commitment to pay any amounts except for energy delivered on a monthly basis from these facilities except for any economic curtailments directed by the City.

(2) Increases to 86 MW in 2020. See the subcaption "—Salton Sea."

Source: City.

Salton Sea. On May 20, 2003, the City and Salton Sea Power LLC ("**Salton Sea**") entered into a ten-year PPA for 20 MW of geothermal energy (the "**Salton Sea PPA**"). On August 23, 2005, the City Council approved an amendment to the PPA that increases the amount of renewable energy available to the City from 20 MW to 46 MW effective June 1, 2009 through May 31, 2020.

On May 14, 2013, the City Council approved a new 25-year PPA with CalEnergy, the parent of Salton Sea, for additional renewable geothermal power (the "**CalEnergy PPA**"). Under the CalEnergy PPA, power is provided from a portfolio of ten geothermal generating units instead of a single generating unit, with deliveries totaling 40 MW in 2019 and 86 MW in 2020. The initial price under the agreement was $72.85 per MWh in calendar year 2016, which will escalate at 1.5% annually for the remaining term of the agreement.

Concurrently, the pricing under the Salton Sea PPA has been amended to conform to the pricing under the CalEnergy PPA through the remaining term of the Salton Sea PPA. The pricing under the Salton Sea PPA increased by approximately $7.57 per MWh, commencing July 1, 2013, to $69.66 per MWh, with an escalation of 1.5% annually thereafter. In exchange for increased payments under the Salton Sea PPA, the City received a significantly discounted price under the CalEnergy PPA. The cost increase under the Salton Sea PPA is approximately $2.5 million per year for the agreement's remaining term. Such increase in price through fiscal

year 2017-18 was recorded in the City's Statements of Net Position as unamortized purchased power in the amount of $11.1 million, to be amortized over the term of the CalEnergy PPA.

WKN Wagner. On December 20, 2012, the City entered into a 20-year PPA with WKN Wagner, LLC ("**WKN**") for up to 6 MW of capacity and approximately 21,000 MWh of associated renewable wind energy per year and renewable energy credits from the WKN Wagner wind project in Palm Springs, California at a levelized cost of $73 per MWh.

SunEdison - AP North Lake. On October 16, 2012, the City entered into a 25-year PPA with AP North Lake, LLC ("**AP North**") for 20 MW of capacity and approximately 55,000 MWh of associated renewable solar photovoltaic energy per year generated by a new facility located in the City of Hemet, California at a levelized cost of $95 per MWh for the term of the PPA. The AP North project became fully operational in August 2015.

Dominion Columbia II. On September 19, 2013, the City entered into two 20-year power sale agreements (each, a "**PSA**") with SCPPA for a combined 26 MW of solar photovoltaic energy generated by two facilities to be built by Recurrent Energy in Kern County, California. The two projects which were initially intended to be developed are referred to as the Clearwater and Columbia II Solar Photovoltaic Projects, with a nameplate capacity of 20 MW and 15 MW, respectively. Unanticipated permitting challenges for Clearwater stalled and eventually terminated construction plans for the facility in 2014. As a result, the City received liquidated damages in the amount of $1.3 million from the Clearwater project in fiscal year 2015-16. The liquidated damages were reported as other non-operating revenues on the City's Statement of Revenues, Expenses and Changes in Net Position. On March 14, 2014, a Consent and Agreement was entered into by SCPPA consenting to the transfer of ownership of the Columbia II project from Recurrent Energy to Dominion Resources. The Columbia II project achieved commercial operation in December 2014. The City has a 74.29% share (11.1 MW) of the output from the Columbia II project through SCPPA, which has a 15 MW PPA with Dominion Resources. The City's share of Columbia II is approximately 33,000 MWh of renewable energy per year with an all-in price for energy, capacity and environmental attributes of $69.98 per MWh over the term of the agreements.

GlidePath Power Solutions – GPS Cabazon Wind LLC. On December 6, 2013, the City and FPL Energy Cabazon Wind, LLC ("**Cabazon Wind**") entered into a 10-year PPA for 39 MW of capacity and approximately 71,200 MWh of associated renewable wind energy per year with an all-in price for energy, capacity and environmental attributes of $59.30 per MWh over the term of the agreement from the Cabazon Wind Energy Center near Cabazon, California. Cabazon Wind is an existing renewable resource that has been in commercial operation since 1999. Delivery under the PPA commenced on January 1, 2015. In 2018, after it was acquired by GlidePath Power Solutions, FPL Energy Cabazon Wind, LLC changed its name to GPS Cabazon Wind, LLC.

Capital Dynamics – Kingbird Solar B, LLC. On September 19, 2013, the City entered into a 20-year PSA with SCPPA for 14 MW of solar photovoltaic energy generated by a facility to be built by First Solar in Kern County, California. The project is referred to as the Kingbird B Solar Photovoltaic Project, with a nameplate capacity of 20 MW. The City has a 70% share of the output from the project through SCPPA, which has a 20 MW PPA with Kingbird Solar B, LLC, which was acquired by Capital Dynamics in 2018. The project became commercially operational on April 30, 2016. The City's share from the project is approximately 35,000 MWh of renewable energy per year with an all-in price for energy, capacity and environmental attributes of $68.75 per MWh over the term of the agreement.

sPower – Summer Solar, Antelope Big Sky Ranch and DSR 1 Solar. On January 17, 2013, the City entered into two 25-year PSAs with SCPPA for a combined total of 20 MW of solar photovoltaic energy generated by two facilities to be built in the City of Lancaster by Silverado Power, which later changed its name to sPower after a series of ownership changes. The two projects are referred to as Antelope Big Sky Ranch and Summer Solar, and each is rated at 20 MW. The City has a 50% share of the output from each project through SCPPA, who has two 20 MW PPAs with sPower. The projects became commercially operational on August 19,

2016 and July 25, 2016, respectively. The City's share from the two projects is approximately 55,000 MWh of renewable energy per year. The price under the agreements is $71.25 per MWh over the term of the agreements.

On July 16, 2015, the City entered into a 20-year PSA with SCPPA for 25 MW of capacity and approximately 71,000 MWh of renewable solar photovoltaic energy per year generated by sPower's Antelope DSR 1 Solar PV Project in the City of Lancaster, California with an all-in price for energy, capacity and environmental attributes of $53.75 per MWh over the term of the agreement. The City has a 50% share of the output from the project through SCPPA, which has a 50 MW PPA with sPower. The project became commercially operational on December 20, 2016.

Capital Dynamics – Tequesquite Landfill Solar. On March 11, 2014, the City and Solar Star California XXXI, LLC ("**Solar Star**") entered into a 25-year PPA for 7.3 MW of capacity and approximately 15,000 MWh of renewable solar photovoltaic energy per year generated by a facility to be built on the City-owned Tequesquite Landfill. The project became fully commissioned and operational on September 30, 2015. The all-in price for energy, capacity and environmental attributes was initially $81.30 per MWh, escalating at 1.5% annually. In 2018, Capital Dynamics became the new parent company of Solar Star after acquiring it from SunPower.

American Renewable Power – Loyalton. On November 16, 2017, the City entered into a 5-year PSA with SCPPA for 0.8 MW of biomass energy generated by the American Renewable Power ("**ARP**")-Loyalton Biomass Project. The City has a 4.48% share of the output of the project through SCPPA, which has an 18 MW PPA with ARP-Loyalton. The project became commercially operational on April 20, 2018. The City's share of ARP-Loyalton is approximately 6,358 MWh of renewable energy per year with an all-in price for energy, capacity and environmental attributes of $97.50 per MWh over the term of the agreement. Such share satisfies a portion of the City's obligations under Senate Bill 859, as discussed under the heading "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—State Legislation Affecting the Power Supply—Senate Bill 859 – "Budget Trailer Bill" – Biomass Mandate."

Firm Contracts and Market Purchases

The City supplements the energy available from its firm resources with energy purchased from other suppliers throughout the western United States, as well as the CAISO Integrated Forward Market ("**IFM**") and real time market. These purchases are made under the Western Systems Power Pool ("**WSPP**") Agreement and numerous short-term bilateral agreements between the City and various suppliers. Energy purchases in the CAISO markets are made under the FERC-approved CAISO Tariff.

In fiscal year 2018-19, the City purchased 511,500 MWh of firm energy (approximately 22.6% of its total energy supply) through short-term contracts. The purchases consisted of 275,700 MWh purchased through the CAISO IFM and 25,800 MWh purchased from WSPP counterparties. The cost of obtaining the necessary energy depends upon contract requirements and the current market price for energy. Spot market prices are dependent upon such factors as natural gas prices, the availability of generating resources in the region, fuel type and weather conditions such as ambient temperatures and the amount of rainfall or snowfall. Generating unit outages, dry weather, hot or cold temperatures, time of year, transmission constraints and other factors can all affect the supply and price of energy. See the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY."

Wholesale Power Trading Policies and Risk Management

In October 1998, the City Council adopted formal policies for the administration of energy risk management activities within the Power Resources Division of the Electric System. These policies define the limits for power trading activities to mitigate and reduce risks associated with this business activity. The City also appointed an Energy Risk Manager in 1999 to oversee the development, implementation and ongoing monitoring of a formalized financial risk management program for power supply activities. Since 1998, the

policies have been reviewed on an annual basis and recommended changes have been periodically adopted by the City Council.

The policies have been updated to incorporate changes in regulatory and legislative requirements, including an amendment to authorized transactions, organizational structure and reporting requirements. The comprehensive updated policies were approved by the Board and City Council on February 1, 2013 and March 5, 2013, respectively, and include an Energy Risk Management Policy, a Wholesale Counterparty Risk Management Policy and an Authorized Transactions Policy. The Wholesale Counterparty Risk Management Policy was amended for non-substantive changes on April 29, 2014.

California Independent System Operator

The City serves as its own Scheduling Coordinator with the CAISO and serves as the scheduling agent, under separate Utility Service Agreements, for the Cities of Banning and Rancho Cucamonga. In addition, the City serves as the scheduling agent for SCPPA's Columbia II Solar, Kingbird B Solar, Summer Solar, Antelope DSR 1 Solar, and ARP-Loyalton Biomass projects under various Scheduling Coordinator Agreements. Services under the referenced agreements include day-ahead and real time scheduling of power from various sources, after-the-fact validation and settlement of transactions and billing and payments.

On July 10, 2002, the City notified the CAISO of its intent to become a Participating Transmission Owner (a "**PTO**") by turning over operational control of the City's transmission entitlements (the "**CAISO-Transferred Entitlements**") to the CAISO effective January 1, 2003. In November 2002, the City executed the Transmission Control Agreement ("**TCA**") between the CAISO and the PTOs.

Certain of the City's CAISO-Transferred Entitlements relate to transmission facilities, including the Southern Transmission System, which were financed by SCPPA utilizing tax-exempt bonds. The City executed certain transmission service contracts with SCPPA that prohibit the City from taking any action that would adversely affect the tax-exempt status of the SCPPA bonds. If the City were to be found to have breached such contractual obligation, the City could be subjected to significant financial liability. The TCA executed by the City and submitted by the CAISO on November 19, 2002 for approval by FERC contained certain withdrawal provisions that the City believes will protect the tax-exempt status of the SCPPA bonds and satisfy the City's contractual obligation to SCPPA under its transmission service contracts. To date, SCPPA has received no notices affecting the tax-exempt status of SCPPA bonds issued for projects in which the City is a participant.

On January 1, 2003, the City became a PTO with the CAISO, entitling the City to receive compensation for the use of its transmission entitlements committed to the CAISO's operational control. The amount of compensation to which the City is entitled is based upon the City's TRR as approved by FERC. Included in the City's TRR are all costs associated with the City's participation in SCPPA's transmission projects (as described under the caption "—Transmission and Distribution Facilities"). The City obtains all of its transmission entitlements from the CAISO.

Since becoming a PTO with the CAISO, the City has filed three TRRs with FERC. The City's base TRR is adjusted annually for (among other things) automatic pass-throughs of certain costs approved by FERC. For fiscal year 2018-19, the City collected $35.73 in TRR revenue.

Transmission and Distribution Facilities

The paragraphs that follow describe the City's transmission facilities and entitlements and distribution facilities.

Southern Transmission System. The STS is one of three major components of IPP. In connection with its entitlement to IPP, the City assigned its entitlement to capacity of the STS to SCPPA, in exchange for which SCPPA agreed to make payments-in-aid of construction of the STS and issued revenue bonds to finance the

costs thereof. Pursuant to a transmission service contract with SCPPA, the City acquired a 10.2% (195 MW) entitlement in SCPPA's share of the transfer capability of the STS. The City's contractual entitlement extends until 2027. See the caption "—Joint Powers Agency Obligations." Among other things, the STS provides for the transmission of energy from IPP to the California transmission grid.

The STS consists of the following: (a) the AC/DC Intermountain Converter Station adjacent to the IPP Generating Station's AC switchyard in Utah; (b) the ±500 kV DC bi-pole transmission line (the "**HVDC transmission line**"), which is 488 miles in length, from the Intermountain Converter Station to the City of Adelanto, California; (c) the AC / DC Adelanto Converter Station, where the STS connects to the switching and transmission facilities of LADWP; and (d) related microwave communication system facilities. The HVDC transmission line is capable of transmitting an amount of power that exceeds the aggregate output of the IPP Generating Station to be delivered to the SCPPA participants. The AC/DC converter stations each consist of two solid state converter valve groups and have a combined rating of 2,400 MW (upgraded from 1,920 MW in 2010, increasing the City's total entitlement in the STS from 195 MW to 244 MW). The microwave communication facilities are used for IPP Generating Station dispatch, communication and control and protection of the STS. The microwave facilities are located along two routes between the IPP Generating Station and the Adelanto Switching Station, forming a looped network.

Pursuant to the City's transmission service contract with SCPPA, the City is obligated to pay as an Operating and Maintenance Expense its share of debt service on bonds issued by SCPPA in connection with the STS on a take-or-pay basis, as well as capital costs and costs related to operation and maintenance. See the caption "—Joint Powers Agency Obligations."

Mead-Phoenix Transmission Project. Originally in connection with its entitlement to PVNGS power, the City acquired a 4.0% (12 MW) entitlement in SCPPA's member-related ownership share of the Mead-Phoenix Transmission Project ("**Mead-Phoenix**"), which is separate from the SCPPA interest acquired on behalf of Western and the SCPPA interest later acquired on behalf of LADWP only. The City has entered into a transmission service contract with SCPPA that obligates the City to pay as an Operating and Maintenance Expense its share of debt service on bonds issued by SCPPA in connection with the SCPPA member-related interest in Mead-Phoenix on a take-or-pay basis, as well as capital costs and costs related to operation and maintenance. See the caption "—Joint Powers Agency Obligations."

Mead-Phoenix consists of a 256-mile, 500-kV AC transmission line that extends between a southern terminus at the existing Westwing Substation (in the vicinity of Phoenix, Arizona) and a northern terminus at Marketplace Substation, a substation located approximately 17 miles southwest of Boulder City, Nevada. The line is looped through the 500-kV switchyard constructed at Western's existing Mead Substation in southern Nevada with transfer capability of 1,923 MW (as a result of upgrades completed in 2009, increasing the City's total entitlement in the Mead-Phoenix from 12 MW to 18 MW). By connecting to Marketplace Substation, Mead-Phoenix interconnects with the Mead-Adelanto Transmission Project (as described below) and with the McCullough Substation. Mead-Phoenix is comprised of three project components. SCPPA has executed an ownership agreement providing it with an 18.3077% member-related ownership share in the Westwing-Mead project component, a 17.7563% member-related ownership share in the Mead Substation project component and a 22.4082% member-related ownership share in the Mead-Marketplace project component. Other owners of the line are APS, Salt River Project and Startrans IO, L.L.C. ("**Startrans**"). The project entered commercial operation on May 15, 1996.

Mead-Adelanto Transmission Project. In connection with Mead-Phoenix, the City has acquired a 13.5% (118 MW) entitlement to SCPPA's member-related ownership share of the Mead-Adelanto Transmission Project ("**Mead-Adelanto**"), which is separate from the SCPPA interest acquired on behalf of Western and the SCPPA interest later acquired on behalf of LADWP only. Mead-Adelanto consists of a 202-mile, 500-kV AC transmission line that extends between a southwest terminus at the existing Adelanto Substation in southern California and a northeast terminus at Marketplace Substation. By connecting to Marketplace Substation, the line interconnects with Mead-Phoenix and the existing McCullough Substation in southern Nevada. The line

has a transfer capability of 1,291 MW. SCPPA has executed an ownership agreement providing it with a total of a 67.9167% member-related ownership share in the project. The other owner of the line is Startrans. The City has entered into a transmission service contract with SCPPA that obligates the City to pay as an Operating and Maintenance Expense its share of debt service on bonds issued by SCPPA in connection with Mead-Adelanto on a take-or-pay basis, as well as capital costs and costs related to operation and maintenance. See the caption "—Joint Powers Agency Obligations." The project entered commercial operation on May 15, 1996, which coincided with the completion of Mead-Phoenix.

Sub-Transmission and Distribution. Power is supplied to the City through seven separate, 69,000-volt, sub-transmission lines from a substation that is owned and operated by SCE. These lines are used for the sole purpose of delivering electric energy from SCE's Vista Substation to the northerly limits of the City. Each of the 69,000-volt sub-transmission lines is then interconnected to the City-owned and operated, 69,000-volt, sub-transmission system at multiple substations.

As of July 1, 2019, the City had 99.2 circuit miles of sub-transmission and 1,348 circuit miles of distribution lines, of which approximately 831 circuit miles are underground. There are 14 substations, with a combined capacity of 1,012 million volt-amperes ("**MVA**"). The City is currently undertaking the Riverside Transmission Reliability Project ("**RTRP**"), a joint City-SCE project which includes the construction of a 230-69 kV transmission substation. RTRP will provide a second point of interconnection to the California transmission grid and the addition of new 69 kV transmission lines to transmit power from the new substation and distribute energy to the City's local distribution substations. The costs of RTRP have been partially financed by Bonds issued in 2008 and 2010. On December 4, 2007, the City added a reliability charge to its electric rates to assist with funding the City's portion of the costs of RTRP. In April 2015, SCE applied for a Certificate of Public Convenience and Necessity from the California Public Utilities Commission (the "**CPUC**") for its portion of the project. The CPUC prepared a Draft Subsequent Environmental Impact Report (the "**SEIR**") to address changes to the project. The draft SEIR was circulated for public comment on April 2, 2018. The CPUC issued the final SEIR on October 2, 2018, marking the completion of the CPUC's California Environmental Quality Act review process. On January 17, 2020, the CPUC issued a proposed decision granting SCE a certificate of public convenience and necessity for RTRP. The City anticipates that the CPUC commissioners will consider the proposed decision at the CPUC's February 27 meeting. The commissioners' decision will become final if an application for rehearing is not filed within 30 days after such meeting.

Capital Improvement Program

As part of its budget and planning process, the City prepared a five-year Electric System Capital Improvement Program (the "**CIP**") for fiscal years 2018-19, through 2022-23, totaling approximately $177.5 million:

FIVE-YEAR CIP
FISCAL YEARS 2018-19 – 2022-23
(DOLLARS IN THOUSANDS)

Overhead	$ 31,919
Underground	34,440
Substation	25,222
Recurring/Obligation to Serve	51,435
System Automation	34,510
Total	$177,526

Source: City.

The five-year CIP is supported by the Electric System's rate plan (as described under the caption "—Electric Rates and Charges") and addresses the need to replace and modernize the most vital portions of the

City's aging electric infrastructure. Overhead and underground projects include the rehabilitation and replacement of overhead equipment, such as poles, wires, transformers and streetlights, and underground equipment, such as conduits and cables, in order to improve the safety, efficiency and reliability of the electric system. Substation projects include improvements to neighborhood power stations to efficiently distribute power throughout the service area. Recurring projects relate to the Electric System's obligation to serve new incoming load. System automation projects include projects for technology, security and system automation tools and applications to improve cyber security and overall efficiency. The majority of the five-year CIP through fiscal year 2022-23, approximately $146 million, is expected to be funded from proceeds of the 2019A Bonds (as described under the caption "PRIOR DEBT AND DEBT SERVICE—Outstanding Prior Debt and Swap Agreement"), as well as an Additional Bond issuance in or about fiscal year 2021-22 (the "**2022 Bonds**"), with the balance to be funded by a combination of rates, reserves and other resources.

Currently, the City anticipates that the 2022 Bonds will be issued in the aggregate principal amount of approximately $105 million (including funding for the current five-year CIP through fiscal year 2022-23 and funding for additional capital projects to be undertaken after fiscal year 2022-23). The actual principal amount and timing of the issuance of the 2022 Bonds has not yet been determined and will be subject to capital needs and market conditions at the time of sale.

Customers and Energy Sales

The following tables set forth the number of meters as of the fiscal year end and total energy sold during the periods presented.

TABLE 6
NUMBER OF METERS

	Fiscal Year Ended June 30,				
	2015	***2016***	***2017***	***2018***	***2019***
Domestic	96,664	96,934	97,372	97,531	98,322
Commercial	10,757	10,898	11,016	11,181	11,219
Industrial	888	891	833	854	888
Other	79	53	53	53	51
Total – all classes	108,388	108,776	109,274	109,619	110,480

Source: City.

TABLE 7
ENERGY SOLD
(MILLIONS OF KWH)

	Fiscal Year Ended June 30,				
	2015	***2016***	***2017***	***2018***	***2019***
Domestic	711	726	730	727	722
Commercial	428	438	448	447	434
Industrial	995	982	996	999	973
Other	31	23	23	22	22
Wholesale Sales[(1)]	2	0	1	0	-
Total kWh Sold[(2)]	2,167	2,169	2,198	2,195	2,150

(1) For fiscal years 2015-16 and 2017-18, wholesale kWh was less than 1 million kWh.
(2) The difference between the total kWh generated and purchased and the total kWh sold is due to transmission and/or distribution system losses.
Source: City.

Customer Concentration

The following table lists the Electric System's top 10 customers for fiscal year 2018-19, by type of business.

TABLE 8
TOP 10 ELECTRIC SYSTEM CUSTOMERS
FISCAL YEAR 2018-19
(DOLLARS IN THOUSANDS)

Electric System Customer	*Electric Charges*	*Percent of Electric System Retail Revenues*
Local University	$12,521,897	4.10%
Local Government	8,096,896	2.65
Local Government	7,927,628	2.60
Local School District	4,757,101	1.56
Corporation	4,358,346	1.42
Corporation	3,976,748	1.30
Corporation	3,502,843	1.15
Corporation	2,884,234	0.95
Hospital	2,867,398	0.94
Corporation	2,809,523	0.92
Total	$53,702,614	17.60%

(1) Figures above do not include public benefit surcharge of 2.85% pursuant to AB 1890.
Source: City.

The City has a strong and diverse customer base with minimal exposure to customer concentration. Many of the Electric System's industrial customers have loads under 500 kW. As shown above, the top ten customers of the Electric System collectively accounted for approximately 17.60% of the Electric System's retail revenues of $305,083,100 in fiscal year 2018-19.

Electric Rates and Charges

The City is obligated by its City Charter and by the resolutions under which it has issued its Electric System Revenue Bonds to establish rates and collect charges in an amount sufficient to meet its operation and maintenance expenses and debt service requirements, with specified requirements as to priority and coverage. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2020A BONDS—Rate Covenant." Electric rates are established by the Board and approved by the City Council. Electric rates are not subject to the general regulatory jurisdiction of the CPUC or any other state agency. The California Public Utilities Code contains certain provisions affecting all municipal utilities such as the Electric System, including provisions for a public benefits charge. At this time, neither the CPUC nor any regulatory authority of the State nor FERC approves the City's retail electric rates, although FERC does approve the City's TRR included in the Transmission Access Charge collected from users of the CAISO transmission grid.

Although its rates are not subject to approval by any federal agency, the City is subject to certain ratemaking provisions of the federal Public Utility Regulatory Policies Act of 1978 ("**PURPA**"). PURPA requires state regulatory authorities and nonregulated electric utilities, including the City, to consider certain ratemaking standards and to make certain determinations in connection therewith. The City believes that it is operating in compliance with PURPA.

In January 1998, the City began collecting a surcharge for public benefit programs on customer utility bills. This surcharge was mandated by State legislation (i.e., Assembly Bill 1890 and subsequent legislation) and is restricted to various socially beneficial programs and services.

As of January 1, 2020, the Electric System has 18 rate schedules in effect. The City provides no free electric service.

A rate proposal was provided to the Board and City Council in August and September 2017 after the completion of a rate study dated August 13, 2017 by an independent third party. In October and November 2017, staff conducted a comprehensive community outreach effort to present and obtain feedback on the rate plan proposal. Outreach efforts included various community meetings hosted by the Department as well as distribution of information materials to multiple neighborhood and business groups. Joint workshops with the Board and City Council were held in November 2017 and January 2018 to discuss the results of outreach and obtain direction for a required public hearing and subsequent rate adoption. After holding the required public hearing on May 14, 2018, the Board adopted and recommended that the City Council approve a five-year electric rate plan.

On May 22, 2018, the City Council approved a five-year electric rate plan, with rate increases effective on January 1, 2019, 2020, 2021, 2022 and 2023, with annual reviews of the adopted rates by City Council. The system average rate increase effective January 1, 2019 was 2.95%, followed by system average rate increases of 3.0% effective on January 1, 2020, 2021, 2022, and 2023. Actual increases vary by customer class and usage level. Under this plan, a new Network Access Charge has been implemented for customer classes based upon either the customer's monthly billing demand or actual energy usage, all according to the customer's applicable rate class. The Network Access Charge will recover the infrastructure maintenance and operating costs of the City's distribution system. Additional electric rate structure changes included extending the residential summer season adjustment for energy use from three months to four months and restructuring the industrial time of use Reliability Charge from a single fixed charge to a tiered charge based on customer demand.

Historically, electric rates for the City's customers have been lower than rates for SCE customers. Based on the City's rates effective January 1, 2020, the City's single family residential customers with annual monthly average consumption of 600 kWh would pay an average of 24% higher rates if served by SCE. The City cannot predict future rate actions with respect to SCE or other utilities.

The following table sets forth the average billing price per kWh for the various customer classes during the five Fiscal Years shown.

TABLE 9
AVERAGE BILLING PRICE (CENTS) PER KILOWATT-HOUR[(1)]
(RETAIL SALES)

	Fiscal Year Ended June 30,				
	2015	***2016***	***2017***	***2018***	***2019***
Residential	16.05	16.12	16.12	15.91	16.11
Commercial	16.02	15.92	15.96	15.90	16.09
Industrial	11.28	11.58	11.59	11.52	11.72
Other	18.29	20.91	21.29	21.29	23.45
System Averages	13.88	14.07	14.08	13.97	14.19

(1) Figures above do not include public benefit surcharge of 2.85% pursuant to AB 1890.
Source: City.

Billings and Collections

Electric System service charges are billed and collected on a monthly Statement of Municipal Services and combined with the charges of the City's water, sewer and refuse utilities. The customer service, billing and collection operations are provided for all utilities by designated functions of the City's Public Utilities, Public Works, Finance and Information Technology Departments, coordinated through the Department.

Bills are due and payable on presentation, and become delinquent after 21 days. Although the City is not subject to the jurisdiction of the CPUC or other agencies, collection activities for the City substantially conform to the requirements of California Public Utilities Code Section 10010. Accounts that have not paid their bills by the delinquency date receive an urgent notice providing an additional 10 days to pay. If no payment is received, a 48-hour notice is delivered by Utility Field Service staff, and the customer is charged a $20 notification fee. If payment is not received by this deadline, metered service (water and/or electric) may be turned off approximately 1 to 5 working days later. Before service is reinstated, the customer must pay the delinquent amount and a reconnection fee ranging between $40 and $75, and may be required to pay a customer deposit.

The Department manages delinquencies of amounts billed for the City's Electric System and water, sewer and refuse utilities. Delinquencies from inactive accounts are turned over to a collection agency 90 days after account closure.

The City's disconnection policies for residential water customers comply with Senate Bill 998 recent legislation which restricts the discontinuation of water service to delinquent residential customers effective February 1, 2020.

Uncollectible Accounts

Based on the average annual amount of billable revenues reflected in the table below (approximately $303.3 million), the City experienced an annual average of approximately 0.2%, or approximately $572,000, of uncollectible accounts for the past five years. The City believes that its management of its collection activities is effective, as reflected by write-offs below the industry average. The following table shows the historical results of the Electric System's accounts receivable and collection efforts.

TABLE 10
HISTORY OF BILLINGS AND COLLECTIONS
AS OF JUNE 30,
(DOLLARS IN THOUSANDS)

Fiscal Year	*Billings*	*Payments*	*Write-Off as % of Billing*[1]	*Write-Off*	*Ending Accounts Receivable Balance*[2]
2015	$303,116	$304,190	0.182%	$551	$31,135
2016	308,304	307,845	0.212	654	30,940
2017	308,017	306,847	0.220	677	31,433
2018	304,445	306,166	0.162	495	29,217
2019	302,733	303,428	1.160	483	28,039

(1) Represents the amount shown under the column entitled "Write-Off" divided by amount shown under the column entitled "Billings" for the corresponding year.

(2) The ending accounts receivable balance of any fiscal year is equal to the ending balance of the previous fiscal year plus billings minus payments minus write-offs.

Source: City.

Transfers to the General Fund of the City

Effective December 1, 1977, transfers to the General Fund of the City of surplus funds of the Electric System (after payment of Operating and Maintenance Expenses and debt service on Bonds) are limited by Article XII of the City Charter, as approved by the voters and adopted by the City Council on November 15, 1977. Such transfers are limited to 12 equal monthly installments during each fiscal year constituting a total amount not to exceed 11.5% of the Gross Operating Revenues, exclusive of any surcharges, for the last fiscal year ended and reported by an independent public auditor.

In anticipation of deregulation, the City reduced the General Fund transfer level to 9% from 10.5% in 1996. It is the City Council's policy to review this transfer annually, and as a result, the City Council increased it by $3.0 million beginning in fiscal year 2004-05 and an additional $2.0 million beginning in fiscal year 2006-07. As of fiscal year 2009-10, the City increased the General Fund transfer from 9% to 11.5%, the maximum amount authorized by the City Charter, where it remains currently. The General Fund transfer is funded through the existing rate plan, thus requiring no additional rate adjustments.

The transfers to the General Fund of the City for 2017-18 and 2018-19 were $40,072,600 and $39,886,400, respectively (approximately 11.5% and 11.5%, respectively, of the applicable prior fiscal year's Gross Operating Revenues). The budgeted transfer to the General Fund of the City for fiscal year 2019-20 is $40,200,700 (approximately 11.5% of the prior fiscal year's Gross Operating Revenues).

See the caption "—Litigation" for a description of recent lawsuits relating to the General Fund transfer and the Electric System's rates. If a court were to conclude that the General Fund transfer from the Electric System is not a cost of providing the service of the Electric System, then the Electric System might be required to revise its rates and charges to eliminate the revenues needed to pay the General Fund transfer, and the Electric System could be required to rebate to its customers the amount of any rates and charges in excess of the cost of service. In such an event, the Electric System most likely would require the City to return the challenged General Fund transfer, and the Electric System would be prohibited from making any future General Fund transfers.

California Public Utilities Code 10004.5 provides for the following statute of limitations for any challenge to the validity of the Electric System's rates:

> … [A]ny judicial action or proceeding against a municipal corporation that provides electric utility service, to attack, review, set aside, void, or annul an ordinance, resolution, or motion fixing or changing a rate or charge for an electric commodity or an electric service furnished by a municipal corporation… shall be commenced within 120 days of the effective date of that ordinance, resolution, or motion.

The statute of limitations for filing a claim for a refund of electric service charges is one year from the date that the City collected an Electric System service charge that was used to make the revenue transfer payments from the Electric System.

See also "CONSTITUTIONAL LIMITATIONS—Proposition 26" for a discussion of requirements imposed on local government taxes pursuant to Proposition 26.

Unrestricted Cash Reserves

On March 22, 2016, the City Council adopted the Riverside Public Utilities Cash Reserve Policy, which provided a defined level of unrestricted, undesignated and designated cash reserves in the Electric System for strategic purposes. On July 24, 2018, the Cash Reserve Policy was updated and approved by City Council reflecting the establishment of an additional designated reserve, the use of a line of credit as available reserves and other minor revisions to bring it current. This policy sets target minimum and maximum levels for the undesignated reserve to mitigate risk in the following categories: operations and maintenance, rate stabilization,

capital expenditures and debt service. The undesignated reserve can be used for any lawful purpose and has not been designated for specific capital and operating purposes. As of June 30, 2019, the balance was $198.6 million for the unrestricted undesignated Electric System reserve and was within the minimum and maximum guidelines as set forth in the policy. On February 1, 2019, the City entered into the Revolving Credit Facility, which will provide additional flexibility and operating liquidity for the Electric System. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Subordinate Obligations—Existing Subordinate Obligations—Revolving Credit Facility" for additional information on the Revolving Credit Facility."

Designated reserves are considered unrestricted assets and represent the portion of unrestricted reserves set aside for specific purposes determined by the Board and City Council. Designated reserves may be held for capital or operating purposes. Unrestricted designated cash reserve balances as of June 30, 2019, are as follows (in thousands of dollars):

Additional Decommissioning Liability Reserve	$ 9,935
Customer Deposits	4,582
Capital Repair and Replacement Reserve	3,219
Electric Reliability Reserve	72,694
Mission Square Improvement Reserve	1,483
Dark Fiber Reserve	2,942
Total[(1)]	$94,855

(1) Included as a component of unrestricted cash and cash equivalents in the Statements of Net Position in the Electric System's audited financial statements for fiscal year 2018-19.

Source: City.

Joint Powers Agency Obligations

As previously discussed, the City participates in certain contracts with IPA and SCPPA. Obligations of the City under the agreements with IPA and SCPPA constitute Operating and Maintenance Expenses of the City payable prior to any of the payments required to be made on the Bonds and any Parity Debt. Agreements between the City and IPA and the City and SCPPA are on a "take-or-pay" basis, which requires payments to be made whether or not applicable projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. All of these agreements contain "step-up" provisions obligating the City to pay a share of the obligations of a defaulting participant. Any "step-up" obligation relating to the City's participation in transmission projects that it would be responsible for would be included in the City's TRR (which would require filing a new TRR with FERC) and would be recovered from all CAISO grid users. The City's participation and share of principal obligation (without giving effect to any "step-up" provisions) for each of the joint powers agency projects in which it participates are shown in the following table. As of December 31, 2019, the City's total debt service obligations with respect to joint powers agency bonds were approximately $83,822,000. In certain cases, the City could become responsible for a greater share of debt service on joint powers agency bonds if other participants were to default on their respective obligations with respect to such bonds.

TABLE 11
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
AS OF DECEMBER 31, 2019
(DOLLARS IN THOUSANDS)

Joint Powers Authority Obligation	*Principal Amount of Outstanding Debt*	*City's Participation*[(1)]	*City's Share of Principal Amount of Outstanding Debt*
Intermountain Power Agency			

Intermountain Power Project[2]	$566,897	7.617%	$43,198
Southern California Public Power Authority			
Southern Transmission System	377,315	10.164	38,350
Mead-Phoenix Transmission	4,615	4.000	185
Mead-Adelanto Transmission	15,480	13.500	2,089
Total	$964,307		$83,822

(1) Participation obligation is subject to increase upon default of another project participant.
(2) Includes bonds, commercial paper, subordinate notes and line of credit.
Sources: IPA; City.

Insurance

The City's Risk Management Division manages the insurance needs of the City's Electric System. The City's Self-Insurance Trust Fund Reserve Policy requires that both the Liability and Worker's Compensation funds maintain cash on hand in the minimum amount equal to 50% of all outstanding claims. The fund balance amounts are based on annual actuarial studies on the City's automobile, general, and worker's compensation liability and internal claim data. The actuarial reports are issued by an outside firm.

The City carries two General Liability policies: a primary and an excess General Liability policy. The primary General Liability policy provides the City with an aggregate limit of $20,000,000 and the excess General Liability policy provides the City with an additional $10,000,000 of coverage. Both the primary and excess General Liability policies cover general and automobile liability claims, including but not limited to Law Enforcement Liability and Public Official's Errors and Omissions coverage. The City also purchases an excess Worker's Compensation policy with an aggregate limit of $25,000,000. Both the General Liability and Worker's Compensation programs have self-insured retentions of $3,000,000 per occurrence. A self-insured retention is the dollar amount that the City must pay before an insurance policy responds to a loss.

The City also participates in an "All Risk" property insurance program which includes equipment breakdown protection and affords an aggregate shared limit of $1 billion among participating members. The City's property deductibles vary depending on the peril, and range between $100,000 and $250,000 depending on the time of loss. The deductible of $250,000 for electric generating facilities. At the time of loss, valuation will be on a replacement cost basis, with actual loss sustained for time element coverages and an actual cash value for all City-owned equipment.

The City does not currently maintain earthquake insurance on the Electric System's facilities.

Litigation

CAISO. On May 11, 2004, the CAISO filed Amendment No. 60 to its tariff to modify the CAISO's process for dispatching generation and allocating associated costs. Numerous parties, including the City as a member of the "Southern Cities" group, submitted testimony to FERC on the allocation of these costs, and a hearing was held in 2005. On October 31, 2005 the Presiding Administrative Law Judge issued an Initial Decision, and on December 27, 2006, FERC issued an order generally affirming the determinations in the Initial Decision. The FERC order adopted the City's position with respect to "South-of-Lugo" costs, which would have resulted in a large part of these generation dispatch costs being allocated to SCE. On November 20, 2007, FERC issued its Order on Rehearing, reversing its position on South-of-Lugo costs in a manner that would require the City to share these costs. The City and a number of other parties filed requests for rehearing of the Order on Rehearing. On September 16, 2011, FERC issued an Order Denying Rehearing of the Order on Rehearing. The City (along with other municipal electric systems) filed a timely petition for review with the United States Court of Appeals for the District of Columbia Circuit, Case No. 11-1442. The Court of Appeals denied the petition for review on November 5, 2013.

In June 2014, the CAISO issued an invoice to the City, including the surcharges arising from this case but excluding interest. The City has taken the position that no interest should apply to the surcharges, because FERC's previous orders in the case did not direct application of interest. On October 20, 2016, FERC issued an order stating that its previous orders had not directed the CAISO to make refunds or to collect surcharges and that the issue of interest was moot. Several parties have requested rehearing or clarification of the FERC's October 20, 2016, order, and those requests remain pending. It is not possible at this time to quantify any amounts that may be due from the City to the CAISO or from the CAISO to the City.

Olquin. On April 28, 2016, a writ of mandate lawsuit entitled *Richard Olquin v. City of Riverside* was filed against the City asserting that adding certain funds received by the Electric System from the CAISO to the Electric System revenue transfer to the City's General Fund was a violation of Proposition 26. See the caption "—Transfers to the General Fund" for a description of the Electric System's transfers to the General Fund and the caption "CONSTITUTIONAL LIMITATIONS—Proposition 26" for a discussion of Proposition 26.

The plaintiff sought a court order compelling the City to return to the Electric System approximately $115 million, which represented all Electric System revenue transfers paid to the City's General Fund since May 1, 2013, as well as a permanent injunction prohibiting future Electric System revenue transfers. In April 2017, the trial court entered judgment in favor of the City, on the grounds that: (1) the plaintiff had failed to allege a rate increase, because the contested transfer did not require the Electric System to raise its rates; and (2) even if such a rate increase could be alleged, the plaintiff's lawsuit was untimely under the statute of limitations in Public Utilities Code Section 10004.5. The plaintiff subsequently passed away and Alysia Webb substituted in as plaintiff. In May 2017, Olquin/Webb filed an appeal to the April 2017 judgment. On May 4, 2018, the appellate court ruled in favor of the City in a published decision, *Alysia Webb v. City of Riverside* (2018) 23 Cal.App.5th 244. No appeal has been filed to that decision, and the time within which to file an appeal has expired.

Parada I. On October 19, 2017, a writ of mandate entitled *Parada v. City of Riverside* (Parada I) was filed against the City seeking to enjoin the City from levying its electric utility users tax on the portion of electric rates that are attributable to the General Fund transfer. On September 21, 2018, the trial court ruled in favor of the City, and on November 7, 2018, the court entered judgment in favor of the City. No appeal has been filed to that decision, and the time within which to file the appeal has expired.

Parada II. On September 12, 2018, a petition for writ of mandate entitled *Parada v. City of Riverside* (Parada II) was filed against the City seeking to invalidate, rescind and void under Proposition 26 the Electric System's rates approved by City Council on May 22, 2018, which took effect on January 1, 2019, challenging the portion of the electric rates that are attributable to the General Fund Transfer. See the caption "—Electric Rates and Charges." The City has responded to the complaint and a trial date of March 12, 2020 has been set. [UPDATE PRIOR TO POSTING]

Pending lawsuits and other claims against the City with respect to the Electric System are incidental to the ordinary course of operations of the Electric System and are largely covered by the City's self-insurance program. In the opinion of the Electric System's management and the City Attorney, such lawsuits (including the lawsuits discussed above) and claims will not have a materially adverse effect upon the financial position of the Electric System.

Significant Accounting Policies

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Electric System is accounted for as an enterprise fund. Enterprise funds are used to account for operations: (i) that are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges); or (ii) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Investments are stated at fair value. Utility plant assets are valued at historic cost or, if actual historical cost is not available, estimated historical cost. Costs include labor, materials, interest during construction, allocated indirect charges such as engineering, supervision, construction and transportation equipment, retirement plan contributions and other fringe benefits and administrative expenses. Contributed plant assets are valued at their estimated fair market value on the date of contribution. For accounting policies specifically relating to the Electric System, see the notes to the financial statements in Appendix B. See also the caption "FINANCIAL STATEMENTS."

Summary of Operations

The following table prepared by the City shows the Net Operating Revenues of the Electric System and historical debt service coverage for the Prior Parity Bonds for the fiscal years shown, as calculated in accordance with the flow of funds in the Resolution. The information shown is based on the audited financial statements of the City's Electric System for such periods.

TABLE 12
SUMMARY OF OPERATIONS AND DEBT SERVICE COVERAGE
(DOLLARS IN THOUSANDS)

	Fiscal Year Ended June 30,				
	2015	***2016***	***2017***	***2018***	***2019***
Operating Revenues[(1)]:					
Residential	$114,112	$116,997	$117,662	$115,630	$116,303
Commercial, Industrial and Other	186,509	188,252	191,670	191,026	188,780
Wholesale Sales	60	3	9	2	344[(7)]
Transmission Revenues	30,587	32,924	35,497	37,484	35,730
Other	7,654	7,425	12,899	11,514	13,121
Total Operating Revenues Before (Reserve)/Recovery	338,922	345,601	357,737	355,656	354,278
Reserve for Uncollectible, Net of (Reserve)/Recovery	(1,014)	(763)	(551)	(687)	(911)
Total Operating Revenues, Net of (Reserve)/Recovery	337,908	344,838	357,186	354,969	353,367
Interest Income	3,821	5,143	1,809	2,567	13,372
Capital Contributions	2,139	2,434	2,367	3,170	3,496
Non-Operating Revenues	4,376	18,615	7,594	7,408	4,276
Total Revenues	$348,244	$371,030	$368,956	$368,114	$374,511
Operating and Maintenance Expenses[(1)(2)]:					
Nuclear Production[(3)]	3,992	1,208	(45)[(3)]	720	1,395
Production & Purchased Power[(4)]	141,317	135,873	132,394	135,703	153,868
Transmission Expenses[(5)]	53,356	58,145	59,497	62,981	64,443
Distribution Expenses	13,832	15,295	16,053	16,532	19,639
Customer Account Expenses	6,834	5,903	6,888	7,091	7,542
Customer Service Expenses	2,134	2,332	1,847	1,604	998
Administration & General Expenses[(6)]	15,168	15,737	19,210	16,699	13,559
Clearing & Miscellaneous Expenses	13,948	15,115	16,155	16,454	18,316
Total Operating and Maintenance Expenses	$250,581	$249,608	$251,999	$257,784	$279,760
Net Operating Revenues Available for Debt Service and Depreciation	$97,663	$121,422	$116,957	$110,330	$94,751
Debt Service Requirements on Bonds	$42,017	$42,240	$39,585	$40,720	$42,466
Debt Service Coverage Ratio	2.32x	2.87x	2.95x	2.71x	2.23x

(1) Operating Revenues exclude restricted revenues generated from the public benefits charge under AB 1890. See the caption "—Electric Rates and Charges." Operating and Maintenance expenses exclude expenses incurred from the related program.

(2) In accordance with the Resolution, the figures shown exclude contributions to City's General Fund of $38,178, $38,360, $39,230 and $40,073 and $39,886 for fiscal years 2014-15 through 2018-19, respectively. These contributions do not constitute Operating and Maintenance Expenses and are subordinated to debt service on the Bonds. Also excludes depreciation and amortization.

(3) Nuclear Production reflects non-decommissioning expenses and changes to decommissioning liability related to SONGS, which resulted in a credit balance in fiscal year 2016-17. See the caption "—City-Owned Generating Facilities—Decomissioning of SONGS."

(4) Includes fuel expense for City-owned generating facilities and payments to IPA and SCPPA, other than payments relating to transmission projects with SCPPA (STS, Mead-Phoenix, and Mead-Adelanto). See the captions "—City-Owned Generating Facilities—Fuel Supply/Procurement," and "—Joint Powers Agency Obligations."

(5) Includes payments relating to transmission projects with SCPPA (STS, Mead-Phoenix and Mead-Adelanto). See the caption "—Transmission and Distribution Facilities."

(6) Excludes GASB 68 non-cash adjustments of ($2,594), ($5,036), ($248), $9,056 and $1,323 for fiscal years 2014-15 through 2018-19, respectively. Includes GASB 75 adjustments. See the caption "THE PUBLIC UTILITIES DEPARTMENT—Employment Matters." Increase in Fiscal Year 2016-17 primarily due to the City's refinancing of pension obligation bonds resulting in an additional obligation of $2,593 to the Electric System for its share of the bonds.

(7) Increase in wholesale sales in fiscal year 2018-19 reflects sales of excess resource adequacy capacity.

Source: City.

Electric System Strategic Plan

Strategic Plan. The Board and the City Council have had a formal strategic plan in place with respect to the Electric System since 2001, including the adoption of the following mission statement: "The City of Riverside Public Utilities Department is committed to the highest quality water and electric services at the lowest possible rates to benefit the community."

Through strategic planning process and workshops, long-term goals and objectives have been established by the Board to provide the framework to implement the Department's Mission Statement. The current Ten-Year Goals adopted by the Board are (not in priority order):

- Employ state-of-the-art technology to maximize reliability and customer service;
- Foster economic development and job growth in the City;
- Communicate effectively the accomplishments, challenges and opportunities for the full utilization of electric and water resources;
- Develop fully low-cost, sustainable, reliable electric and water resources; and
- Enhance the effective and efficient operation of all areas of the utility.

Three-Year Goals and Strategic Plan Objectives are also established to ensure the achievement of these long-term goals, and these are (not in priority order):

- Contribute to the City's economic development while preserving the Department's financial strength;
- Maximize the use of technology to improve utility operations;
- Impact positively legislation and regulations at all levels of government;
- Develop and implement electric and water resource plans; and
- Create and implement a workforce development plan.

In 2015, management engaged the community, the Board and the City Council through a series of meetings and workshops to create a Utility 2.0 Strategic Plan that provides the vision, changes and actions required to thrive as a utility of the future. The Utility 2.0 Strategic Plan was designed to facilitate and advance the strategic goals adopted by the City Council in the Riverside 2.0 Strategic Plan as well as the strategic goals of the Board. Areas of focus for Utility 2.0 include infrastructure improvement, workforce development, utilizing advanced technology and thriving financially which have been developed through a number of

roadmaps. In October 2015, conceptual approval was given by the Board and City Council to implement the Utility 2.0 Strategic Plan.

The Thriving Financially Roadmap reviewed the areas of rates, reserves, debt and other related policies to ensure the financial balance of the Department. Rates, cash reserves, debt and other revenue sources were evaluated together with the development of a 10-year pro-forma (financial plan). Several dependent projects were completed during the development of the 10-year pro-forma and rate plan. These projects include the update and approval of the reserve policy, development and approval of an overall fiscal policy, and development and approval of electric and water cost of service studies.

An overall fiscal policy, including a comprehensive section on cash reserves, was completed and adopted by the City Council in July 2016 and subsequently updated and approved by City Council in July 2018. The electric and water 10-year pro-forma, cost of service and rate design studies were completed and presented to the City Council in September 2017. The Department recommended a redesign of its rates over a five-year period to better align with its cost of serving customers and its revenue requirement. The electric rate restructuring is designed to provide financial stability to support the Electric System's efforts to sustainably improve infrastructure reliability, meet renewable energy and energy efficiency goals, follow legal and regulatory requirements and correct the imbalance of costs versus revenue recovery. Rates have been designed to provide a transition to reflect the nature of underlying costs while encouraging the expansion of customer solar and other distributed generation. As discussed under the caption "—Electric Rates and Charges," on May 22, 2018, the City Council approved a five-year electric rate plan, with rate increases effective starting January 1, 2019, 2020, 2021, 2022 and 2023 and annual review of adopted rates by the City Council.

Operating Initiatives and Reserves. The City's retail revenues from fiscal years 2014-15 to 2018-19 increased by approximately 4.5% as a result of increased customer consumption. Retail revenues are generally increasing year over year due to an increase in retail load, an expanded customer base and an improving economy. Operating and Maintenance Expenses (excluding depreciation and public benefit programs) from fiscal years 2014-15 to 2018-19 increased by approximately 11.6% due to higher power costs, transmission charges and other miscellaneous operating costs. Positive operating results over time have contributed to improving the City's reserve requirements and the overall goal to continue to be fiscally sound. See the caption "—Unrestricted Cash Reserves."

Sustainability Initiatives. Recent efforts toward sustainability began in 2001 when the City began using light-emitting diodes in all City traffic signals. Today, the City remains committed to environmental issues and serves as a State leader in sustainability.

The City's first sustainability policy statement was adopted in 2007 and ultimately led to the adoption of three Green Action Plans, the most recent in 2012. In 2009, the City also adopted sustainability policies associated with economic development as part of the "Seizing Our Destiny" Citywide vision, incorporating a "Becoming a Green Machine" strategic route with specific initiatives. Additional adopted policies can be found in the City's General Plan 2025 (2007), the Environmentally Preferable Purchasing Policy (2009), the Food and Agriculture Policy Action Plan (2015) and the Riverside Restorative Growthprint (2016).

In 2012, the City hosted the first of three community-wide Green Riverside Leadership Summits. Subsequent summits were held in 2014 and 2016, the former in partnership with the University of California Riverside and the latter as part of the community-led Riverside Green Festival and Summit.

The City has received numerous recognitions for its sustainability programs and initiatives. In 2009, the California Department of Conservation named the City its first "Emerald City" in recognition of its sustainable green initiatives and commitment to help the State achieve multiple state environmental priorities. The City was honored in 2016 with the Green Community Award from Audubon International, recognizing the City for its ongoing sustainability initiatives. In addition, the City received the 2016 Sustainable Communities Award from the Green California Leadership Summit for its ongoing community-wide sustainability projects

and programs that create environmental awareness and action throughout the community, including business, government and private citizens. The Green California Leadership Summit again recognized the City in 2018 with its Leadership Award for the City Green Fleet Program.

The City initiated a light-emitting diode (also known as LED) streetlight replacement program in 2016. The program will eventually replace all City-owned streetlights, resulting in approximately 10 million kWh saved annually along with substantially reduced maintenance costs. The Electric System's grant program continues to provide assistance to local universities by providing funding for important research projects that explore new ways to advance energy technology and water conservation techniques.

Economic Development. In 2017, the Electric System had load growth and new revenue associated with three large economic development projects in the City. These projects included Riverside Community Hospital's $360 million expansion for a seven story, 250,000 square foot patient tower with 120 new beds. Other projects included Sigma Plastics expansion with the addition of a new stretch film production line and a new customer to the Electric System, Garden Highway Foods, which operates a new fresh fruit and vegetable processing facility. Combined, these businesses resulted in over 6 MW of new electric load and new revenue of $3.1 million annually.

In 2017, the City also received the "Outstanding Award" for Climate Change from the Association of Environmental Professionals for the Riverside Restorative Growthprint ("**RRG**") Plan, a comprehensive plan with two major parts: the Economic Prosperity Action Plan and the Climate Action Plan. The Electric System played a key role in the City's effort to create and adopt RRG, which helps the City identify greenhouse gas ("**GHG**") reduction measures and strategies with the greatest potential to drive local economic development through clean-tech investment and the expansion of local green businesses. Ultimately, this effort spurs entrepreneurship and smart growth while advancing the City's GHG reduction goals.

The Electric System supports the local economy by offering competitive rates combined with attractive economic development electric discount rates to qualified new and expanded load customers. These rate programs have helped create and retain over 3,600 jobs in the City since 2010. The City's Green Business Program recognizes local businesses for pursing sustainability in their facilities and operations. Businesses are evaluated based on their efforts to reduce pollution and waste and to improve resource use efficiency. Once certified through the program, the businesses are recognized locally and statewide through the California Green Business Network, a network of over 3,600 other businesses in the State of California that have already committed to pursuing greener practices. Currently, the City has certified UTC Aerospace, OSI Industries and the Riverside Convention Center with this designation.

Beyond rate incentives, the Electric System also offers local businesses a comprehensive assortment of water and energy efficiency programs to improve building efficiency and reduce customer electric consumption. These programs include the Small Business Direct Installation Program, which has helped over 6,000 participants save over $2.0 million in utility costs and conserve over 13 million kWh.

Power Resource Portfolio Management. The City manages long-term fuel and power supply risk, renewable resource procurement and compliance with potential state and federal greenhouse gas legislation in an integrated fashion. The 2018 Integrated Resource Plan ("**IRP**") defines the City's risk based, long-term plan for providing stable and predictable rates for customers through the procurement of new energy supply sources at reasonable prices. The City updated its IRP in 2018, and the Board and City Council adopted and approved the plan on November 26, 2018 and December 11, 2018, respectively. The 2018 IRP provides an impact analysis of the City's acquisition of new power resources, specifically towards meeting the State's aggressive carbon reduction goals, and the effect these resources will have on the Department's future projected cost of service in the 2018-2037 timeframe. Both resource portfolio and energy market issues are examined in the IRP, including: (a) projected capacity and resource adequacy needs; (b) renewable portfolio standard mandates; (c) carbon emission goals and mandates; (d) power resource budgetary objectives and cash-flow risk metrics; (e) cost effectiveness of Energy Efficiency and Demand Side Management programs with respect to both the City and

customers; (f) impacts of various emerging technologies on carbon reduction goals and future cost of service metrics; and (g) minimizing localized air pollutants and greenhouse gas emissions in disadvantaged communities within the City.

The IRP provides for a future resource portfolio with a higher reliance on renewable resources, especially geothermal resources, utility-scale solar photovoltaic ("**PV**") and wind resources, City-owned, lower-carbon emitting natural gas generation and an increased emphasis on energy efficiency and demand-side management programs. The City currently owns 265.5 MW of natural gas fired generation; this generation allows the City to meet its local capacity requirement imposed by the CAISO while minimizing environmental impacts and cost exposures. This natural gas generation is comprised of the 29.5 MW Clearwater power plant, four 49 MW LM-6000 peaking power plants at RERC, and four 10 MW super-peaking power plants at Springs Generating Project. See the caption "—City-Owned Generating Facilities" for a discussion of these facilities.

Since late 2012, the City has contracted for a diverse portfolio of renewable resources totaling 230.5 MW under medium and long term power purchase agreements and power sales agreements. See the caption "—Renewable Resources." This portfolio of renewable resources consists of 86 MW of geothermal resources, 46.3 MW of wind resources, 97.4 MW of solar PV resources and 0.8 MW of biomass resources. This portfolio of renewable resources has resulted in the City's expectation that it will significantly exceed the Renewable Portfolio Standard ("**RPS**") mandate of 33% of the retail electricity energy needs by 2020. See the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—State Legislation Affecting the Power Supply." The City served 34% of its retail energy needs with renewable energy in calendar year 2017 (the most recent calendar year for which such information is available).] The City has also received approximately 761,000 MWh of Historic Carryover RPS credits from the California Energy Commission ("**CEC**"); these credits can be used along with the energy from the above mentioned renewable resources to meet the City's post-2020 RPS mandates at least through 2028. The City is still actively examining potential replacement options for its IPP contract. With the reconstituted power resource portfolio, the City is likely to have a slightly higher reliance on natural gas in the future and will manage such increased price and supply risk over a one to five-year horizon with hedging contracts using various energy suppliers who have at least an investment grade credit rating.

FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

Federal Policy on Cybersecurity

On February 13, 2013, then-President Obama issued an Executive Order entitled "Improving Critical Infrastructure Security" (the "**Executive Order**"). Among other things, the Executive Order called for improved information sharing and processing of security clearances for owners and operators of critical infrastructure. The Executive Order further required the Secretary of Commerce to direct the National Institute of Standards and Technology ("**NIST**") to lead the development of a framework (the "**Framework**") to reduce cyber risks to critical infrastructure. NIST released the first version of the voluntary Framework on February 12, 2014. NIST has indicated that it intends for the Framework to continue to be updated and improved as the security industry provides feedback on implementation. NIST finalized the second version of the Framework in April 2018.

The Cybersecurity Information Sharing Act of 2015 was signed into law on December 18, 2015 as part of the year-end Omnibus Appropriations Act. It creates an industry-supported, voluntary cybersecurity information sharing program that will encourage both public and private sector entities to share cyber-related threat information.

Federal Energy Legislation

Energy Policy Act of 2005. Under the federal Energy Policy Act of 2005 ("**EPAct 2005**"), FERC was given refund authority over publicly owned utilities if they sell electrical energy into short-term markets, such as that controlled by the CAISO, and sell eight million MWhs or more of electric energy on an annual basis. In addition, FERC was given authority over the behavior of market participants. Under FERC's authority, it can

impose penalties on any seller for using a manipulative or deceptive device, including market manipulation, in connection with the purchase or sale of energy or of transmission service. The Commodity Futures Trading Commission also has jurisdiction to enforce certain types of market manipulation or deception claims under the Commodity Exchange Act.

EPAct 2005 authorized FERC to issue permits to construct or modify transmission facilities located in a national interest electric transmission corridor if FERC determines that the statutory conditions are met. EPAct 2005 also required the creation of an electric reliability organization (an "**ERO**") to establish and enforce, under FERC supervision, mandatory reliability standards (the "**Reliability Standards**") to increase system reliability and minimize blackouts. Failure to comply with such Reliability Standards exposes a utility to significant fines and penalties by the ERO.

NERC Reliability Standards. As described above, EPAct 2005 required FERC to certify an ERO to develop mandatory and enforceable Reliability Standards, subject to FERC review and approval. The Reliability Standards apply to users, owners and operators of the Bulk-Power System, as more specifically set forth in each Reliability Standard. On February 3, 2006, FERC issued Order 672, which certified the North American Electric Reliability Corporation ("**NERC**") as the ERO. Many Reliability Standards have since been approved by FERC. Such standards pertain not only to the planning, operations and maintenance of Bulk-Power System facilities, but also to the cyber and physical security of certain critical facilities.

The ERO or the entities to which NERC has delegated enforcement authority through an agreement approved by FERC (the "**Regional Entities**") may enforce the Reliability Standards, subject to FERC oversight, or FERC may independently enforce them. Potential monetary sanctions include fines of up to $1 million per violation per day. FERC Order 693 further provided the ERO and Regional Entities with the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.

Federal Regulation of Transmission Access

EPAct 2005 authorized FERC to compel "open access" to the transmission systems of certain utilities that are not generally regulated by FERC, including municipal utilities if the utility sells more than four million MWhs of electricity per year. Under open access, a transmission provider must allow all customers to use the system under standardized rates, terms and conditions of service.

FERC Order No. 888 requires the provision of open access transmission services on a nondiscriminatory basis by all "jurisdictional utilities" (which, by definition, does not include municipal entities like the City) by requiring all such utilities to file Open Access Transmission Tariffs ("**OATTs**"). Order No. 888 also requires "non-jurisdictional utilities" that purchase transmission services from a jurisdictional utility under an open access tariff and that own or control transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the non-jurisdictional utility provides to itself. Section 211A of EPAct 2005 authorizes, but does not require, FERC to order unregulated transmission utilities to provide transmission services. Specifically, FERC may require an unregulated transmitting utility to provide access to its transmission facilities: (1) at rates that are comparable to those that the unregulated transmitting utility charges to itself; and (2) on terms and conditions (not relating to rates) that are comparable to those under which the unregulated transmitting utility provides transmission services to itself which are not unduly discriminatory or preferential.

On February 16, 2007, FERC issued Order 890, which concluded that reform of its pro forma OATT was necessary to reduce the potential for undue discrimination and provide clarity in the obligations of transmission providers and customers. Significantly, in Order 890, FERC stated that it will implement its authority under Section 211A of EPAct 2005 with respect to unregulated transmitting utilities on a case-by-case basis and retain the current reciprocity provisions.

On July 21, 2011, FERC issued Order 1000, which among other things requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Further, FERC stated that it has the authority to allocate costs to beneficiaries of transmission services, even in the absence of a contractual relationship between the owner of the transmission facilities and the beneficiary. Under EPAct 2005, FERC may not require municipal utilities to join regional transmission organizations, in which participating utilities allow an independent entity to oversee operation of the utilities' transmission facilities. FERC has stated, however, that FERC expects such utilities to participate in the regional processes for transmission planning and that FERC will pursue associated complaints against such utilities on a case-by-case basis.

Other Federal Legislation

Congress has considered and is considering numerous bills addressing domestic energy policies and various environmental matters, including bills relating to energy supplies and development (such as a federal energy efficiency standard and expedited permitting for natural gas drilling projects), cybersecurity, reducing regulatory burdens, climate change and water quality. Many of these bills, if enacted into law, could have a material impact on the City and the electric utility industry generally. In light of the variety of issues affecting the utility sector, federal energy legislation in other areas such as reliability, transmission planning and cost allocation, operation of markets, environmental requirements and cybersecurity is also possible. The City is unable to predict the outcome or potential impacts of any possible legislation on the City at this time.

Nuclear Regulatory Commission Initiatives

The Nuclear Regulatory Commission (the "**NRC**") has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generation facilities. Events at nuclear facilities or impacting the industry generally may lead the NRC to impose additional requirements and regulations on existing and new facilities. For instance, as a result of the March 2011 earthquake and tsunami that caused significant damage to the Fukushima Daiichi Nuclear Power Plant in Japan, various industry organizations developed action plans for American nuclear power plants and the NRC undertook an independent review of the events at Fukushima Daiichi, including a review of the agency's processes and regulations in order to determine whether the agency should promulgate additional regulations and possibly make more fundamental changes to the NRC's system of regulation.

On March 12, 2012, the NRC issued the first regulatory requirements for all 104 operating nuclear reactors located in the United States (including PVNGS) based on the task force evaluations. The NRC issued three orders that modify operating licenses by requiring the following safety enhancements: (1) mitigation strategies to respond to extreme natural events resulting in the loss of power at plants; (2) ensuring reliable hardened containment vents; and (3) enhancing spent fuel pool instrumentation. On January 4, 2013, the NRC issued guidance to enable American nuclear power plant operators to perform seismic and flooding hazard assessments, which was undertaken at PVNGS in September 2014.

The NRC has required PVNGS to increase the redundancy in its power supply to emergency cooling systems, reinforce its spent fuel pool, accelerate the transfer of spent fuel from the pool to the dry cask storage, and add pipelines and associated equipment necessary for supplying additional cooling water to the reactors. In response to such requirements, PVNGS has purchased additional diesel generators, pumps and fire trucks and has accelerated the movement of its spent fuel casks to the storage facility. In addition to these actions, PVNGS has allotted approximately $122 million for initiatives developed in response to the failure at the Fukushima Daiichi Nuclear Power Plant, including, among other things, fuel building modifications, an emergency equipment storage facility, temporary power connections, seismic and flood hazards validation and corresponding mitigating strategies. Additional NRC-mandated requirements are anticipated, but the costs associated with these future projects are unknown at this time.

In the event of noncompliance with its requirements, the NRC has the authority to impose monetary civil penalties or a progressively increased inspection regime that could ultimately result in the shut-down of a unit, or both, depending upon the NRC's assessment of the severity of the situation, until compliance is achieved. The increased costs resulting from penalties, a heightened level of scrutiny and implementation of plans to achieve compliance with NRC requirements may adversely affect the Electric System's financial condition, results of operations and cash flows. See the caption "THE ELECTRIC SYSTEM—Entitlements—PVNGS."

Environmental Issues

General. Electric utilities are subject to continuing environmental regulation. Federal, State and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from new and changing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that any Electric System facilities or projects will remain subject to the laws and regulations that are currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. In addition, the election of new administrations, including the President of the United States, could substantially impact current environmental standards and regulations and other matters described herein. New laws and regulations could be imposed that could impact the City's ability to operate the Electric System or impose significant compliance costs. The inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units which are not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Greenhouse Gas Regulations Under the Clean Air Act. The United States Environmental Protection Agency (the "**EPA**") has taken numerous steps to regulate GHG emissions under existing law. In 2009, the EPA issued a final "endangerment finding," in which it found that six identified greenhouse gases, namely, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride, cause global warming, and that global warming endangers the public health and welfare. As a result of this finding, the EPA determined that it was authorized to issue regulations limiting carbon dioxide emissions from, among other things, motor vehicles and stationary sources, such as electric generating facilities, under the federal Clean Air Act. The EPA subsequently issued the "Tailoring Rule," published in the Federal Register on June 3, 2010, which regulates greenhouse gas emissions from large stationary sources, including electric generating facilities, if the sources emit more than the specified threshold levels of tons per year of carbon dioxide. Under the Tailoring Rule, large sources with the potential to emit in excess of the applicable threshold were to be subject to the major source permitting requirements under the Clean Air Act, including the EPA's Prevention of Significant Deterioration ("**PSD**") permit program and its Title V operating permit program. Permits would be required in order to construct, modify and operate facilities exceeding established emissions thresholds. Examples of such permitting requirements include, but are not limited to, the application of Best Available Control Technology ("**BACT**") for greenhouse gas emissions and monitoring, reporting and recordkeeping for greenhouse gases.

Legislation and joint disapproval resolutions were subsequently introduced in the United States Congress seeking to repeal the EPA's endangerment finding or otherwise prevent the EPA from regulating greenhouse gases as air pollutants. The endangerment finding and the Tailoring Rule were also challenged in court, but were upheld on June 26, 2012 in a decision by the United States Court of Appeals for the District of Columbia Circuit (the "**D.C. Circuit Court**"). On June 23, 2014, the United States Supreme Court (the "**U.S. Supreme Court**") issued its decision in the *Utility Air Regulatory Group v. EPA* case. In the decision, the U.S. Supreme Court invalidated substantial portions of the Tailoring Rule, which purported to modify the emissions thresholds set forth in the Clean Air Act (governing when PSD and Title V permitting would be triggered) to account for GHGs, while preserving various aspects of the EPA's ability to regulate GHG emissions from most new major sources. The decision holds that, for facilities that are otherwise subject to PSD permitting obligations (by virtue of their emissions of conventional pollutants), the EPA may regulate GHGs from those facilities

through the PSD BACT standards (without approving the EPA's current approach to BACT regulation of GHGs, or any other approach that may be adopted).

On August 3, 2015, then-President Obama and the EPA announced the final version of the Clean Power Plan (the "**CPP**") for existing power plants. The CPP established GHG emission guidelines for existing coal and natural gas-fired electric generating units that would have had required significant emission reductions by the year 2030. In July 2019, President Trump and the EPA promulgated the Affordable Clean Energy Rule (the "**ACE Rule**") as a replacement for the CPP. In comparison to the CPP, the ACE Rule provides that best systems for emissions reduction ("**BSER**") for existing electric generating units is based on heat rate improvement measures to provide states greater flexibility in tailoring their emissions reduction programs and providing states with a list of "candidate technologies" that could be used to establish performance standards. The ACE Rule also updates EPA's New Source Review permitting program to incentivize efficiency improvements and existing plants and aligning Section 111(d) of the Clean Air Act with general implementing rules to provide states more time and additional flexibility to develop state plans.

On August 3, 2015, the EPA also released standards to limit carbon dioxide emissions from new, modified and reconstructed power plants. These new final carbon pollution standards would apply to: (i) any newly constructed fossil fuel-fired power plant that commenced construction on or after January 8, 2014; (ii) existing power plants subject to modification, which would include a physical or operational change that increased the source's maximum achievable hourly rate of emissions, which modification occurred on or after June 18, 2014; and (iii) reconstructed power plants, which would include any unit on which the replacement of components occurred on or after June 18, 2014 and to such an extent that the fixed capital costs of the new components exceeds 50% of the fixed capital costs that would be required to construct a comparable entirely new facility.

In the final standards, the EPA established separate standards for two types of fossil fuel-fired sources: (a) stationary combustion turbines, generally firing natural gas; and (b) electric utility steam generating units, generally firing coal. The new standards reflect the degree of emissions limitation achievable through the application of the "Best System of Emissions Reduction," that the EPA determined had been adequately demonstrated for each type of unit.

Under the final standards, new and reconstructed baseload natural gas-fired electricity generating units would be required to meet an emissions limit of 1,000 pounds of carbon dioxide per MWh. Non-base load units would need to meet a clean fuels input-based standard. New coal-fired facilities would be required to meet an emissions limit of 1,400 pounds of carbon dioxide per MWh-gross. Coal-fired electricity generating units subject to modifications resulting in an increase of hourly carbon dioxide emissions of more than 10% relative to the emissions of the most recent five years from that unit would be required to meet a unit-specific emission limit consistent with the unit's best historical annual carbon dioxide emissions rate since 2002. Such standard would be in the form of an emissions limit in pounds of carbon dioxide per MWh on a gross-output basis. Reconstructed coal-fired power plants with a heat input of greater than 2,000 million British thermal units hour would be required to meet an emissions limit of 1,800 pounds of carbon dioxide per MWh-gross. Smaller coal-fired units would be required to meet an emission limit of 2,000 pounds of carbon dioxide per MWh-gross. These emissions limits were based on the use of the most efficient generating technology at the affected source.

On December 20, 2018, the EPA proposed revised New Source Performance Standards for GHG emissions from new, modified and reconstructed fossil fuel-fired power plants. These revisions are in-line with other new source performance standard regulations based on available control technology. The revisions removed carbon capture and sequestration as an available technology for coal-fired units. New and reconstructed gas-fired turbine units were not addressed in these proposed amendments. The proposed revisions have not yet been finalized.

The City is unable to predict at this time the outcome of any ongoing legal challenges to EPA rulemaking with respect to GHG emissions. Further, given the uncertainty regarding the status of current laws and ongoing

review of the recently released proposed replacement rule, it is too early to determine the effect that any final rules promulgated by the EPA regulating GHG emissions from electric generating units will have on the Electric System.

Air Quality – National Ambient Air Quality Standards. The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards ("**NAAQS**") for certain air pollutants. When a NAAQS has been established, each state must identify areas in its state that do not meet the EPA standard (known as "non-attainment areas") and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the applicable standard and become an "attainment area."

The EPA periodically reviews the NAAQS for various air pollutants and has in recent years increased, or proposed to increase, the stringency of the NAAQS for certain air pollutants. The EPA revised the NAAQS for particulate matter on December 14, 2012, the NAAQS for sulfur dioxide on June 22, 2010 and the NAAQS for nitrogen dioxide on February 9, 2010, and in each case made the NAAQS more stringent. Based on the revised standards for particulate matter, nitrogen dioxide and sulfur dioxide, some areas may be designated as non-attainment.

On December 18, 2014, the EPA issued a final rule making initial area designations for the 2012 NAAQS for fine particulate matter ("**PM2.5**"), designating 14 areas in six states as non-attainment, including areas of California. These PM2.5 designations became effective on April 15, 2015. These developments may result in stringent permitting processes for new sources of emissions and additional state restrictions on existing sources of emissions, such as power plants. On September 2, 2011, then-President Obama directed the EPA to withdraw a proposal advanced by the EPA to lower the NAAQS for ozone. As a result of this withdrawal, the EPA resumed the process of issuing non-attainment designations for the ozone NAAQS under the standard set in 2008.

On April 30, 2012, the EPA issued ozone non-attainment designations for certain areas in California. Additional non-attainment areas for ozone have been and may continue to be designated. On May 29, 2013, the EPA proposed a rule to implement the 2008 ozone NAAQS. While implementing the 2008 ozone NAAQS, the EPA continued its review of this standard. In January 2014, the EPA released draft risk and exposure assessment documents and a draft policy assessment document relating to this review. In addition, the U.S. Supreme Court found in its review of *EPA v. EME Homer City Generation, LP* that the EPA has authority to impose a cross-state air pollution rule which curbs air pollution emitted in upwind states to facilitate downwind attainment of three NAAQS.

On November 26, 2014, the EPA proposed to strengthen the stringency of the NAAQS for ozone by lowering the existing ozone standard of 75 parts per billion ("**ppb**") to between 65 and 70 ppb, although the EPA also sought public comment on a standard as low as 60 ppb. On October 1, 2015, the EPA issued its final rule, lowering the ozone standard to 70 ppb. Legal challenges to the final rule were filed by a number of states and industry groups. In 2019, the D.C. appellate court upheld most of the EPA's 2015 thresholds for ground level-ozone..

Mercury and Air Toxics Standards. On December 16, 2011, the EPA signed a rule establishing new standards to reduce air pollution from coal- and oil-fired power plants under sections 111 (new source performance standards) and 112 (toxics program) of the Clean Air Act. The final rule was published in the Federal Register on February 16, 2012. The EPA updated the Mercury and Air Toxics Standards (the "**MATS**") emission limits on November 30, 2012 and again on March 28, 2013. Under section 111 of the Clean Air Act, the MATS rule revised the standards that new and modified facilities, including coal- and oil-fired power plants, must meet for particulate matter, sulfur dioxide, and nitrogen oxide. Under section 112, the MATS set new toxics standards limiting emissions of heavy metals, including mercury, arsenic, chromium and nickel; and acid gases, including hydrochloric acid and hydrofluoric acid, from existing and new power plants larger than 25 MW that burn coal or oil. Power plants were to have up to four years to meet these standards. While many

plants already meet some or all of these revised standards, some plants would be required to install new equipment to meet the standards.

On November 25, 2014, the U.S. Supreme Court agreed to review the MATS following the filing of petitions for writ of certiorari from 23 states and industry groups. On June 29, 2015, the U.S. Supreme Court issued its decision in the case, finding that the EPA interpreted the Clean Air Act improperly because it did not consider the costs of emissions reductions prior to crafting the MATS and remanded the case back to the D.C. Circuit Court. On December 15, 2015, the D.C. Circuit Court determined to leave the MATS in place while it is being revised on remand as ordered by the U.S. Supreme Court. The EPA issued a final finding on April 14, 2016. In December 2018, the EPA issued a proposed revised supplemental cost finding for MATS wherein the EPA proposed that it was not "appropriate and necessary" to regulate hazardous air pollutants from power plants under Section 112 of the Clean Air Act. However, the emission standards and other requirements of the 2012 MATS rule would remain in place as the EPA did not propose to remove coal and oil-fired plants from the list of regulated sources.

Effluent Limitations Guidelines and Standards. On June 7, 2013, the EPA proposed to set technology-based effluent limitations guidelines and standards for metals and other pollutants in wastewater discharged from steam electric power plants. The proposal would cover wastewater associated with several types of equipment and processes, including flue gas desulfurization, fly ash, bottom ash, flue gas mercury control and gasification of fuels. The EPA considered best management practices for surface impoundments containing coal combustion residuals. The EPA proposed four preferred alternatives for regulating wastewater discharges. The stringency of controls, types of waste streams covered and the costs varied among the four alternatives. On September 30, 2015, the EPA announced its final Steam Electric Effluent Limitation Guidelines to update the federal limits on toxic metals in discharge wastewater.

In November 2019, the EPA proposed to revise the 2015 effluent limitation guidelines as they relate to existing facilities. The proposed new standards apply to flue gas desulfurization wastewater and bottom ash transport water and are meant to achieve greater pollution reductions than the 2015 standards by taking into account new and more affordable pollution control technologies.

Climate Change. Legislative and regulatory responses to climate change and the effects of climate change could impact the future operations and costs of the Electric System or projects. In addition to the matters discussed above, the City may be impacted by future treaties and federal and state laws, rules and regulations that limit carbon dioxide and other greenhouse gas emissions from electric generating facilities. Absent legislative action by the U.S. Congress, the EPA has authority to regulate carbon dioxide and other greenhouse gas emissions under the Clean Air Act, and any future administrations could promulgate new rules or rules that repeal, revise and/or replace the ACE Rule that is currently in effect. Furthermore, changes in temperatures, precipitation and the frequency and severity of extreme weather events (such as tornadoes and flooding) and other impacts of climate change could affect peak demands, the operations of the City's Electric System and the costs of maintaining these facilities and power transmission lines. The impacts of these weather events on current and future operations cannot be predicted at this time.

Electric and Magnetic Fields. A number of studies have been conducted regarding the potential long-term health effects of exposure to electric and magnetic fields created by high voltage transmission and distribution equipment. Additional studies are being conducted to determine the relationship between electric and magnetic fields and certain adverse health effects, if any. At this time, it is not possible to predict the extent of the costs and other impacts, if any, which the electric and magnetic fields concerns may have on electric utilities, including the Electric System.

Resource Adequacy

In 2006, the CAISO filed with the Federal Energy Regulatory Commission ("**FERC**") its Market Redesign and Technology Upgrade ("**MRTU**") tariff amendment to implement a comprehensive overhaul of the

electricity markets administered by the CAISO. The programs under the MRTU initiative were designed to implement market improvements to assure grid reliability and more efficient and cost-effective use of resources and to create technology upgrades that would strengthen the entire CAISO computer system. The California energy market under the MRTU includes the following features, among others, which were not part of CAISO's previous real-time only market tariff:

- An integrated forward market for energy, ancillary services and congestion management that operates on a day-ahead basis;

- Congestion management which represents all network transmission constraints;

- Congestion Revenue Rights to allow market participants to manage their costs of transmission congestion;

- Local energy prices by price nodes (approximately 3,000 nodes in total), also known as locational marginal pricing; and

- New market rules and penalties to prevent gaming and illegal manipulation of the market as well as modifications to certain existing market rules.

The MRTU became operational on April 1, 2009 and the initial MRTU tariff filed with FERC went into effect at that time. Power is scheduled on a nodal basis, rather than the previous zonal system. Furthermore, the MRTU incorporates the CPUC's resource adequacy requirements to ensure that there are adequate energy resources in critical areas. The MRTU requires that all scheduling coordinators for all load-serving entities ("**LSEs**"), which include the City, meet standards concerning forward capacity and energy procurements to meet their load requirements.

In September 2005, the Governor signed into law Assembly Bill 380 ("**AB 380**"), which requires publicly-owned utilities to procure adequate resources to meet their peak demands and reserves. In October 2005, the CPUC issued a decision requiring that LSEs under its jurisdiction acquire capacity which is sufficient to serve their forecast retail customer load plus a 15-17% reserve margin. The MRTU tariff incorporates the CPUC's resource adequacy requirements. The MRTU tariff imposes the CPUC's resource adequacy requirements on LSEs that are not CPUC jurisdictional entities, such as the City.

The City has historically satisfied this reserve margin requirement through its power supply resources, and the City believes that it will continue to have sufficient power resources to satisfy the system capacity requirements as required by the MRTU and AB 380.

State Legislation Affecting the Power Supply

Senate Bill 350 – Clean Energy and Pollution Reduction Act of 2015. Senate Bill 350 ("**SB 350**"), which the State Governor signed into law in 2015, consists of a multitude of requirements to meet clean energy mandates. The primary elements that affect the City are: (i) the increase in the mandate of the State's renewable portfolio standard (the "**RPS**") to 50% by December 31, 2030; (ii) the doubling of energy efficiency savings by January 1, 2030; and (iii) the transformation of the CAISO into a regional organization. In addition, large municipal electric systems such as the City were required to adopt an IRP on or before January 1, 2019, and to update the plan at least once every five years. See the caption "THE ELECTRIC SYSTEM— Electric System Strategic Plan—Power Resource Portfolio Management" for a description of the City's IRP.

Senate Bill 100 – 100 Percent Clean Energy Act of 2018. Senate Bill 100 ("**SB 100**"), signed into law on September 10, 2018, increases the State's RPS goals by modifying the RPS percentage targets for certain compliance periods. The measure maintains the 33% RPS target by December 31, 2020, while the compliance

periods following it changed to 44% by December 31, 2024, 52% by December 31, 2027 and 60% by December 31, 2030.

The CEC is required to establish appropriate multiyear compliance periods for all subsequent years after 2030 that will require municipally owned electric systems to procure not less than 60% of retail sales from renewable resources. It is expected that workshops, rulemakings, and updated regulations will be implemented by the CEC to incorporate the SB 100 mandate in its RPS Eligibility Guidebook and RPS Enforcement Procedures. In addition, the City will need to include the increased requirements in its future IRP. The City and the Electric System will continue to monitor the outcome and impacts of any upcoming workshops and regulations in meeting the new requirements.

Assembly Bill 32 – Global Warming Solutions Act of 2006. Assembly Bill 32 ("**AB 32**"), which the State Governor signed into law in 2006, requires that utilities reduce their GHG emissions to 1990 levels by the year 2020. In addition, Senate Bill 32 ("**SB 32**"), which the Governor signed into law in 2016, requires that Statewide greenhouse gas emissions are reduced to 40% below 1990 levels by 2030.

AB 32 tasked CARB with developing regulations for GHG emissions that became effective January 1, 2012. Emission compliance obligations under the cap-and-trade regulation (the "**Program**") began on January 1, 2013. The Program was implemented in phases, with the first phase lasting from January 1, 2013 to December 31, 2014. This phase placed an emission cap on electricity generators, importers and large industrial sources emitting more than 25,000 metric tons of carbon dioxide-equivalent greenhouse gases per year. In 2015, the program expanded to cover emissions from transportation fuels, natural gas, propane and other fossil fuels.

The Program requires electric utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. CARB will provide a free allocation of GHG allowances to each electric utility to mitigate retail rate impacts. Thereafter, the utilities are likely to be required to purchase allowances through the auction or on the secondary market to offset their associated GHG emissions. Each allowance can be used for compliance purposes in the current year or carried over for use in future year compliance.

Any allowance not used for current year compliance or carried over for future use in compliance must be sold into the quarterly allowance auctions administered by CARB. Proceeds from the auctions must be used for the intended purposes specified in AB 32 that include but are not limited to procurement of renewable resources, energy efficiency and conservation programs and measures that provide clear GHG reduction benefits.

Assembly Bill 398 – GHG Cap-and-Trade Program Extension. Assembly Bill 398 ("**AB 398**"), which the State Governor signed into law in 2017, extended the GHG cap-and-trade program to December 31, 2030. This bill was also a companion bill to Assembly Bill 617 ("**AB 617**"; see the subcaption "—Assembly Bill 617 – Air-Quality Monitoring"). The City's free allocation of GHG allowances is expected to be sufficient to meet the City's direct GHG compliance obligations through 2030.

The City is required to consign 100% of its allowances and then purchase allowances to meet its compliance obligation. Other components of the law that require clarification are the banking provisions and the specific GHG revenue spending requirement for revenues generated from the sale of excess allowances. The Electric System will continue to monitor the outcome and impacts of the upcoming regulations on its service territory and ratepayers.

Assembly Bill 617 – Air Quality Monitoring. AB 617, which the State Governor signed into law in 2017, was part of a legislative bill package with AB 398, which authorized the extension of the cap-and-trade Program in the State. See the subcaption "—Assembly Bill 398 – GHG Cap-and-Trade Program Extension." AB 617 addresses the disproportionate impacts of air pollution in environmental justice communities. Both CARB and local air districts are required to take specific actions to reduce air pollution and toxic air contaminants from commercial and industrial sources, including from electricity-generating facilities. The bill

required CARB to prepare a Statewide monitoring plan regarding technologies and reasons for monitoring air quality and, based on that plan, to identify the highest priority locations for the deployment of community level air monitoring systems. Local air districts were required to deploy the air monitoring systems in the specified communities by July 1, 2019. Additional locations for the deployment of the systems will be identified annually by CARB beginning in early 2020. CARB is also required to provide grants to community-based organizations for technical assistance and to support community participation in the programs. In turn, this effort requires local air districts to adopt a community emissions reduction program.

Additionally, AB 617 requires CARB to develop uniform reporting standards for air pollutants and toxic air contaminants for specific uses, including electricity-generating facilities. Air districts are to adopt an expedited schedule for implementing best available retrofit control technologies for the uses, while CARB will identify these technologies.

AB 617 imposes additional reporting requirements. For the City, the local air district is the Southern California Air Quality Management District ("**SCAQMD**"). CARB and SCAQMD have held and continue to hold community meetings to implement the required elements of AB 617. The City continues to monitor developments under AB 617.

Senate Bill 1368 – Emission Performance Standard. Senate Bill 1368 ("**SB 1368**"), which the State Governor signed into law in 2006, mandates that electric utilities are prohibited from making long-term financial commitments (commitments greater than five years in duration) for generating resources with capacity factors greater than 60 percent that exceed a GHG emission factor of 1,100 pounds/MWh. SB 1368 essentially prohibits any long-term investments in generating resources based on coal. Thus, SB 1368 initially disproportionally impacted Southern California publicly owned utilities, as these utilities had heavily invested in coal technology, but the changing landscape of legislation and regulations that are constantly increasing renewable goals and continually decreasing GHG emissions have led to a gradual decrease in the generation of existing coal resources to serve load.

The City has ownership entitlement rights to 136 MW of IPP. IPP has a GHG emission factor of approximately 2,000 pounds/MWh. Therefore, under SB 1368, the City is precluded from renewing the IPP Power Purchase Contract at the end of its term in June 2027. See the caption "THE ELECTRIC SYSTEM—Entitlements—IPP Generating Station*."*

Going forward, SB 1368-related issues are expected to have minimal impact to the CAISO markets as the percentage of load served by coal resources in the State is small; however, to the extent that significant numbers of coal plants throughout the western United States start to retire in the next 5 to 15 years, it is possible that there could be a tightening of supply throughout the western United States electricity market. In turn, this could lead to higher regional costs and potentially reduced system reliability.

Assembly Bill 2514 – Energy Storage. Assembly Bill 2514 ("**AB 2514**"), which the State Governor signed into law on September 29, 2010, directs municipal electric utilities to consider setting targets for energy storage procurement but emphasizes that any such targets must be consistent with technological viability and cost effectiveness. The law's main directives and their respective deadlines are to adopt an energy storage system procurement target by October 1, 2014, if determined to be appropriate, to be achieved by each utility by December 31, 2016, and a second target to be achieved by December 31, 2020. Municipal electric utilities were required to submit compliance reports to the CEC of their first adopted target by January 1, 2017, which the City did. The second adopted target compliance report is due to the CEC by January 1, 2021.

Energy storage ("**ES**") has been advocated as an effective means for addressing the growing operational problems of integrating intermittent renewable resources, as well as contributing to other applications on and off the grid. In general, ES is a set of technologies which are capable of storing previously generated electric energy and releasing that energy at a later time. Currently, the commercially available ES technologies (or soon to be

available technologies) consist of pumped hydroelectric generation, compressed air systems, batteries and thermal ES systems.

On February 17, 2012, the Board opened a proceeding to investigate the various ES technologies available and determine whether the City should adopt energy storage procurement targets. The City concluded its investigation of energy storage pricing and benefits in September 2014 and adopted a zero megawatt target based on the conclusion that the viable applications of ES technologies and solutions at the time were not cost effective and outweighed the benefits that they might provide to the Electric System.

On September 26, 2017, after reevaluating its assessment of the first adopted energy storage procurement target of zero megawatts, the City approved and adopted the second energy storage procurement target of six megawatts to be achieved by end of the year 2020 to the CEC.

On December 12, 2016, the City submitted its first compliance report to the CEC describing the City's proactive efforts in investigating viable energy storage options in the market and conducting energy storage pilot projects within the City to fulfill its first adopted target.

On March 3, 2015, City Council approved the Ice Bear Pilot program for 5 MWs. The program is intended to reduce load during peak hours, improve energy efficiency and demonstrate the City's proactive support of the State's energy storage goals. As of February 2020, program components in the amount of 3.126 MWs have been deployed. However, in December 2019, the program contractor (Ice Energy) filed a petition for bankruptcy and is expected to liquidate its assets, subject to bankruptcy court approval. The City understands that discussions with potential purchasers of Ice Energy's assets are in the preliminary stages and there can be no assurance as to the timing of any such sale or the ultimate outcome of the bankruptcy proceeding.

On July 28, 2015, the City Council approved a 20-year power purchase agreement for the City to procure renewable energy from the Antelope DSR Solar Photovoltaic Project, which includes a built-in energy storage option for the buyers to exercise during the first 15 years of operation. See the caption "THE ELECTRIC SYSTEM—Renewable Resources—sPower – Summer Solar, Antelope Big Sky Ranch and DSR 1 Solar."

Senate Bill 380 – Moratorium on Natural Gas Storage – Aliso Canyon. On October 23, 2015, a significant gas leak was discovered at the Aliso Canyon natural gas storage facility, which makes up 63% of total storage capacity of Southern California Gas Company ("**SoCalGas**") and serves 17 gas fired power generation units. On May 10, 2016, the State Governor signed Senate Bill 380 in law, placing a moratorium on Aliso Canyon's natural gas storage usage until rigorous tests were performed and completed by the Division of Oil, Gas, and Geothermal Resources ("**DOGGR**") as to which wells could continue to be in operation. This moratorium caused great concern regarding the reliability of natural gas supplies in the upcoming summer and winter months. An action plan study area was initiated to review the summer and winter assessment that was conducted as a joint effort between the CPUC, CEC, CAISO and LADWP. Although the area of study neither includes nor immediately impacts the City, it is highly plausible that the market for natural gas could be affected by curtailed gas deliveries under certain adverse low-flow gas scenarios.

Beginning June 1, 2016, SoCalGas implemented new Operational Flow Order ("**OFO**") tariffs due to limitations surrounding Aliso Canyon storage injections and withdrawals. These tariff changes were put in place to reduce the probability of natural gas curtailments.

These tighter OFO tariff restrictions were scheduled to conclude upon the earlier of the return of Aliso Canyon to at least 450 million cubic feet per day ("**MMcfd**") of injection capacity and 1,395 MMcfd of withdrawal capacity, or March 31, 2017. Aliso Canyon has not been able to meet its injection and withdrawal targets, and therefore, these tighter OFO tariff restrictions will continue to remain in effect.

On July 19, 2017, DOGGR issued a press release to the effect that, in concurrence with the CPUC, Aliso Canyon is safe to resume injections up to 28% of the facility's maximum capacity. On that same day, the CEC

issued a different press release with a recommendation urging closure of Aliso Canyon in the long-term. On July 31, 2017, SoCalGas resumed injections. Withdrawals from Aliso Canyon can be made during emergency conditions to avoid electric load shed and/or gas curtailments to customers.

On July 2, 2018, the CPUC directed SoCalGas to maintain up to 34 billion cubic feet of inventory due to "unprecedented level of outages on the SoCalGas system," among other reasons. On July 23, 2019, the CPUC approved new rules governing SoCalGas' withdrawals of natural gas at the Aliso Canyon natural gas storage facility. In addition to emergency conditions, SoCalGas can now withdraw natural gas from Aliso Canyon based on preliminary Low OFO Stage 2 calculations, the existence of sufficient storage levels at Aliso Canyon and at times when storage levels at SoCalGas' other storage facilities fall below requirements.

The Electric System has fulfilled its system reliability since the gas leak was discovered at the Aliso Canyon facility. The City will continue to monitor developments in this area, but does not expect limitations on withdrawals from the facility to have a significant effect on the Electric System's ability to meet customer demand.

Assembly Bill 802 – Building Energy Use Benchmarking and Public Disclosure Program. Assembly Bill 802 ("**AB 802**"), which the State Governor signed into law in 2015, creates a new Statewide building energy use benchmarking and public disclosure program in the State. AB 802 requires electric utilities to maintain records of energy usage data for all commercial and multifamily buildings with over 50,000 square feet of gross floor area for at least the most recent 12 months. Utilities are required to deliver or provide aggregated energy usage data for a covered building to the owner, owner's agent or operator upon written request. The Electric System provides consumption data for buildings meeting the statutory requirements upon owners' written request.

Assembly Bill 1110 – Greenhouse Gas Emissions Intensity Reporting. Assembly Bill 1110 ("**AB 1110**"), which the State Governor signed into law in 2016, requires GHG emissions intensity data and unbundled renewable energy credits to be included as part of retail suppliers' power source disclosure reports and power content label ("**PCL**") to their customers. GHG emissions intensity factors will need to be provided for all retail electricity products. The inclusion of this new information requirement on the PCL will begin in 2021 for calendar year 2020 data. In addition to being required to post the PCL on the City's website, AB 1110 also requires that PCL disclosures must be mailed to customers unless customers have opted for electronic notifications. In accordance with this requirement, the City includes printed disclosures of the PCL to its customers. The CEC adopted updated regulations in December 2019 reflecting the change in the required reporting year for including the GHG emissions intensity data on the PCL.

Senate Bill 859 – "Budget Trailer Bill" – Biomass Mandate. Senate Bill 859 ("**SB 859**"), which the State Governor signed into law on September 14, 2016, amended the State's cap-and-trade program (as discussed under the subcaptions "—Assembly Bill 32 – Global Warming Solutions Act of 2006" and "—Assembly Bill 398 – GHG Cap-and-Trade Program Extension" to include a biomass procurement mandate for publicly owned utilities that serve more than 100,000 customers. Utilities are required to procure their pro-rata share of the Statewide obligation of 125 MW based on the ratio of each utility's peak demand to the total Statewide peak demand from existing in-State bioenergy projects for at least a five-year term.

On October 13, 2016, the CPUC adopted Resolution E-4805, which established that publicly owned utilities would be allocated 29 MW of the 125 MW Statewide mandate. The City has determined that its obligated share would be 1.3 MW, although pending CEC direction could change this share.

In 2017, the affected utilities (consisting of the cities of Anaheim and Los Angeles, the City, Imperial Irrigation District, Modesto Irrigation District, Sacramento Municipal Utility District and Turlock Irrigation District) determined that would be beneficial to procure a contract together for economies of scale. This was accomplished by utilizing SCPPA to issue a Request for Proposal on behalf of all the affected utilities, since four of the seven affected utilities are existing SCPPA members.

On November 16, 2017, the City entered into a five-year PSA with SCPPA for 0.8 MW from the ARP – Loyalton Biomass Project. See the caption "THE ELECTRIC SYSTEM—Renewable Resources—American Renewable Power – Loyalton." On April 20, 2018, the facility declared commercial operation.

Legislation Relating to Wildfires. Senate Bill 1028 ("**SB 1028**"), which was signed into law by the State Governor in 2016, requires municipal electric utilities to construct, maintain and operate their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. SB 1028 also requires the governing board of each municipal electric utility to make an initial determination as to whether its overhead electric lines and equipment pose a significant risk of catastrophic wildfire based on historical fires and local conditions. While governing boards must make this determination independently based on all relevant information, the CPUC's Fire Threat Map is an important factor in this process. The Fire Threat Map was adopted by the CPUC on January 19, 2018. According to the Fire Threat Map, parts of the Electric System are in an elevated fire threat zone. The Electric System owns transmission assets, including, but not limited to, wires, poles and other needed equipment to safely maintain and deliver power generated from generation assets located outside City limits.

Senate Bill 901 ("**SB 901**"), which was signed into law by the State Governor in 2018, addresses the response to, mitigation of and prevention of wildfires. SB 901 requires municipal electric utilities to prepare before January 1, 2020 and annually thereafter a wildfire mitigation plan, which is to be submitted to a newly created Wildfire Safety Advisory Board (the "**WSAB**"). SB 901 further requires utilities to present their wildfire mitigation plan in an appropriately noticed public meeting, to accept comments on the plan from the public, other local and state agencies and interested parties and to verify that the plan complies with all applicable rules, regulations, and standards, as appropriate. SB 901 also requires the utilities to contract with a qualified independent evaluator to review and assess the comprehensiveness of its plan. The report of the independent evaluator is to be made available on the Internet and to be presented at a public meeting of the utilities' governing boards. The City intends to comply with this requirement when the WSAB identifies qualified independent evaluators in the near future.

The City Council made the wildfire mitigation plan determination on December 17, 2019, determining that certain areas of the City lie within a high fire threat district or an elevated fire risk district. In these areas, there is a high possibility that a wildfire which ignites outside of City limits can subsequently enter the City. The major urban/rural interface areas of high fire risk within the City include Mount Rubidoux, the Santa Ana River Basin, Lake Hills, Mockingbird Canyon/Monroe Hills, Sycamore Canyon, Box Springs Mountain and La Sierra/Norco Hills.

The City's wildfire mitigation plan, which was adopted on December 17, 2019, lays out a number of steps to mitigate such risk, including: (i) identifying circuits that have overhead structures in elevated or extreme fire danger zones; (ii) monitoring weather conditions; (iii) designing and constructing Electric System facilities to meet CPUC General Order 95 and National Electric Safety Code standards; (iv) increasing vegetation clearances and tree evaluations in high fire threat districts; (v) frequent inspections of Electric System facilities; (vi) staff training; and (vii) reclosing of the Electric System's 4 kV and 12 kV distribution systems.

SB 901 also requires utilities that secure biomass procurement contracts under SB 859 (discussed above under the subcaption "—Senate Bill 859 – "Budget Trailer Bill" – Biomass Mandate") to seek a five-year extension of the term of such contracts. The City and other SCPPA participants in the ARP-Loyalton Biomass project offered to enter into a five-year extension of the project in late 2019. To date, ARP-Loyalton has not yet accepted the offer. Currently, there is no commitment in place to purchase any additional biomass energy from ARP-Loyalton beyond the current term of the contract. See the caption "THE ELECTRIC SYSTEM—Renewable Resources—American Renewable Power – Loyalton."

SB 1028 and SB 901 do not address existing legal doctrine relating to utilities' liability for wildfires; however, any future legislation that addresses the State's inverse condemnation and "strict liability" issues for

utilities in the context of wildfires in particular could be significant for the electric utility industry, including the City.

Other Factors

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. In addition to the factors that are discussed above, such factors include, among others: (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above (including those affecting nuclear power plants or potential new energy storage requirements); (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy; (c) effects on the integration and reliability of power supply from the increased usage of renewables; (d) changes resulting from a national energy policy; (e) effects of competition from other electric utilities (including increased competition resulting from a movement to allow direct access or from mergers, acquisitions and "strategic alliances" of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity; (f) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many investor-owned utilities; (g) increased competition from independent power producers and marketers, brokers and federal power marketing agencies; (h) "self-generation" or "distributed generation" (such as microturbines, fuel cells and solar installations) by industrial and commercial customers and others; (i) issues relating to the ability to issue tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with outstanding tax-exempt obligations; (j) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (k) changes from projected future load requirements; (l) increases in costs and uncertain availability of capital; (m) shifts in the availability and relative costs of different fuels (including the cost of natural gas and nuclear fuel); (n) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the past in the State; (o) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity; (p) other legislative changes, voter initiatives, referenda and Statewide propositions; (q) effects of the changes in the economy, population and demand of customers within a utility's service area; (r) effects of possible manipulation of the electric markets; (s) acts of terrorism or cyber-terrorism; (t) natural disasters or other physical calamities, including, but not limited to, earthquakes, floods and wildfires, and potential liabilities of electric utilities in connection therewith; and (u) changes to the climate. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The City is unable to predict what impact the above-described factors will have on the business operations and financial condition of the Electric System, but the impacts could be significant. This Remarketing Statement includes a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the 2011A Bonds should obtain and review such information. Such information is not incorporated herein by reference.

The City cannot predict at this time whether any additional legislation or rules will be enacted which will affect its Electric System's operations, including purchased power, and if such laws or rules are enacted, what the costs to the City might be in the future because of such action. The City does not currently expect significant changes to the Electric System's operations or operating costs in the future.

RISK FACTORS

The following information, in addition to the other matters that are described in this Remarketing Statement, should be considered by prospective investors in evaluating the 2011A Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the 2011A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the 2011A Bonds.

The 2011A Bonds Are Limited Obligations

The City's General Fund is not liable for the payment of debt service on the 2011A Bonds, nor is the credit or taxing power of the City pledged for the payment of debt service on the 2011A Bonds. No owner of any 2011A Bond may compel the exercise of the taxing power by the City or the forfeiture of any of its property. The principal of and interest on the 2011A Bonds are neither a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues and other funds, security and assets that are pledged to the payment of the 2011A Bonds under the Resolution.

Risks Relating to Credit Facility

General. In connection with the remarketing of the 2011A Bonds, the City has arranged for an irrevocable direct-pay Letter of Credit to be entered into with BANA. See the caption "THE LETTER OF CREDIT."

If the Letter of Credit expires, or in certain cases, if the rating of BANA is withdrawn or lowered, the City must replace the Letter of Credit. If the City is unable to secure a replacement credit or liquidity facility, the 2011A Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration. In addition, the related Letter of Credit will be drawn upon to pay the purchase price of such tendered 2011A Bonds. See the subcaption "—Renewal of Letter of Credit" below.

In connection with the Letter of Credit, the City has entered into the Reimbursement Agreement with BANA. Under the Reimbursement Agreement, the County is generally required to reimburse BANA for any amounts paid by BANA under the Letter of Credit on the same day that BANA makes payments on the 2011A Bonds. Amounts owed to BANA bear interest at a specified rate. The City is also required to pay certain fees to BANA, including establishment, facility, drawing and transfer fees, in addition to BANA's costs, expenses and certain taxes.

In the event that there is a drawing on the Letter of Credit to purchase any 2011A Bonds which are tendered for purchase by the holders thereof, the Reimbursement Agreement generally provides that BANA will become the holder of such obligations (which obligations are thereafter referred to as "**Bank Bonds**"). In addition, the City is required to repay such Bank Bonds over a three-year period that is less than the remaining term to maturity of the 2011A Bonds, and at an increased interest rate.

The Reimbursement Agreement contains a number of covenants and representations on the part of the City and specify events of default (which may include failure of the City to maintain credit ratings at specified levels), and remedies. BANA's remedies generally include the right to cause a mandatory tender of the 2011A Bonds. The obligations of the City pursuant to the Reimbursement Agreement are payable from Net Revenues on a parity with the 2011A Bonds and other Parity Debt.

Renewal of Credit or Liquidity Facilities. As described under the caption "THE LETTER OF CREDIT," the Letter of Credit expires prior to the maturity of the 2011A Bonds. If the Letter of Credit expires

and the City is unable to secure a replacement credit or liquidity facility, the 2011A Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the Letter of Credit will be drawn upon to pay the purchase price of such tendered 2011A Bonds. In such circumstances, the City is required to repay BANA over a three-year period that is less than the remaining term to maturity of the 2011A Bonds, and at an increased interest rate.

Ratings of BANA. From time to time rating agencies change the ratings of banks that have issued credit or liquidity facilities. In the event that the rating of BANA is reduced, such reduction may result in the 2011A Bonds bearing interest at a higher than projected interest rate or result in the downgrade of the rating of the 2011A Bonds, or both.

There can be no assurance that future rating reductions or other factors that are perceived to have an effect on, or to reflect, the credit quality of BANA will not result in a material increase in interest payments on the 2011A Bonds. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Rate Covenant."

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the 2011A Bonds and the Fiscal Agent, and the obligations incurred by the City, may be subject to the following: the limitations on legal remedies against cities in California; the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; principles of equity which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution of the United States; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2011A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Electric System serves an essential public purpose.

Debt Service Reserve Account Not Funded

Under the Resolution, the City may, but is not required to, establish a separate reserve account for a Series of Bonds. The City has established a debt service reserve account for the 2011A Bonds, but the 2011A Bond Reserve Requirement is $0. Consequently, no amounts have been deposited into such debt service reserve account. The owners of the 2011A Bonds have no rights to moneys in the reserve accounts established for other series of outstanding Bonds.

Electric System Expenses and Collections

The Electric System's facilities, timely payment of debt service on the 2011A Bonds and the financial condition of the City's Electric System are dependent, in part, upon the payment by customers of the amounts billed to such customers for the energy that they receive. There are multiple factors that might result in increased overall rates charged to such customers and, as a result, potentially have an adverse effect on collections. Many of these factors are not under the influence or control of the City or are factors over which the City has only limited influence or control. These factors include, but are not limited to, the following factors:

Changes in General Economic Conditions. Significant changes in general economic conditions may be caused by, among other things, fluctuating business cycles, weather patterns (such as droughts) or the occurrence of natural disasters (such as earthquakes or floods). In addition, a slowdown in the State's economy

could result from a declining real estate market. Such factors could lead to significant reductions in retail energy sales, resulting in increased retail rates for electric energy to offset reduced revenues.

Energy Market-Driven Increases in Wholesale Power Costs. Wholesale power costs are affected by a number of factors, including, but not limited to, weather, fuel supplies and transmission, transmission systems operations and capacity (including import capability), and generation capacity. Natural gas pipeline transmission interruptions (due to seismic or other environmental events, accidents or intentional acts) could result in higher natural gas prices and substantial increases in gas-fired electric generating facility operating costs. Due to the City's ownership interest or participation in joint generation projects, and long-term power contracts, it has minimal reliance on the volatile natural gas and spot market pricing impacts.

Market Manipulation. The CAISO, with approval from FERC, has adopted tariffs, protocols and regulations governing the conduct of energy suppliers and other entities whose activities affect the transmission system. CAISO tariffs, protocols and regulations are intended, among other things, to prevent manipulation of the CAISO's transmission system. The CAISO monitors the activities of transmission system participants, but manipulative behavior could occur, possibly resulting in higher or substantially higher costs. This risk is somewhat mitigated by the City's construction and acquisition of additional generating capacity and the City's risk management activities.

Impact of These Factors. The factors discussed above (and other factors) might result in increased rates while the 2011A Bonds remain outstanding. If a combination of one or more such factors lead to increased retail rates for electric energy, such increase could lead to increased delinquencies and non-payments by customers. See the caption "THE ELECTRIC SYSTEM—Uncollectible Accounts" for a discussion of uncollectible accounts.

There can be no assurance that the City's expenses for the Electric System will remain at the levels described in this Remarketing Statement. For example, the City's take-or-pay contracts with IPA and SCPPA contain "step-up" provisions obligating the City to pay a share of the obligations of a defaulting participant. See the caption "THE ELECTRIC SYSTEM—Joint Powers Agency Obligations." Any such default would increase the City's expenses. Also, increases in fuel and energy costs, new environmental regulations or other expenses could reduce the City's Net Operating Revenues and could require substantial increases in rates or charges. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand for electric services.

Although the City has covenanted to prescribe, revise and collect rates and charges for the Electric System at certain levels, there can be no assurance that such amounts will be collected in the amounts and at the times necessary to make timely payments with respect to the 2011A Bonds. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Rate Covenant."

Rate Regulation

The authority of the City to impose and collect rates and charges for Electric sold and delivered is not currently subject to the regulatory jurisdiction of the CPUC, and presently no other regulatory authority of the State limits or restricts such rates and charges. It is possible that future legislative changes could subject the rates or service areas of the City to the jurisdiction of regulatory bodies or to other limitations or requirements.

Casualty Risk

Any natural disaster or other physical calamity, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, may have the effect of reducing Net Operating Revenues by causing damage to the Electric System or adversely affecting the economy of the surrounding area. The Resolution requires the City to maintain insurance or self-insurance, but only if and to the extent available from responsible insurers at reasonable rates. In the event of material damage to Electric System facilities, there can be no assurance that insurance proceeds will be adequate to repair or replace such facilities or that specific losses will be covered by

insurance. The City does not currently maintain and it has not committed to maintain earthquake or flood insurance on the Electric System's facilities.

Earthquake. The City is located in a seismically active region of Southern California. Major active earthquake faults are located within 20 miles of Electric System facilities. Earthquakes pose potential significant risks to the Electric System, and could potentially result in electricity supply shortages and disruptions to the transmission/distribution systems. Another potential hazard related to earthquakes is soil liquefaction. The seismic vulnerability of the Electric System is mitigated by a geographically diverse Electric supply system and a number of interconnections that allow the City to purchase electricity from other agencies in the event of a local disaster.

The City has an ownership interest in two nuclear generating stations: SONGS and PVNGS (each as described above under the captions "THE ELECTRIC SYSTEM—City-Owned Generating Facilities—Decomissioning of SONGS" and "THE ELECTRIC SYSTEM—Entitlements—PVNGS"). In March 2011, an 8.9 magnitude earthquake in Japan triggered a tsunami that damaged a number of nuclear power plants and threatened to release radiation. If an earthquake of a similar magnitude and/or a tsunami were to occur in southern California and SONGS were to be damaged as a result, significant consequences could result, which could adversely impact the costs of operating the Electric System. PVNGS, located in Wintersburg, Arizona (near Phoenix), is in an area of low seismic risk and, because it is not near a body of water, it is not susceptible to damage from tsunamis.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2011A Bonds, the City has to comply with the applicable requirements of the Code, and not to take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2011A Bonds thereunder. Interest on the 2011A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such 2011A Bonds as a result of acts or omissions of the City in violation of this or other covenants in the Resolution. The 2011A Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Resolution.

Parity Obligations

The Resolution permits the City to enter into Additional Bonds and Parity Debt payable from Net Operating Revenues on a parity with the 2011A Bonds, subject to the terms and conditions set forth therein. The entry into of Additional Bonds and Parity Debt could result in reduced Net Operating Revenues available to pay the 2011A Bonds. The City has covenanted to maintain coverage of debt service on the 2011A Bonds, Additional Bonds and Parity Debt as further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Additional Bonds and Parity Debt."

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the Electric System is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of Electric System customers.

Security of the Electric System

The security of the Electric System is maintained through a combination of regular inspections by Department personnel, intrusion and motion alarm systems, video surveillance systems, continuous monitoring and analysis of incident reports. Electric system facilities are secured by controlled entry access systems, fencing, gates, closed circuit television, and 24-hour alarm monitoring.

Military conflicts and terrorist activities may adversely impact the operations and finances of the Electric System. The City continually plans and prepares for emergency situations and immediately responds to ensure that electric services are maintained. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that terrorist activities are directed against the Electric System or that costs of security measures will not be greater than presently anticipated. Further, damage to certain components of the Electric System could require the City to increase expenditures for repairs to the Electric System significantly enough to adversely impact the City's ability to pay debt service on the 2011A Bonds.

Cyber Security

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The City's Information Technology Department provides support for the Electric System's electronic system cyber security. This includes audits and recommended improvements to facility hardware and software to keep systems up to date with the latest cyber treat tools. To date, the City has not experienced an attack on its computer operating systems. However, there can be no assurance that a future attack or attempted attack would not result in disruption of City operations. The City expects that any such disruptions would be temporary in nature.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2011A Bonds or, if a secondary market exists, that any 2011A Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

CONSTITUTIONAL LIMITATIONS

Articles XIIIC and XIIID of the State Constitution

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters of the State on November 5, 1996. Proposition 218 added Articles XIIIC and XIIID to the State Constitution. Article XIIID creates additional requirements for the imposition by most local governments (including the City) of general taxes, special taxes, assessments and "property-related" fees and charges. Property-related fees include many utility charges such as water rates but Article XIIID explicitly exempts fees for the provision of electric service from its provisions. Nevertheless, Proposition 218 could indirectly affect some municipally-owned electric utilities. For example, to the extent that Proposition 218 reduces a city's general fund revenues, that city could seek to increase the transfers from its electric utility to its general fund. For information on the City's transfer of surplus Electric System revenues to the City's General Fund, see the caption "THE ELECTRIC SYSTEM—Transfers to the General Fund of the City" and the caption "—Proposition 26" below.

Article XIIIC expressly extends the people's initiative power to reduce or repeal previously-authorized local taxes, assessments and fees and charges. The terms "fees and charges" are not defined in Article XIIIC, although the State Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006), that the initiative power described in Article XIIIC may apply to a broader category of fees and charges than the property-related fees and charges governed by Article XIIID. Moreover, in the case of *Bock v. City Council of Lompoc*, 109 Cal.App.3d 52 (1980), the Court of Appeal determined that electric rates are subject to the initiative power. Thus, even electric service charges (which are expressly exempted from the provisions of Article XIIID) might be subject to the initiative provisions of Article XIIIC, thereby subjecting such fees and charges imposed by the City to reduction by the electorate. The City believes that even if the electric rates of the City are subject to the initiative power, under Article XIIIC or otherwise, the electorate of the City would be precluded from reducing electric rates and charges in a manner adversely affecting the payment of the 2011A Bonds by virtue of the "impairment of contracts clause" of the United States and State Constitutions.

Proposition 26

Proposition 26 was approved by the voters of the State on November 2, 2010. Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution to impose a two-thirds voter approval requirement for the imposition of certain fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes and a two-thirds voter approval requirement with respect to fees and charges for special purposes. The initiative, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proportion 13, approved in 1978, and other measures, such as Proposition 218, through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope "a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product." The City believes that the initiative is not intended to and would not apply to Electric System rates so long as such rates do not exceed the reasonable costs to the City of providing electric service; however, the City is unable to predict how Proposition 26 will be interpreted by the courts to apply to the provision of utility services by local governments such as the electric service provided by the Electric System.

In *Citizens for Fair REU Rates v. City of Redding*, the California Court of Appeal, Third District, held, in an opinion filed January 20, 2015 and modified February 19, 2015, that a municipal utility's recurring budget transfer from its electric utility fund to its general fund, referred to therein as a payment in lieu of taxes, constitutes a tax under Proposition 26 unless it can be shown that the transferred amount reflects the reasonable costs borne by the city to provide governmental services to the electric utility. The City of Redding appealed the decision to the State Supreme Court, which reversed the judgment of the Court of Appeal on August 27, 2018. The State Supreme Court determined that the budgetary transfer from the City of Redding electric utility to its general fund is not the type of exaction that is subject to Article XIIIC of the State Constitution. The State Supreme Court reasoned that it is only the City of Redding electric utility rate, not the payment in lieu of taxes, that is imposed on customers for electric service. The State Supreme Court concluded that because the total rate revenue of the electric utility was insufficient to cover the electric utility's uncontested operating expenses (other than the payment to the General Fund) in the years at issue, the challenged rate did not exceed the reasonable costs of providing electric service, and therefore did not constitute a tax.

The City annually transfers certain surplus Electric System revenues to the City's General Fund, as discussed under the caption "THE ELECTRIC SYSTEM—Transfers to the General Fund of the City," and sets its rates and its budget with the expectation that such transfers will continue to be made. In the event that General Fund transfers are restricted, the City does not believe that any such restrictions would have a material adverse effect on the financial position of the Electric System. However, any such restrictions on transfers may cause the City to evaluate new strategies to generate revenues to fund services provided by the City.

See the caption "THE ELECTRIC SYSTEM—Litigation" for a discussion of certain litigation challenging the City's transfers of Electric System revenues to the General Fund.

Future Initiatives

Articles XIIIC and XIIID limited the ability of governmental agencies to increase certain fees and charges. Such articles were adopted pursuant to measures which qualified for the ballot pursuant to the State's Constitutional initiative process. While the City believes that Articles XIIIC and XIIID do not affect the Electric System's rates and charges so long as the rates do not exceed the reasonable costs to the City of providing the utility services, from time to time other initiative measures could be adopted by State voters. The adoption of any such initiatives might place limitations on the ability of the City and its Electric System to increase revenues.

TAX MATTERS

On April 28, 2011, in connection with the original issuance of the 2011A Bonds, Hawkins Delafield & Wood LLP, as Bond Counsel to the City, rendered an opinion regarding the validity and tax status of the 2011A Bonds. In connection with the Conversion of the 2011A Bonds to a Weekly Interest Rate Period, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, is opining that, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2011A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the 2011A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the 2011A Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2011A Bonds to assure that interest on the 2011A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the 2011A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2011A Bonds. The City has covenanted to comply with all such requirements.

The amount by which a 2011A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2011A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2011A Bond Owner's basis in the applicable 2011A Bond (and the amount of tax-exempt interest received with respect to the 2011A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2011A Bond Owner realizing a taxable gain when a 2011A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2011A Bond to the Owner. Purchasers of the 2011A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2011A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2011A Bonds might be affected as a result of such an audit of the 2011A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2011A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the 2011A Bonds or their market value.

SUBSEQUENT TO THE REMARKETING OF THE 2011A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE 2011A BONDS, INCLUDING THE IMPOSITION OF

ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2011A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2011A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2011A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2011A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2011A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the initial issuance of thte 2011A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest for federal income tax purposes with respect to any 2011A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest on the 2011A Bonds is excluded from gross income for federal income tax purposes provided that the City continue to comply with certain requirements of the Code, the ownership of the 2011A Bonds and the accrual or receipt of interest on the 2011A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2011A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2011A Bonds.

Should interest on the 2011A Bonds become includable in gross income for federal income tax purposes, the 2011A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Resolution.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix E.

CERTAIN LEGAL MATTERS

The 2011A Bonds are being remarketed subject to the approval of certain matters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, is acting as Disclosure Counsel to the City, and Nixon Peabody LLP, Los Angeles, California, is acting as counsel to Bank of America, N.A., as Credit Provider, and BofA Securities, Inc., as Remarketing Agent.

The payment of the fees and expenses of the Remarketing Agent, Bond Counsel, Disclosure Counsel and Credit Provider and Remarketing Agent's Counsel is contingent on the successful remarketing of the 2011A Bonds.

LITIGATION

At the time of the remarketing of the 2011A Bonds, appropriate officers of the City will certify that there is no litigation pending, or, to the actual knowledge of the City, threatened: (i) questioning the corporate existence of the City, or the title of the officers of the City to their respective offices, or the validity of the 2011A Bonds or the power and authority of the City to issue the 2011A Bonds; (ii) seeking to restrain or enjoin the

collection of revenues pledged to pay the 2011A Bonds; or (iii) that, if determined adversely to the City, would affect the ability of the City to pay debt service on the 2011A Bonds when due.

For information about certain lawsuits affecting the Electric System, see the caption "THE ELECTRIC SYSTEM—Litigation." The City's management and its City Attorney are of the opinion that no pending actions are likely to have a material adverse effect on the City's ability to perform its obligations under the Resolution and the 2011A Bonds.

FINANCIAL STATEMENTS

The financial statements of the City's Electric System for the fiscal year ended June 30, 2019 (the "**Financial Statements**") included in Appendix B to this Remarketing Statement have been audited by Lance, Soll & Lunghard, LLP, Brea, California, independent accountants (the "**Auditor**"), as stated in its report appearing in Appendix B. The City has not requested, nor has the Auditor given, the Auditor's consent to including its report in Appendix B. The Auditor's review in connection with the Financial Statements included in Appendix B included events only as of June 30, 2019, and no review or investigation with respect to subsequent events has been undertaken by the Auditor in connection with the Financial Statements.

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**"), is expected to assign the ratings of "A+" and "A-1" to the 2011A Bonds based on the delivery of the Letter of Credit by BANA. S&P's ratings reflect the [CONFIRM] [short-term and long-term] counterparty credit ratings of BANA, respectively.

Fitch Ratings, Inc. ("**Fitch**" and, together with S&P, the "**Rating Agencies**" or, individually, a "**Rating Agency**") has assigned the ratings of "[__]", "[__]" and "[__]" to the 2011A Bonds based on the delivery of the Letter of Credit by BANA. Fitch's ratings reflect the long-term jointly supported rating of the combined credit of the City's Electric System and BANA, the [CONFIRM] [short-term] counterparty credit rating of BANA and the underlying unenhanced long-term rating of the City's Electric System, respectively.

There is no assurance that the credit rating given to the 2011A Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by a Rating Agency, if in the judgment of such Rating Agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2011A Bonds. Such ratings reflect only the views of the respective Rating Agencies, and an explanation of the significance of such ratings may be obtained from the applicable Rating Agency. Generally, rating agencies base their ratings on information and materials that is furnished to them (which may include information and material from the City that is not included in this Remarketing Statement) and on investigations, studies and assumptions by the rating agencies.

The City has covenanted in the Continuing Disclosure Certificate to file notices of any rating changes on the 2011A Bonds with EMMA. See the caption "CONTINUING DISCLOSURE" and Appendix D. Notwithstanding such covenant, information relating to rating changes on the 2011A Bonds may be publicly available from the Rating Agencies prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Purchasers of the 2011A Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating with respect to the 2011A Bonds.

In providing a rating on the 2011A Bonds, the Rating Agencies may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Resolution. The City makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City as to past or future compliance with any

financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

REMARKETING AGENT

BofA Securities, Inc., has been appointed to serve as Remarketing Agent for the 2011A Bonds. The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent under and in accordance with the provisions of the Resolution and a Remarketing Agreement for the 2011A Bonds, dated as of April 1, 2020, by and between the City and the Remarketing Agent.

The Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Remarketing Agent and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agent and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Remarketing Agent and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Los Angeles, California, as municipal advisor (the "**Municipal Advisor**") in connection with remarketing of the 2011A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Remarketing Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

The City has executed a Continuing Disclosure Certificate in which it has covenanted for the benefit of Owners and beneficial owners of the 2011A Bonds to provide certain financial information and operating data relating to the Electric System (the "**Annual Report**") by not later than 270 days following the end of the City's fiscal year (which fiscal year currently ends on June 30), and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, which can be accessed on the Internet at http://emma.msrb.org. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in Appendix D. These covenants were made in order to assist the Remarketing Agent in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended.

The City and its related governmental entities – specifically those entities for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings – have previously entered into numerous disclosure undertakings under Rule 15c2-12 in connection with the issuance of other obligations.

In the past, to assist the City and its related governmental entities in meeting their continuing disclosure obligations, the City retained certain corporate trust banks to act as dissemination agent. The City and its related governmental entities have not, on a handful of occasions during the past five years, fully complied, in all material respects, with their disclosure undertakings because on certain occasions in the last five years, the City did not timely file: (1) notice of rating changes to bond insurers and other credit and/or liquidity providers for City debt obligations; (2) certain financial information or operating data for Fiscal Year 2014-15 required to be filed with respect to debt obligations of the City or its related government entities; and (3) a notice of successor trustee for a prior City debt obligation. In addition, the City did not link certain Fiscal Year 2017-18 information with respect to bonds of its electric system to all applicable CUSIPs.

The City and its related governmental entities have made filings to correct all known instances of non-compliance during the last five years. The City believes that it has established internal processes, including a written continuing disclosure policy that will ensure that it and its related governmental entities will meet all material obligations under their respective continuing disclosure undertakings. The City also now handles its and its related governmental entities' continuing disclosure obligations internally and no longer uses third-party dissemination agents for that purpose. Additionally, the City has engaged a consultant to annually verify its continuing disclosure filings and identify any deficiencies, whether material or otherwise, so that any required corrective action can be taken.

MISCELLANEOUS

The attached appendices are integral parts of this Remarketing Statement and should be read in their entirety. Potential purchasers must read the entire Remarketing Statement to obtain information essential to making an informed investment decision.

The City has duly authorized the execution and delivery of this Remarketing Statement.

CITY OF RIVERSIDE, CALIFORNIA

By: /s/Edward Enriquez
City Treasurer

By: /s/Todd Corbin
Utilities General Manager

APPENDIX A

CITY AND COUNTY OF RIVERSIDE – ECONOMIC AND DEMOGRAPHIC INFORMATION

The 2011A Bonds will not be secured by any pledge of ad valorem taxes or City General Fund revenues, but will be payable solely from the Net Operating Revenues of the City's Electric System. The information set forth below is included in the Remarketing Statement for background purposes only.

[TO BE UPDATED]

General

The City is the county seat of Riverside County (the "**County**") and is located in the western portion of the County, approximately 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. Within 10 miles of the City are the cities of San Bernardino, Loma Linda, Corona, Norco, Fontana, Ontario, Rialto, Colton, Moreno Valley and Redlands, among others. These cities and the City are located in the County and the County of San Bernardino and comprise the Riverside-San Bernardino Primary Metropolitan Statistical Area (the "**PMSA**"). The PMSA represents an important economic area of the State and of Southern California. It lies to the west and south, respectively, of the strategic San Gorgonio and Cajon Passes, from which three transcontinental railroads and interstate highways converge to connect the Los Angeles area with the other areas of the nation. The City is situated in close proximity to the metropolitan centers of Los Angeles and Orange Counties.

The County and the County of San Bernardino cover 27,400 square miles, a land area larger than the State of Virginia. As of 2018, the County had a population estimated at 2,415,955 and San Bernardino County had a population estimated at 2,174,938. With a population of over 4.4 million, the PMSA ranks as one of the largest Metropolitan Statistical Areas ("**MSAs**") in the United States. The County alone is larger in area than the State of New Jersey. The PMSA, though small geographically in relation to the bi-county area, contains most of the two counties' population.

Municipal Government

The City was incorporated in 1883 and covers 81.5 square miles. The City is a charter city and has a council-manager form of government with a seven-member council being elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the council, but does not have a vote except in case of a tie. The position of City Manager is filled by appointment of the council to serve as administrator of the staff and to carry out the policies of the council.

Functions of the City government are carried out by approximately 2,500 personnel. The City operates and maintains a sewer, water and electrical system. Other City services include diversified recreation programs, police, fire, airport, parks, a museum and libraries.

Services and Facilities

Public Safety and Welfare. The City provides law enforcement and fire protection services. The Police Department currently employs approximately 350 sworn officers and the Fire Department employs approximately 224 sworn fire fighters operating out of 14 fire stations. Other services provided by the City include emergency medical aid, traffic safety maintenance, and building safety regulation and inspection.

Public Services. The City provides electric, water, sewer, refuse and transportation service to the City residents through municipal enterprises. The City also owns and operates a general aviation airport.

Public Works. Additional services include parkway and median maintenance improvements, refuse management, sewer and storm drain maintenance, zoning and development administration, environmental review, code enforcement and street tree maintenance.

Leisure and Community Services. Among the City's cultural institutions and activities are a convention center, the Riverside Art Museum, a Riverside Metropolitan Museum, a number of libraries, the Municipal Auditorium, the Fox Performing Arts Center, the opera society and the symphony society. There are three major hospitals in the City: Parkview Community, Riverside Community and Kaiser Permanente.

Population

As of January 1, 2019, the population of the City was estimated to be 328,101. The following table presents population data for both the City and County.

POPULATION

Year	*City of Riverside*	*Riverside County*
1950	46,764	170,046
1960	84,332	306,191
1970	140,089	459,074
1980	165,087	663,923
1990	226,505	1,170,413
2000	255,166	1,545,387
2010	302,597	2,179,692
2011	307,207	2,212,874
2012	311,332	2,239,715
2013	316,162	2,266,549
2014	318,511	2,291,093
2015	321,655	2,317,924
2016	324,696	2,347,828
2017	323,190	2,382,640
2018	325,860	2,415,955
2019	328,101	2,440,124

Sources: 1950-2010 U.S. Census; 2011-2019 California Department of Finance (Demographic Research Unit).

Effective Buying Income

"**Effective Buying Income**" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2013 through 2017.

CITY OF RIVERSIDE, RIVERSIDE COUNTY, STATE OF CALIFORNIA AND UNITED STATES
EFFECTIVE BUYING INCOME
(For Calendar Years 2013 Through 2017)

Year	*Area*	*Total Effective Buying Income (000's Omitted)*	*Median Household Effective Buying Income*
2013	City of Riverside	$5,109,313	$43,916
	Riverside County	40,293,518	44,784
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Riverside	$5,265,573	$44,724
	Riverside County	41,199,300	45,576
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Riverside	$5,877,205	$47,791
	Riverside County	45,407,058	48,674
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Riverside	$6,044,091	$49,179
	Riverside County	47,509,909	50,287
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	City of Riverside	$6,556,518	$53,659
	Riverside County	51,784,973	54,014
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735

Source: The Nielsen Company (US), Inc.

Education

The City is included within the boundaries of the Riverside Unified School District and the Alvord Unified School District, which also serves the County area southwest of the City. These two districts include 65 elementary and middle schools and high schools. There are also about 48 private or parochial schools for kindergarten through twelfth grade. Higher education is available at four institutions: Riverside Community College, University of California at Riverside, California Baptist University and La Sierra University at Riverside. Also located in the City are California School for the Deaf and Sherman Indian High School, a federally-run school for Native Americans.

Employment

The City is included in the PMSA. The unemployment rate in the PMSA was 4.5 percent in August 2018. This compares with an unadjusted unemployment rate of 4.3 percent for California and 3.9 percent for the nation during the same period. The unemployment rate was 4.7 percent in the County and 4.2 percent in San Bernardino County during the same period.

The following table shows the average annual estimated numbers of wage and salary workers by industry. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

RIVERSIDE-SAN BERNARDINO PRIMARY MSA
CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT (ANNUAL AVERAGES)
(For Calendar Years 2013 Through 2017)

	2013	*2014*	*2015*	*2016*	*2017*
Civilian Labor Force[1]	1,893,100	1,921,000	1,956,900	1,984,900	2,022,100
Employment	1,706,800	1,765,300	1,828,200	1,866,600	1,918,600
Unemployment	186,300	155,700	128,600	118,300	103,600
Unemployment Rate	9.8%	8.1%	6.6%	6.0%	5.1%
Wage and Salary Employment:[2]					
Agriculture	14,500	14,400	14,800	14,600	14,400
Mining and Logging	1,200	1,300	1,300	900	900
Construction	70,000	77,600	85,700	92,000	97,000
Manufacturing	87,300	91,300	96,100	98,600	98,700
Wholesale Trade	56,400	58,900	61,600	62,800	63,700
Retail Trade	164,800	169,400	174,300	178,000	182,100
Transportation, Warehousing and Utilities	78,500	86,600	97,400	107,300	120,200
Information	11,500	11,300	11,400	11,500	11,300
Finance and Insurance	26,200	26,600	26,900	26,700	26,200
Real Estate and Rental and Leasing	15,600	16,300	17,000	17,900	18,200
Professional and Business Services	131,900	138,700	147,400	145,000	147,200
Educational and Health Services	187,600	194,800	205,100	214,300	224,800
Leisure and Hospitality	135,900	144,800	151,700	160,200	165,700
Other Services	41,100	43,000	44,000	44,600	45,600
Federal Government	20,300	20,200	20,300	20,400	20,600
State Government	27,800	28,200	28,700	29,700	30,700
Local Government	177,100	180,400	184,400	192,200	198,600
Total All Industries	1,247,700	1,303,800	1,368,100	1,416,700	1,465,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
Source: State of California Employment Development Department.

The following tables show the largest employers in the City and in the County.

CITY OF RIVERSIDE – LARGEST EMPLOYERS
As of June 30, 2018

Employer Name	*Number of Employees*	*% of Total City-wide Employment*
County of Riverside	11,865	8.1%
University of California	8,686	6.0
Riverside Unified School District	4,000	2.7
Kaiser	3,484	2.4
City of Riverside	2,504	1.7
California Baptist University	2,285	1.6
Riverside Community Hospital	2,200	1.5
Alvord Unified School District	1,800	1.2
UTC Aerospace Systems	1,200	0.8
Parkview Community Hospital	897	0.6
Total	38,921	26.7%

Source: City of Riverside (as presented in the City's 2018 Comprehensive Annual Financial Report).

COUNTY OF RIVERSIDE – LARGEST EMPLOYERS
(LISTED ALPHABETICALLY)
As of November 2018

Employer Name	*Location*	*Industry*
Abbott Vascular Inc	Temecula	Physicians & Surgeons Equip & Supls-Whls
Amazon.com Inc	Moreno Valley	Internet & Catalog Shopping
Corrections Dept	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Health	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
Handsome Rewards	Perris	Internet & Catalog Shopping
Hemet Valley Medical Ctr	Hemet	Hospitals
Indio Bingo Palace & Casino	Indio	Resorts
Kleinfelder Construction Svc	Riverside	Engineers-Structural
La Quinta Golf Course	La Quinta	Golf Courses
Parkview Community Hospital	Riverside	Hospitals
Pechanga Resort & Casino	Temecula	Casinos
Renaissance	Indian Wells	Hotels & Motels
Riverside Community Hospital	Riverside	Hospitals
Riverside University Health	Moreno Valley	Hospitals
Robertson's Ready Mix Ltd A Ca	Corona	Concrete-Ready Mixed
Southwest Healthcare System	Murrieta	Hospitals
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	E-Commerce
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale
Uhs George Wa University Hosp	Corona	Hospitals
Universal Protection Svc	Palm Desert	Security Control Equip & Systems-Mfrs
US Air Force Dept	March Arb	Military Bases
Wachter Inc	Riverside	Electric Contractors

Source: California Employment Development Dept., America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Construction Activity

The following tables provide a summary of residential building permit valuations and nonresidential building permit valuations, and the total number of all building permit valuations in the City and the County during the past five years for which information is available.

CITY OF RIVERSIDE
BUILDING PERMIT ACTIVITY
For Calendar Years 2013 Through 2017
(Valuation in Thousands of Dollars)

	2013	*2014*	*2015*	*2016*	*2017*
Permit Valuation					
New Single-family	$ 50,863	$ 61,311	$ 53,858	$ 48,459	$ 46,666
New Multi-family	19,861	9,418	41,207	19,428	53,944
Res. Alterations/Additions	8,710	10,291	11,870	12,335	19,471
Total Residential	$ 79,434	$ 81,020	$ 106,935	$ 80,222	$120,080
New Commercial/Industrial	$ 41,505	$ 14,206	$ 19,856	$ 23,804	$ 97,799
New Other	11,677	2,914	11,334	78,523	14,861
Com. Alterations/Additions	74,249	45,548	51,812	67,779	49,539
Total Nonresidential	$127,433	$ 62,668	$ 83,002	$170,106	$162,198
New Dwelling Units					
Single Family	200	144	223	219	172
Multiple Family	219	155	411	254	535
TOTAL	419	299	634	473	707

Source: City of Riverside Community Development Department.

COUNTY OF RIVERSIDE
BUILDING PERMIT ACTIVITY
For Calendar Years 2013 Through 2017
(Valuation in Thousands of Dollars)

	2013	*2014*	*2015*	*2016*	*2017*
Permit Valuation					
New Single-family	$1,138,739	$1,296,553	$1,313,085	$1,526,768	$1,670,542
New Multi-family	138,636	178,117	110,459	106,292	109,309
Res. Alterations/Additions	98,220	147,082	113,200	126,475	123,567
Total Residential	$1,375,594	$1,621,751	$1,536,743	$1,759,535	$1,903,418
New Commercial/Industrial	$405,023	$358,997	$392,308	$642,463	$965,629
New Other	141,185	128,667	204,555	583,003	104,352
Com. Alterations/Additions	369,503	197,675	314,605	371,217	363,712
Total Nonresidential	$884,320	$685,338	$911,645	$1,596,682	$1,433,691
New Dwelling Units					
Single Family	4,716	5,007	5,007	5,662	6,265
Multiple Family	1,427	1,931	1,189	1,039	1,070
TOTAL	6,143	6,938	6,196	6,701	7,335

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

The City is served by a variety of land and air transportation facilities. Light rail commuter service is provided by Metrolink to Los Angeles and Orange Counties. Interstate bus service is available via Greyhound, and local bus service is provided by the Riverside Transit Agency. Most major trucking firms serve the City in addition to numerous local carriers. Overnight delivery can be scheduled to San Francisco, Los Angeles, San Diego and Sacramento.

Freight rail service to the City is provided by two major transcontinental railroads: the Santa Fe and Union Pacific. Amtrak-operated passenger train service is available at San Bernardino, approximately 15 miles north of the City.

Scheduled air transportation is available from the Ontario International Airport, approximately 18 miles to the west. The City-operated Riverside Municipal Airport is a general aviation facility.

The City is served by the Riverside Freeway (State Route 91), which provides access to Orange County; Interstate 215, which connects the City to San Diego, San Bernardino and points beyond; and the Pomona Freeway (U.S. Highway 60), an east-west route.

To support transportation improvements, in November 1988 Riverside County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, Riverside County voters approved extending Measure A until 2039. Measure A is expected to generate $4.6 billion between 2009 and 2039. In 1990, voters of the adjacent San Bernardino County approved a similar program, and that sales tax was similarly increased by a vote of the electorate in November 2003.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIVERSIDE ELECTRIC UTILITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution that are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Resolution for a full and complete statement of the provisions thereof.

MASTER RESOLUTION

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Definitions. Unless the context otherwise requires, the terms defined in the Resolution will, for all purposes of the Resolution and of any Supplemental Resolution and of any certificate, opinion or other document mentioned therein, have the meanings specified below, to be equally applicable to both the singular and plural forms of any of the terms defined below. Unless otherwise defined in the Resolution, all terms used therein will have the meanings assigned to such terms in the Law.

"Accreted Value" means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon from its delivery date, compounded at the approximate interest rate thereof on each date specified therein. The Accreted Value at any date to which reference is made will be the amount set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, will be determined by straight-line interpolation with reference to such Accreted Value Table.

"Accreted Value Table" means the table denominated as such, and to which reference is made in, a Supplemental Resolution for any Capital Appreciation Bonds issued pursuant to such Supplemental Resolution.

"Assumed Debt Service" means, with respect to any Excluded Principal Payment for any Fiscal Year (or other designated 12 month period) on or after the Excluded Principal Payment date the sum of the amount of principal and interest which would be payable in each such Fiscal Year (or other designated 12 month period) if that Excluded Principal Payment were amortized for a period specified by the City at the time of issuance of such Bonds or Parity Debt (no greater than 30 years from the date of such Excluded Principal Payment) on a substantially level debt service basis, calculated based on a fixed interest rate equal to the rate at which the City could borrow (as of the time of calculation) for such period, as certified by a certificate of a financial advisor or investment banker delivered to the City at the time of issuance of such Bonds or Parity Debt, which may rely conclusively on such certificate, within 30 days of the date of calculation.

"Authorized Investments" means any investments in which the City may legally invest sums subject to its control, as certified to each Fiscal Agent, and includes any Designated Investments.

"Bond" or "Bonds" means the City of Riverside Electric Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Resolution.

"Bond Counsel" means a firm of lawyers nationally recognized in the area of tax-exempt bonds.

"Bond Obligation" means, as of any date of calculation: (1) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond; and (2) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof as of the date on which interest on such Capital Appreciation Bond is compounded next preceding such date of calculation (unless such date of calculation is a date on which such interest is compounded, in which case, as of such date).

"Bond Register" means the Bond Register as defined in the Resolution.

"Bond Service Account" means the Electric Revenue Bonds, Bond Service Account established pursuant to the Prior Resolutions and continued pursuant to the Prior Resolutions and the Resolution in the Electric Revenue Fund.

"BMA" means the Bond Market Association and its successors and assigns.

"BMA Index" means the BMA Municipal Bond Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then "BMA Index" means such other reasonably comparable index selected by the City.

"Capital Appreciation Bonds" means any Bonds the interest on which is compounded and not scheduled to be paid until maturity or on prior redemption.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the City means, respectively, a written certificate, statement, request, requisition or order signed by the Treasurer or any other Person authorized by the City Council to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Resolution, each such instrument will include the statements provided for in the Resolution.

"Charter" means the Charter of the City, as it may be amended from time to time.

"City" means the City of Riverside, California.

"City Clerk" means the City Clerk of the City.

"City Council" or "Council" means the City Council of the City.

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

"Credit Facility" means a letter of credit, liquidity facility or other credit facility issued by a financial institution or other form of credit enhancement, including, but not limited to, municipal bond insurance and guarantees, delivered to the Treasurer or the Fiscal Agent for a Series or portion of a Series of Bonds, which provides for payment, in accordance with the terms of such Credit Facility, of principal or Accreted Value, premium and/or interest of such Series or portion of a Series of Bonds and/or the purchase price of such Series or portion of a Series of Bonds. A Credit Facility may be comprised of two or more credit facilities issued by two or more financial institutions.

"Current Interest Bonds" means the Bonds of any Series, other than Capital Appreciation Bonds, which pay interest at least annually to the Owners thereof excluding the first payment of interest thereon.

"Designated Investments" means, with respect to the Bonds of a Series, any investments designated as Designated Investments in the Supplemental Resolution authorizing the issuance of the Bonds of that Series.

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"Electric Revenue Fund" means the revenue fund pertaining to the Electric System into which all Gross Operating Revenues are deposited.

"Electric System" means the electric public utility system of the City and includes all works and rights owned, controlled or operated by the City, within or without the City, for supplying the City and its inhabitants with electric energy, including all facilities related thereto and all additions, extensions and improvements thereof.

"Excluded Principal Payment" means each payment of principal of Bonds or Parity Debt which the City designates (in the Supplemental Resolution or other document delivered on a date not later than the date of issuance of such Bonds or Parity Debt) to be an Excluded Principal Payment. No such determination will affect the security for such Bonds or Parity Debt or the obligation of the City to pay such payments from Net Operating Revenues or from the applicable reserve account, if any.

"Federal Securities" means direct obligations of, or obligations the timely payment of which are unconditionally guaranteed by, the United States of America or securities or receipts evidencing direct ownership interests in the foregoing obligations or specific portions (such as principal or interest) of the foregoing obligations which are held in safekeeping by a custodian on behalf of the owners of such receipts.

"Final Compounded Amount" means the Accreted Value of any Capital Appreciation Bond on its maturity date.

"Fiscal Agent" means respect to any Series of Bonds, the fiscal agent appointed pursuant to the Supplemental Resolution authorizing the issuance of such Series and which may be the Treasurer, and any successor appointed in accordance with the Resolution.

"Fiscal Year" means the year period beginning on July 1st and ending on the next following June 30th.

"Fitch" means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Fitch," unless otherwise provided in a Supplemental Resolution for a Series of Bonds, will be deemed to refer to any other nationally recognized rating agency selected by the City and not objected to by the Fiscal Agent.

"Gross Operating Revenues" means: (i) all revenues from rates, fees and charges for providing electric service to persons and real property and all other fees, rents and charges and other revenues derived by the City from the ownership, operation, use or service of the Electric System, including contributions in aid of construction; and (ii) all Subordinate Swap Receipts.

"Initial Amount" means the principal amount of a Capital Appreciation Bond on the date of issuance and delivery to the original purchaser thereof.

"Information Services" means Financial Information, Incorporated's "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250-77 Center Drive, Charlotte, North Carolina 28217, Attention: Called Bond Department; Kenny Standard & Poor's, 55 Water Street, New York, New York 10041; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the City may designate in a Request of the City delivered to any Fiscal Agent.

"Interest Account" means the sub-account by that name established pursuant to the Resolution in the Bond Service Account.

"Law" means collectively the City Charter, Ordinance No. 5001 of the City Council, as it may be amended from time to time, and the Resolution.

"Mandatory Sinking Account Payment" means, with respect to Bonds of any Series and maturity, the amount required by the Resolution to be deposited by the Treasurer in the Principal Account for the payment of Term Bonds of such Series and maturity.

"Maximum Annual Debt Service" means, as of any date of calculation, the greatest amount of principal and interest becoming due and payable on all Bonds and Parity Debt in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that for the purpose of computing Maximum Annual Debt Service:

(a) Excluded Principal Payments will be excluded from such calculation and Assumed Debt Service will be included in such calculation;

(b) if the Parity Debt or Bonds are Variable Rate Indebtedness and: (i) are secured pursuant to a Credit Facility which, if drawn upon, could create a repayment obligation which has a lien on Net Operating Revenues subordinate to the lien of the Parity Debt or Bonds; or (ii) are not secured by any Credit Facility, the interest rate on such Parity Debt or Bonds for periods when the actual interest rate cannot yet be determined will be assumed to be equal to an interest rate calculated by multiplying 1.20 times the interest rate on the Parity Debt or Bonds on the date of calculation or, if such Parity Debt or Bonds are not currently Outstanding, 1.20 times the interest rate that such Parity Debt or Bonds would bear if they were Outstanding on such date, as certified by a certificate of a financial advisor or investment banker delivered to the City;

(c) if the Parity Debt or Bonds are Variable Rate Indebtedness and are secured pursuant to a Credit Facility which, if drawn upon, could create a repayment obligation which has a lien on Net Operating Revenues on a parity with the lien of the Parity Debt or Bonds, the interest rate on such Parity Debt or Bonds for periods when the actual interest rate cannot yet be determined will be assumed to be equal to the greater of: (i) the then current interest rate on the Parity Debt or Bonds; and (ii) the BMA Index;

(d) principal and interest payments on Bonds and Parity Debt will be excluded to the extent such payments are to be paid from amounts on deposit as of the date of calculation with the Treasurer, any Fiscal Agent or any other fiduciary in an escrow irrevocably dedicated therefor and to the extent that such interest payments are to be paid from the proceeds of Parity Debt or Bonds held by the Treasurer, the Fiscal Agent or any other fiduciary as capitalized interest specifically to pay such interest;

(e) if the Bonds or Parity Debt are Paired Obligations, the interest rate on such Bonds or Parity Debt will be the collective fixed interest rate to be paid by the City with respect to Paired Obligations;

(f) in determining the principal amount due in each Fiscal Year, payment will (unless a different subsection of the definition of "Maximum Annual Debt Service" applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such Bonds and Parity Debt, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value will be deemed a principal payment and interest that is compounded and paid as Accreted Value will be deemed due on the scheduled redemption or payment date; and

(g) interest deemed to be payable on any Bonds with respect to which a Subordinate Swap is in force will be based on the net economic effect on the City expected to be produced by the terms of such Bonds and such Subordinate Swap, including but not limited to the effects that: (i) such Bonds would, but for such Subordinate Swap, be treated as Variable Rate Indebtedness instead will be treated as Bonds bearing interest at a fixed interest rate; and (ii) such Bonds would, but for such Subordinate Swap, be treated as Bonds bearing interest at a fixed interest rate instead will be treated as Variable Rate Indebtedness; and accordingly, the amount of interest deemed to be payable on any Bonds with respect to which a Subordinate Swap is in force will be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Bonds plus the Subordinate Swap Payments minus the Subordinate Swap Receipts, and for the purpose of calculating as nearly as practicable the Subordinate Swap Payments and the Subordinate Swap Receipts under such Bonds, the following assumptions will be made:

(1) if a Subordinate Swap has been entered into by the City with respect to Bonds resulting in the payment of a net variable interest rate with respect to such Bonds and Subordinate Swap by the City, the interest rate on such Bonds for future periods when the actual interest rate cannot yet be determined will be assumed (but only during the period the Subordinate Swap is in effect) to be equal to the sum of: (i) the fixed rate or rates stated in such Bonds; minus (ii) the fixed rate paid by the Subordinate Swap Provider to the City; plus (iii) the lesser of: (A) the interest rate cap, if any, provided by a Subordinate Swap Provider with respect to such Subordinate Swap (but only during the period that such interest rate cap is in effect); and (B) the applicable variable interest rate calculated in accordance with clauses (b) or (c) above, as applicable; and

(2) if a Subordinate Swap has been entered into by the City with respect to Bonds resulting in the payment of a fixed interest rate with respect to such Bonds and Subordinate Swap by the City, the interest on such Bonds will be included in the calculation of payments (but only during the period the Subordinate Swap is in effect) by including for each Fiscal Year (or other designated 12 month period) an amount equal to the amount of interest payable at the fixed interest rate pursuant to such Subordinate Swap.

Notwithstanding any other paragraph of the definition of "Maximum Annual Debt Service," except as set forth in clause (g) above, no amounts payable under any Subordinate Swap (including Termination Payments) will be included in the calculation of Maximum Annual Debt Service.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Moody's," unless otherwise provided in a Supplemental Resolution for a Series of Bonds, will refer to any other nationally recognized securities rating agency selected by the City and not objected to by the Fiscal Agent.

"Municipal Obligations" means municipal obligations, rated in the highest Rating Category by each of the Rating Agencies, meeting the following conditions:

(a) the municipal obligations are not to be redeemable prior to maturity, or the trustee with respect to such obligations has been given irrevocable instructions concerning their calling and redemption;

(b) the municipal obligations are secured by Federal Securities, which Federal Securities, except for provisions relating to surplus moneys not required for the payment of the municipal obligations and the substitution of such Federal Securities for other Federal Securities satisfying all criteria for Federal Securities, may be applied only to interest, principal and premium payments of such municipal obligations;

(c) the principal of and interest on the Federal Securities (plus any cash in the escrow fund) are sufficient, without reinvestment, to meet the liabilities of the municipal obligations; and

(d) the Federal Securities serving as security for the municipal obligations are held by an escrow agent or trustee.

"Net Operating Revenues" means Gross Operating Revenues, less Operating and Maintenance Expenses, plus, for purposes of determining compliance with the rate covenant set forth in the Resolution, the amounts on deposit as of the date of determination in any unrestricted funds of the Electric System designated by the City Council by resolution and available for the purpose of paying Operating and Maintenance Expenses and/or debt service on the Bonds.

"Operating and Maintenance Expenses" means those expenses of operating and maintenance of the Electric System and includes any necessary contribution to retirement of Electric System employees.

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

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Resolution) all Bonds theretofore, or thereupon being, authenticated and delivered by the Fiscal Agent for that Series under the Resolution except: (1) Bonds theretofore cancelled by the Fiscal Agent for that Series or surrendered to the Fiscal Agent for that Series for cancellation; (2) Bonds with respect to which all liability of the City will have been discharged in accordance with the Resolution, including Bonds (or portions of Bonds) referred to in the Resolution; (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds have been authenticated and delivered by the Fiscal Agent for that Series pursuant to the Resolution; and (4) Bonds no longer outstanding under the Resolution as provided in the Supplemental Resolution pursuant to which such Bonds were issued.

"Owner" or "Bondholder" or "Bondowner," whenever used in the Resolution with respect to a Bond, means the Person in whose name such Bond is registered.

"Paired Obligations" means any one or more Series (or portion thereof) of Bonds or Parity Debt, designated as Paired Obligations in the Supplemental Resolution or other document authorizing the issuance or incurrence thereof, that are simultaneously issued or incurred: (i) the principal of which is of equal amount maturing and to be retired on the same dates and in the same amounts; and (ii) the interest rates on which, taken together, result in an irrevocably fixed interest rate obligation of the City for the term of such Bonds or Parity Debt.

"Parity Debt" means: (1) any indebtedness or other obligation of the City, designated by the City on the date of issuance or incurrence as "Parity Debt;" or (2) any obligations of the City for deferred purchase price, in each case having an equal lien and charge upon the Net Operating Revenues with the Bonds and therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the sub-account by that name established pursuant to the Resolution in the Bond Service Account.

"Prior Resolutions" means Resolution No. 14134 of the City Council, Resolution No. 14135 of the City Council, Resolution No. 15012 of the City Council and Resolution No. 16080 of the City Council, as each may be amended from time to time.

"Rating Agencies" means either or both of Fitch and Standard & Poor's, and/or such other securities rating agencies providing a rating with respect to a Series of Bonds.

"Rating Category" means: (1) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (2) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Redemption Account" means the account by that name established pursuant to the Resolution in the Electric Revenue Fund.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Resolution.

"Refunding Bonds" means all Bonds whether issued in one or more Series, authorized pursuant to the Resolution, to the extent the proceeds thereof are used or allocated to pay or to provide for the payment of Bonds or Parity Debt.

"Renewal and Replacement Account" means the Electric Revenue Bonds, Renewal and Replacement Account established pursuant to the Resolution in the Electric Revenue Fund.

"Resolution" means Resolution No. 17662 as originally adopted by the City Council on January 8, 1991, as amended, modified or supplemented from time to time by any Supplemental Resolution.

"Securities Depository" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories as the City may designate in a Request of the City delivered to any Fiscal Agent.

"Serial Bonds" means the Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

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

"Standard & Poor's" means Standard & Poor's Ratings Services, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Standard & Poor's," unless otherwise provided in a Supplemental Resolution for a Series of Bonds, will be deemed to refer to any other nationally recognized securities rating agency selected by the City and not objected to by the Fiscal Agent.

"State" means the State of California.

"Subordinate Bonds" means any indebtedness or other obligation of the City (other than Subordinate Swaps and Subordinate Swap Policy Agreements), designated by the City on the date of issuance or incurrence as "Subordinate Bonds," in each case having an equal lien and charge upon the Net Operating Revenues with the Subordinate Swaps and the Subordinate Swap Policy Agreements and therefore payable on a parity with the Subordinate Swaps and the Subordinate Swap Policy Agreements (whether or not any Subordinate Swaps or Subordinate Swap Policy Agreements have been executed and delivered).

"Subordinate Obligations" means the Subordinate Swaps, the Subordinate Swap Policy Agreements and the Subordinate Bonds.

"Subordinate Payments" means all amounts required to be paid when due by the City under the Subordinate Obligations.

"Subordinate Providers" means the Subordinate Swap Providers, the Subordinate Swap Policy Providers and the owners of the Subordinate Bonds.

"Subordinate Swap" means a written agreement for the purpose of managing or reducing the City's exposure to fluctuations in interest rates or for any other interest rate, investment, asset or liability managing purposes, entered into either on a current or forward basis by the City and a Subordinate Swap Provider to the extent authorized under the Law in connection with, or incidental to, the issuance of any Bonds (without regard to when issued), that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments or any combination thereof, or any similar device; provided, however, that the written agreement with respect to each Subordinate Swap will provide that payments by the City thereunder will be secured by the subordinate lien on Net Operating Revenues created under the Resolution with respect to Subordinate Swaps (and other Subordinate Obligations).

"Subordinate Swap Payments" means: (i) the amounts periodically required to be paid when due by the City to all Subordinate Swap Providers under all Subordinate Swaps; and (ii) Termination Payments.

"Subordinate Swap Policy" means any insurance policy or similar agreement insuring payment of the City's obligations under a particular Subordinate Swap.

"Subordinate Swap Policy Agreement" means any agreement between the City and a Subordinate Swap Policy Provider obligating the City to reimburse such Subordinate Swap Policy Provider for amounts paid under the related Subordinate Swap Policy.

"Subordinate Swap Policy Provider" means, with respect to any Subordinate Swap Policy, the issuer or provider of a Subordinate Swap Policy.

"Subordinate Swap Provider" means, with respect to each Subordinate Swap, the entity (other than the City and, if applicable, the Fiscal Agent) that is a party thereto, and its permitted successors and assigns, whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability is or are rated at least equivalent to "A2" and "A" from at least two nationally recognized credit rating agencies, or whose payment obligations under the Subordinate Swap are enhanced by a credit support provider or other similar entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability is or are rated at least equivalent to "A2" and "A" from at least two nationally recognized credit rating agencies and whose credit enhancement of the Subordinate Swap Provider's obligations under the Subordinate Swap are pursuant to a guaranty or other form of credit enhancement (including, but not limited to, contingent swap counterparty arrangements, transfer/novation arrangements or option arrangements acceptable to the Treasurer or any duly authorized designee of the Treasurer designated by the Treasurer in writing to act on behalf of such officer for such purpose (such acceptance to be evidenced by the execution and delivery of any such Subordinate Swap)).

"Subordinate Swap Receipts" means the amounts periodically required to be paid by all Subordinate Swap Providers to the City under all Subordinate Swaps.

"Supplemental Resolution" means any resolution duly executed and delivered, supplementing, modifying or amending the Resolution in accordance with the Resolution.

"Surplus Account" means the Electric Revenue Bonds, Surplus Account established pursuant to the Resolution in the Electric Revenue Fund.

"Term Bonds" means Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

"Termination Payments" means any payments due and payable by the City to a Subordinate Swap Provider in connection with the termination of a Subordinate Swap.

"Treasurer" means the Treasurer of the City who may also be a Fiscal Agent for a Series of Bonds if so designated in the Supplemental Resolution authorizing the issuance of such Series.

"Variable Rate Indebtedness" means any indebtedness or obligation, other than Paired Obligations, the interest rate on, or amount of, which is not fixed at the time of incurrence of such indebtedness or obligation, and has not at some subsequent date been fixed, at a single numerical rate for the entire remaining term of the indebtedness or obligation.

"1998 Bonds" means the City of Riverside Electric Refunding/Revenue Bonds, Issue of 1998.

"2001 Bonds" means the City of Riverside Electric Revenue Bonds, Issue of 2001.

"2003 Bonds" means the City of Riverside Electric Refunding Revenue Bonds, Issue of 2003.

"2004A Bonds" means the City of Riverside Electric Revenue Bonds, Issue of 2004A.

"2008A Bonds" means the City of Riverside Variable Rate Refunding Electric Revenue Bonds, Issue of 2008A.

"2008B Bonds" means the City of Riverside Variable Rate Refunding Electric Revenue Bonds, Issue of 2008B.

"2008C Bonds" means the City of Riverside Variable Rate Refunding Electric Revenues Bonds, Issue of 2008C.

"2008D Bonds" means the City of Riverside Electric Revenue Bonds, Issue of 2008D.

"2019 Bonds" means City of Riverside Refunding Electric Revenue Bonds, Issue of 2019.

Content of Certificates and Opinions. Every certificate or opinion provided for in the Resolution with respect to compliance with any provision of the Resolution will include: (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions in the Resolution relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement (a) that, in the opinion of such Person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (b) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (4) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer or employee of the City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or employee knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City) upon a certificate or opinion of or representation by an officer or employee of the City, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer or employee of the City, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Resolution, but different officers, employees, counsel, accountants or independent consultants may certify to different matters, respectively.

THE BONDS

Execution of Bonds. Unless otherwise provided in the Supplemental Resolution providing for the issuance thereof, the Bonds of each Series will be executed in the name and on behalf of the City with the facsimile or manual signature of the Mayor and the Treasurer, under seal attested by the facsimile or manual signature of the City Clerk. Such seal may be in the form of a facsimile of the City's seal and may be reproduced, imprinted or impressed on the Bonds. Unless otherwise provided in the Supplemental Resolution providing for the issuance thereof, the Bonds of each Series will be delivered to the Fiscal Agent for that Series for authentication by it. In case any of the Persons who signed or attested any of the Bonds ceases to hold their respective offices or positions before the Bonds so signed or attested have been authenticated or delivered by the Fiscal Agent or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, will be as binding upon the City as though those who signed and attested the same had continued to be such officers or employees, and also any Bond may be signed and attested on behalf of the City by such Persons as at the actual date of execution of such Bond are the proper officers or employees although at the nominal date of such Bond any such Person are not such officer or employee.

Except as provided in the Supplemental Resolution providing for the issuance thereof, only such of the Bonds as bear thereon a certificate of authentication substantially in the form recited in the Supplemental Resolution creating such Series, manually executed by the Fiscal Agent for such Series, will be valid or obligatory for any purpose or entitled to the benefits of the Resolution, and such certificate of authentication when manually executed by such Fiscal Agent will be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered under the Resolution and are entitled to the benefits of the Resolution.

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of the Resolution, by the Person in whose name it is registered, in Person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent for such Bond.

Whenever any Bond or Bonds of a Series are surrendered for transfer, the City will execute and the Fiscal Agent for that Series will authenticate and deliver a new Bond or Bonds, of the same Series, tenor and maturity and for a like aggregate principal amount; provided that, unless otherwise provided in any Supplemental Resolution, a Fiscal Agent is not required to register a transfer of any Bonds within 15 days before the date of selection of Bonds for redemption, or of any Bond or portion of a Bond so selected for redemption. A Fiscal Agent may require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Exchange of Bonds. Bonds of any Series may be exchanged at the designated office of the Fiscal Agent for that Series for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, tenor and maturity; provided that, unless otherwise provided in any Supplemental Resolution, a Fiscal Agent is not required to exchange Bonds within 15 days before the date of selection of Bonds for redemption, or exchange any Bond or portion of a Bond so selected for redemption. The Fiscal Agent will require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Bond Register. The Fiscal Agent for each Series of Bonds will keep or cause to be kept, at its designated office sufficient books for the registration and transfer of the Bonds of that Series, which will at all times be open to inspection during normal business hours by the City; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as provided in the Resolution.

Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, will be of such denomination as may be determined by the City, will be in registered form and may contain such reference to any of the provisions of the Resolution as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond will be executed by the City and authenticated by the Fiscal Agent upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the designated office of the Fiscal Agent for such Series and that Fiscal Agent will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Series, tenor and maturity or maturities. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Resolution as definitive Bonds authenticated and delivered thereunder.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the City at the expense of the Owner of said Bond, will execute, and the Fiscal Agent for such Bond will thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent for that Bond will be cancelled by it and destroyed. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and the Fiscal Agent for that Bond and, if such evidence be satisfactory to both that Fiscal Agent and the City and indemnity satisfactory to them is given, the City at the expense of the Owner, will execute, and the Fiscal Agent will thereupon authenticate and deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Fiscal Agent for that Series may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The City may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under the Resolution and of the expenses which may be incurred by the City and the Fiscal Agent in the premises. Any Bond issued under the provisions of the Resolution in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will be entitled to the benefits of the Resolution with all other Bonds secured by the Resolution. Neither the City nor any Fiscal Agent will be required to treat both the original Bond and any substitute Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Resolution or for the purpose of determining any percentage of Bonds Outstanding thereunder, but both the original and substitute Bond will be treated as one and the same.

REDEMPTION OF BONDS

Redemption at the Direction of the City. In the case of any redemption of Bonds at the direction of the City, the City will select the Series, maturities and principal amounts thereof to be redeemed and the Treasurer will give written notice to the Fiscal Agent for each Series of Bonds to be redeemed specifying the redemption date and the maturities and Bond Obligation amounts of such Series to be redeemed, and directing the Fiscal Agent to give notice of redemption to the Owners of Bonds selected for redemption. The City will givesuch notice at least 15 Business Days (or such shorter period as may be agreed to by the Fiscal Agent) before the last day on which the Fiscal Agent for that Series may give notice of redemption to the Owners of the Bonds of that Series.

Redemption Otherwise than at the City's Direction. Whenever by the terms of the Supplemental Resolution pursuant to which any Series of Bonds is issued the Fiscal Agent is required or authorized to redeem Bonds otherwise than at the direction of the City, the Fiscal Agent will, subject to receipt of any notice from the City pursuant to Resolution, select the Bonds to be redeemed and shall give the notice of redemption.

REVENUES

Pledge of Net Operating Revenues for Bonds and for Subordinate Obligations. The Bonds of each Series are special limited obligations of the City and are secured by a pledge of and will be a charge upon and will be payable, as to the principal thereof, interest thereon, and any premiums upon redemption thereof, solely from and secured by a lien upon the Net Operating Revenues and other funds, assets and security described under the Resolution and under the Supplemental Resolution creating that Series. The City by the Resolution has pledged, placed a charge upon and assigned all Net Operating Revenues to secure the payment of the principal of, premium, if any, and interest on the Bonds and Parity Debt in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, and the Net Operating Revenues constitute a trust fund for the security and payment of the interest and any premium on and principal of the Bonds and Parity Debt. There are by the Resolution pledged to secure the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms all amounts (including proceeds of the Bonds) held by the Treasurer in the Bond Service Account, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

The Subordinate Obligations are special limited obligations of the City and are secured by a pledge of and will be a charge upon and will be payable solely from and secured by a lien upon the Net Operating Revenues; provided, however, that such pledge and lien will be junior and subordinate to the pledge and lien created for the benefit, security and protection of the Owners of the Bonds and the owners of the Parity Debt. The City by the Resolution pledges, places a charge upon and assigns the Net Operating Revenues to secure the payment of Subordinate Obligations in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution (including that the pledge and lien on the Net Operating Revenues are junior and subordinate to the pledge and lien created for the benefit, security and protection of the Owners of the Bonds and the owners of the Parity Debt), and the Net Operating Revenues constitute a trust fund for the security and payment of the Subordinate Obligations (on a basis junior and subordinate to the pledge and lien created for the benefit of the Owners of the Bonds' and the owners of the Parity Debt). There are by the Resolution pledged to secure the payment of the Subordinate Obligations in accordance with their respective terms amounts (excluding proceeds of the Bonds) held by the Treasurer in the Bond Service Account, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

Out of Gross Operating Revenues there will be applied as set forth in the Resolution all sums required for the payment of the Operating and Maintenance Expenses and, thereafter, to the following: the principal of (including any premium thereon) and interest on the Bonds and all Parity Debt, together with any sinking fund payments of the Bonds and Parity Debt and any reserve fund with respect thereto; the payment of amounts due under the Subordinate Obligations; and the excess earnings or rebate requirements with respect to the Bonds. All remaining Gross Operating Revenues, after making the foregoing allocations, will be surplus and may be used for any lawful purpose. The pledges of Net Operating Revenues made in the Resolution will be irrevocable until there are no longer Bonds Outstanding and all amounts due under the Subordinate Obligations have been paid.

Establishment of Funds and Accounts. The Resolution has created, renamed or continued, and the Treasurer will maintain in accordance with the terms of the Resolution, within the Electric Revenue Fund, the following accounts and sub-accounts:

(1) Electric Revenue Bonds, Bond Service Account (sometimes called "Bond Service Account"), in which there are established the following sub-accounts:

(a) Electric Revenue Bonds, Principal Account (sometimes called the "Principal Account"); and

(b) Electric Revenue Bonds, Interest Account (sometimes called the "Interest Account");

(2) Electric Revenue Bonds, Renewal and Replacement Account (sometimes called the "Renewal and Replacement Account"); and

(3) Electric Revenue Bonds, Surplus Account (sometimes called the "Surplus Account").

All funds, accounts and sub-accounts established or continued under the Resolution or by any Supplemental Resolution will be held by the Treasurer or, if applicable, a Fiscal Agent, and will be accounted for separate and apart from all other funds and moneys of the Treasurer or such Fiscal Agent until all Bonds have been paid in full or discharged in accordance with the Resolution and any Supplemental Resolution and all Subordinate Obligations have been paid in full in accordance with their respective terms.

Establishment, Funding and Application of Redemption Account. The Treasurer will establish, maintain and hold in trust a special account within the Electric Revenue Fund designated as the "Redemption Account." All moneys deposited with the Treasurer for the purpose of optionally redeeming Bonds will, unless otherwise directed by the City, be deposited in the Redemption Account. All amounts deposited in the Redemption Account will be used and withdrawn by the Treasurer solely for the purpose of redeeming Bonds of any Series, in the manner, at the times and upon the terms and conditions specified in the Supplemental Resolution pursuant to which the Series of Bonds was created; provided that, at any time prior to the Fiscal Agent for such Series giving notice of redemption, the Treasurer will, upon receipt of a Request of the City, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Current Interest Bonds, accrued interest, which is payable from the Interest Account) as is directed by the City except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Bonds. All Term Bonds purchased or redeemed from amounts in the Redemption Account will be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the City.

Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Treasurer or any Fiscal Agent and established pursuant to the Resolution will be invested solely in Authorized Investments maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Treasurer or such Fiscal Agent.

Unless otherwise provided in a Supplemental Resolution with respect to any fund or account created pursuant to that Supplemental Resolution, all interest, profits and other income received from the investment of moneys in any fund or account will be transferred to the Electric Revenue Fund when received. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Authorized Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Authorized Investment will be credited to the fund or account from which such accrued interest was paid.

Unless otherwise provided in a Supplemental Resolution with respect to any fund or account created pursuant to that Supplemental Resolution, the Treasurer and any Fiscal Agent may commingle any of the accounts established pursuant to the Resolution into a separate account or accounts for investment purposes only, provided that all accounts or sub-accounts held by the Treasurer or any Fiscal Agent under the Resolution will be accounted for separately as required by the Resolution. The Treasurer or any Fiscal Agent may sell at the best price obtainable, or present for

redemption, any Authorized Investment so purchased whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the account to which such Authorized Investment is credited.

The Treasurer and each Fiscal Agent will keep proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including moneys derived from, pledged to, or to be used to make payments on the Bonds. Such records will specify the account to which each investment (or portion thereof) held by the Treasurer and each Fiscal Agent is to be allocated and will set forth, in the case of each Authorized Investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be, including accrued interest; (d) the amounts and dates of any payments made with respect thereto; and (e) the dates of acquisition and disposition or maturity.

COVENANTS OF THE CITY

Covenants. The City makes the following covenants with the Owners and the Subordinate Providers (to be performed by the City or its proper officers, agents or employees) which covenants are necessary and desirable for the protection and security of the Owners and the Subordinate Providers; provided, however, that said covenants do not require or obligate the City to use any of its funds other than the Electric Revenue Fund. Said covenants will be in effect subject to certain provisions of the Resolution, so long as any of the Bonds issued under the Resolution are Outstanding and unpaid, so long as any of the Subordinate Obligations are unpaid or so long as provision for the full payment and discharge of the Bonds at maturity or upon redemption thereof prior to maturity through the setting apart in the Bond Service Account or in the Redemption Account or in a special trust fund to insure the payment or redemption thereof (as the case may be) of money sufficient for that purpose has not been made.

Punctual Payment. The City has covenanted in the Resolution that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued under the Resolution, together with the premium thereon, if any, on the dates, at the place and in the manner mentioned in the Bonds in accordance with the Resolution, and that the payments into the Bond Service Account and any reserve fund or account will be made, all in strict conformity with the terms of the Bonds and of the Resolution and any Supplemental Resolutions, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Resolution and any Supplemental Resolutions and of the Bonds issued under the Resolution, and that time of such payment and performance is of the essence of the City's contract with the Owners of the Bonds.

The City has covenanted in the Resolution that it will duly and punctually pay or cause to be paid all amounts when due under the Subordinate Obligations, on the dates, at the place or places and in the manner mentioned therein in accordance with the Resolution, and that the payments into the Bond Service Account will be made, all in strict conformity with the terms of the Subordinate Obligations and of the Resolution and any Supplemental Resolutions, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Resolution and any Supplemental Resolutions, and that time of such payment and performance is of the essence of the City's contract with the Subordinate Providers.

Discharge Claims. The City has covenanted in the Resolution that in order to fully preserve and protect the priority and security of the Bonds and the subordinate priority and security of the Subordinate Obligations, the City will pay from the Electric Revenue Fund and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Electric System which, if unpaid, may become a lien or charge upon the revenues prior or superior to the lien of the Bonds or the lien of the Subordinate Obligations and impair the security of the Bonds or the Subordinate Obligations. The City will also pay from the Electric Revenue Fund all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Electric System or upon any part thereof or upon any of the revenues therefrom.

Commence Acquisition and Construction. As soon as funds are available therefor, the City will commence the accomplishment of the purposes for which each Series of Bonds are issued and will continue the same to completion with all practical dispatch and in an economical manner.

Operate Electric System in Efficient and Economical Manner. The City has covenanted and agreed in the Resolution to operate the Electric System in an efficient and economical manner and to operate, maintain and preserve the Electric System in good repair and working order.

Against Sale; Eminent Domain. The City has covenanted in the Resolution that the Electric System will not be mortgaged or otherwise encumbered, sold, leased, pledged, any charge placed thereon, or disposed of as a whole or substantially as a whole unless such sale or other disposition be so arranged as to provide for a continuance of payments into the Electric Revenue Fund sufficient in amount to permit payment therefrom of the principal of and interest on and the premiums, if any, due upon the call and redemption thereof, of the Bonds and any Parity Debt and of any amounts due with respect to the Subordinate Obligations, and also to provide for such payments into any reserve account as are required under the terms of the Resolution or any Supplemental Resolutions or any Parity Debt documents. The Net Operating Revenues will not be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed of or used, nor will any charge be placed thereon, except as authorized by the terms of the Resolution or any Supplemental Resolutions. The City has further covenanted in the Resolution that it will not enter into any agreement which impairs the operation of the Electric System or any part of it necessary to secure adequate Net Operating Revenues to pay the principal of and interest on the Bonds or any Parity Debt and to pay all amounts due under the Subordinate Obligations or which otherwise would impair the rights of the Owners or the Subordinate Providers with respect to the Net Operating Revenues or the operation of the Electric System. If any substantial part of the Electric System is sold, the payment therefor will, at the option of the City Council, either be used for the acquisition, construction and financing of additions to and extension and improvements of the Electric System or will be placed in the Bond Service Account or the Redemption Account and will be used to pay or call and redeem Outstanding Bonds in the manner provided in the Resolution or any Supplemental Resolutions.

The City has covenanted in the Resolution that any amounts received as awards as a result of the taking of all or any part of the Electric System by the lawful exercise of eminent domain or sale under threat thereof, if and to the extent that such right can be exercised against such property of the City, will either be used for the acquisition and/or construction of improvements and extensions of the Electric System or will be placed in the Bond Service Account or the Redemption Account and will be used to pay or call and redeem Outstanding Bonds in the manner provided in the Resolution.

Insurance. The City has covenanted in the Resolution that it will at all times maintain with responsible insurers, to the extent available from responsible insurers at reasonable rates, or through a program of self-insurance (or a combination thereof) all such insurance on the Electric System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Electric System is damaged or destroyed, such part will be restored to use. The money collected from insurance against accident to or destruction of the Electric System will be used for repairing or rebuilding the damaged or destroyed Electric System, and to the extent not so applied, will be applied to the retirement of any Outstanding Bonds.

The City will also (by self-insuring or by maintenance with responsible insurers, to the extent available from responsible insurers at reasonable rates, or by a combination thereof) provide for worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City and the Owners.

Records and Accounts. The City will keep proper books of records and accounts of the Electric System separate from all other records and accounts in which complete and correct entries will be made of all transactions relating to the Electric System. Said books will at all times be subject to the inspection of the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing.

The City will cause the books and accounts of the Electric System to be audited annually by an independent certified public accountant or firm of certified public accountants, and will make available for inspection by the Owners at the office of the City Clerk, and at the office of the Treasurer and at the office of each Fiscal Agent, a copy of the report of such accountant or accountants.

No Free Service. Except to the extent that the City is required under agreements and/or contracts existing on the effective date of the Resolution, no electricity or other service from the Electric System may be furnished or rendered free to any public agency (such term to include the United States of America, the State of California, the

City, and any other municipal or public corporation, district or public agency) or any private corporation or Person. No building or other real property of the Electric System will be furnished free to any such public agency or any private Person or corporation. The City will maintain and enforce valid regulations for the payment of bills for electric service. Such regulations will at all times during such period provide that the City will, to the extent permitted by law, discontinue electric service to any user whose electric bill has not been paid within the time fixed by said regulations.

THE FISCAL AGENT

Appointment; Duties of Fiscal Agent.

(A) The City may appoint a Fiscal Agent, who may be the Treasurer, for a Series of Bonds in the Supplemental Resolution pursuant to which such Bonds are issued. Each Fiscal Agent will act as the agent of the City and perform such duties and only such duties as are specifically set forth in the Resolution or the Supplemental Resolution pursuant to which it was appointed and no implied covenants will be read into the Resolution or such Supplemental Resolution against the Fiscal Agent. Each Fiscal Agent will exercise such of the rights and powers vested in it by the Resolution or the Supplemental Resolution pursuant to which it was appointed.

(B) The City may remove any Fiscal Agent at any time with or without cause and will remove any Fiscal Agent if at any time such Fiscal Agent ceases to be eligible in accordance with clause (E) below, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of such Fiscal Agent or its property is appointed, or any public officer takes control or charge of such Fiscal Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to such Fiscal Agent, and thereupon appoints a successor Fiscal Agent by an instrument in writing.

(C) Each Fiscal Agent may at any time resign by giving 90 days prior written notice of such resignation to the City by giving the Owners notice of such resignation by mail at the addresses shown on the registration books maintained by such Fiscal Agent and by giving prior written notice of such resignation by mail to the Subordinate Providers. Upon receiving such notice of resignation, the City will promptly appoint a successor Fiscal Agent by an instrument in writing.

(D) Any removal or resignation of a Fiscal Agent and appointment of a successor Fiscal Agent will become effective only upon acceptance of appointment by the successor Fiscal Agent. If no successor Fiscal Agent has been appointed and has accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Fiscal Agent. Any successor Fiscal Agent appointed under the Resolution, will signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Fiscal Agent a written acceptance thereof, and thereupon such successor Fiscal Agent, without any further act, deed or conveyance, will become vested with all the rights, powers, duties and obligations of such predecessor Fiscal Agent, with like effect as if originally named Fiscal Agent in the Resolution. Upon request of the successor Fiscal Agent, the City and the predecessor Fiscal Agent will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such rights, powers, duties and obligations.

(E) Unless otherwise provided in a Supplemental Resolution any Fiscal Agent appointed under the provisions of the Resolution in succession to a Fiscal Agent will be either the Treasurer or a trust company or bank having the powers of a trust company and having a corporate trust office in the State. Any such bank or trust company will have a combined capital and surplus of at least one hundred million dollars ($100,000,000) and be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the regulations of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Each successor will be a bank or a trust company doing business in and having an office in the city where the predecessor did business and had an office.

Upon merger, consolidation, or reorganization of a Fiscal Agent, the City will appoint a new Fiscal Agent, which may be the corporation resulting from such reorganization. In case at any time a Fiscal Agent ceases to be eligible in accordance with the provisions of paragraph (E) above, such Fiscal Agent will resign immediately in the manner and with the effect specified in the Resolution.

If, by reason of the judgment of any court, a Fiscal Agent for a Series of Bonds or any successor Fiscal Agent is rendered unable to perform its duties under the Resolution, and if no successor Fiscal Agent be then appointed, all such duties and all of the rights and powers of such Fiscal Agent will be assumed by and vest in the Treasurer in trust for the benefit of the Bondholders of such Series.

Liability of Fiscal Agent.

(A) The recitals of facts in the Resolution, in the Supplemental Resolution pursuant to which a Fiscal Agent is appointed and in the Bonds of such Series contained will be taken as statements of the City, and the Fiscal Agent for such Series assumes no responsibility for the correctness of the same (other than the certificate of authentication of such Fiscal Agent on each Bond), and makes no representations as to the validity or sufficiency of the Resolution or of the Bonds, as to the sufficiency of the Net Operating Revenues or the priority of the lien of the Resolution thereon, or as to the financial or technical feasibility of any Project and will not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly in the Resolution or in the Bonds assigned to or imposed upon it. Each Fiscal Agent will, however, be responsible for its representations contained in its certificate of authentication on the Bonds. A Fiscal Agent will not be liable in connection with the performance of its duties under the Resolution, except for its own negligence, willful misconduct or breach of the express terms and conditions of the Resolution. A Fiscal Agent and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds of a Series for which it has been appointed Fiscal Agent and may join in any action which any Owner of a Bond may be entitled to take, with like effect as if such Fiscal Agent was not the Fiscal Agent for such Series of Bonds. Each Fiscal Agent may in good faith hold any other form of indebtedness of the City, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the City and make disbursements for the City and enter into any commercial or business arrangement therewith, without limitation.

(B) A Fiscal Agent will not be liable for any error of judgment made in good faith by a responsible officer unless it is proven that such Fiscal Agent was negligent in ascertaining the pertinent facts. A Fiscal Agent may execute any of the rights or powers of the Resolution and perform the duties required of it under the Resolution by or through attorneys, agents, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty under the Resolution, but such Fiscal Agent will be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that such Fiscal Agent will not be answerable for the negligence or misconduct of any attorney-in-law, agent or receiver selected by it with due care.

(C) No provision of the Resolution requires a Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties under the Resolution or under the Supplemental Resolution pursuant to which it was appointed, or in the exercise of its rights or powers.

(D) A Fiscal Agent is not required to ascertain, monitor or inquire as to the performance or observance by the City of the terms, conditions, covenants or agreements set forth in the Resolution or in the Supplemental Resolution pursuant to which it was appointed, other than the covenants of the City to make payments with respect to the Bonds when due as set forth in the Resolution and to file with such Fiscal Agent when due, such reports and certifications as the City is required to file with each Fiscal Agent under the Resolution.

(E) No permissive power, right or remedy (if any) conferred upon a Fiscal Agent imposes a duty to exercise such power, right or remedy.

(F) A Fiscal Agent will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but a Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if a Fiscal Agent determines to make such further inquiry

or investigation, it will be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(G) Whether or not therein expressly so provided, every provision of the Resolution relating to the conduct or affecting the liability of or affording protection to any Fiscal Agent will be subject to the provisions described above.

Right of Fiscal Agent to Rely on Documents. A Fiscal Agent will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. A Fiscal Agent may consult with counsel, including, without limitation, counsel of or to the City, with regard to legal questions, and the written opinion of such counsel addressed to the particular Fiscal Agent will be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith unless it is proven that a Fiscal Agent was negligent in ascertaining the pertinent facts.

Whenever in the administration of the duties imposed upon it by the Resolution a Fiscal Agent deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be specifically prescribed in the Resolution) may be deemed to be conclusively proved and established by a Certificate of the City, and such Certificate will be full warrant to a Fiscal Agent for any action taken or suffered in good faith under the provisions of the Resolution in reliance upon such Certificate. A Fiscal Agent may also rely conclusively on any report or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the City or selected by such Fiscal Agent with due care in connection with matters required to be proven or ascertained in connection with its administration of the duties created by the Resolution.

MODIFICATION OR AMENDMENT OF THE RESOLUTION

Amendments Permitted.

(A) (1) The Resolution and the rights and obligations of the City, the Owners of the Bonds, the Subordinate Providers and any Fiscal Agent may be modified or amended from time to time and at any time by filing with each Fiscal Agent (or if such modification or amendment is only applicable to a Series of Bonds, to such Fiscal Agent) a Supplemental Resolution, adopted by the City Council with the written consent of the Owners of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Resolution is only applicable to a Series of Bonds, the Bonds of that Series) then Outstanding and, if the modification or amendment affects certain specified provisions of the Resolution in a material adverse manner to one or more Subordinate Providers, then with the written consent of the affected Subordinate Swap Providers and Subordinate Swap Policy Providers and the affected owners of a majority in aggregate amount of the Subordinate Bonds owned by the affected owners; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain outstanding, the consent of the Owners of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Resolution.

(2) No such modification or amendment may: (a) extend the fixed maturity of any Bond, or reduce the amount of Bond Obligation thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected; (b) reduce the aforesaid percentage of Bond Obligation the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Operating Revenues and other assets pledged under the Resolution prior to or on a parity with the lien created by the Resolution for the benefit of the Owners of the Bonds, or deprive the Owners of the Bonds of such lien created by the Resolution on such Net Operating Revenues and other assets (in each case, except as expressly provided in the Resolution), without the consent of the Owners of all of the Bonds then Outstanding; (c) extend or reduce the amount payable by the City under any Subordinate Obligation without the consent of the affected Subordinate Swap Provider, affected Subordinate Swap Policy Provider or affected owner of a Subordinate Bond; (d) permit the creation of any lien on the Net Operating Revenues prior to or on a parity with the subordinate lien created by the Resolution for the benefit of the Subordinate Providers, or deprive the Subordinate Providers of such lien created by the Resolution on

such Net Operating Revenues (in each case, except as expressly provided in the Resolution), without the consent of the affected Subordinate Swap Providers, affected Subordinate Swap Policy Providers and affected owners of a majority in aggregate amount of the Subordinate Bonds owned by the affected owners; or (e) modify any rights or duties of the Fiscal Agent without its consent.

It is not necessary for the consent of the Bondholders to approve the particular form of any Supplemental Resolution, but it will be sufficient if such consent approves the substance thereof. Promptly after the adoption by the City Council of any Supplemental Resolution pursuant to the Resolution, the Fiscal Agent for each Series of Bonds that may be affected by any such modification or amendment will mail a notice provided by the City, setting forth in general terms the substance of such Supplemental Resolution to the Owners of the Bonds at the addresses shown on the registration books of the Fiscal Agent. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Resolution.

(B) The Resolution and the rights and obligations of the City, of each Fiscal Agent and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Resolution, which the City Council may adopt without the consent of any Bondholders but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in the Resolution thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved in the Resolution to or conferred upon the City, in each case which will not materially and adversely affect the interests of the Owners of any of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Resolution, or in regard to matters or questions arising under the Resolution, as the City Council may deem necessary or desirable, and which will not materially and adversely affect the interests of the Owners of any of the Bonds;

(3) to modify, amend or supplement the Resolution in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939, as amended, or any similar federal statute later in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which will not materially and adversely affect the interests of the Owners of any of the Bonds;

(4) to provide for the issuance of a Series of Bonds with such interest rate, payment, maturity and other terms as the City may deem desirable; subject to the provisions of the Resolution;

(5) to provide for the issuance of Bonds in book-entry form or bearer form, provided that no such provision materially and adversely affects the interests of the Owners of any of the Bonds;

(6) if the City has covenanted in a Supplemental Resolution to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make-such provisions as are necessary or appropriate to ensure such exclusion; and

(7) for any other purpose that does not materially and adversely affect the interests of the Owners of any of the Bonds.

Effect of Supplemental Resolution. From and after the time any Supplemental Resolution becomes effective pursuant to the Resolution, the Resolution will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Resolution of the City, each Fiscal Agent, all Owners of Bonds Outstanding and all Subordinate Providers will thereafter be determined, exercised and enforced under the Resolution subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution will be deemed to be part of the terms and conditions of the Resolution for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Resolution becomes effective pursuant to the Resolution may, and if a Fiscal Agent so determines will, bear a notation by

endorsement or otherwise in form approved by the City Council and such Fiscal Agent as to any modification or amendment provided for in such Supplemental Resolution, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his or her Bond for such purpose at the Corporate Trust Office of such Fiscal Agent or at such additional offices as such Fiscal Agent may select and designate for that purpose, a suitable notation will be made on such Bond. If a Supplemental Resolution so provides, new Bonds so modified as to conform, in the opinion of the Treasurer and the Fiscal Agent for such Series, to any modification or amendment contained in such Supplemental Resolution, will be prepared and executed by the City and authenticated by such Fiscal Agent, and upon demand of the Owners of any Bonds then outstanding will be exchanged at the Corporate Trust Office of such Fiscal Agent, without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series, tenor and maturity.

Amendment of Particular Bonds. The foregoing provisions will not prevent any Bondholder from accepting any amendment as to the particular Bands held by him or, her, provided that due notation thereof is made on such Bonds.

DEFEASANCE

Discharge of Resolution. Except as may be provided in any Supplemental Resolution creating a Series of Bonds, Bonds of any Series may be paid by the City in any of the following ways: (a) by paying or causing to be paid the Bond Obligation of and interest on all Bonds Outstanding of the Series, as and when the same become due and payable; (b) by depositing with the Treasurer, the Fiscal Agent for such Series, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Resolution) to pay or redeem all Bonds Outstanding of the Series; or (c) by delivering to the Fiscal Agent for such Series, for cancellation by it, all Bonds then Outstanding of the Series.

If the City pays all Series for which any Bonds are Outstanding and also pays or causes to be paid all other sums payable to any provider of a Credit Facility under the Resolution by the City and all sums payable to all Subordinate Providers by the City, then and in that case, at the election of the City (evidenced by a Certificate of the City, filed with each Fiscal Agent, signifying the intention of the City to discharge all such indebtedness and the Resolution), and notwithstanding that any Bonds have not been surrendered for payment, the Resolution and the pledge of Net Operating Revenues and other assets made under the Resolution and all covenants, agreements and other obligations of the City under the Resolution will cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the City, the Treasurer will cause an accounting for such period or periods as the City may request to be prepared and filed with the City and will cause to be executed and delivered to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction.

Discharge of Liability on Bonds. Upon the deposit with the Treasurer or the Fiscal Agent for a Series, an escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Resolution) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, irrevocable notice of such redemption will have been given as provided in the Resolution or provision satisfactory to such Fiscal Agent will have been made for the giving of such notice, then all liability of the City in respect of such Bond will cease, terminate and be completely discharged; provided that the Owner thereof will thereafter be entitled to the payment of the principal of and premium, if any, and interest on such Bond, and the City will remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment, subject, however, to certain provisions of the Resolution and the continuing duties of the Fiscal Agent for such Series under the Resolution.

The City may at any time surrender to the Fiscal Agent for a Series for cancellation by it any Bonds previously issued and delivered, which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Treasurer. Whenever in the Resolution it is provided or permitted that there be deposited with or held in trust by the Treasurer or the Fiscal Agent for a Series, an escrow agent or other fiduciary, money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Treasurer in the accounts and sub-accounts established pursuant to the Resolution and will be one or more of the following:

(a) lawful money of the United States of America in an amount equal to the Bond Obligation of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in the Resolution or provision satisfactory to the Fiscal Agent for such Series has been made for the giving of such notice, the amount to be deposited or held will be the Bond Obligation or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) non-callable Federal Securities or Municipal Obligations, the principal of and interest on which when due will; in the opinion of an independent certified public accountant delivered to the Fiscal Agent of such Series for which payment is being made (upon which opinion such Fiscal Agent may conclusively rely), provide money sufficient to pay the Bond Obligation or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such Bond Obligation or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the Resolution or provision satisfactory to the Fiscal Agent for such Series will have been made for the giving of such notice;

provided, in each case, that the Fiscal Agent for such Series will have been irrevocably instructed (by the terms of the Resolution or by Request of the City) to apply such money to the payment of such Bond Obligation or Redemption Price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Resolution. Any moneys held by the Fiscal Agent of a Series, an escrow agent or other fiduciary in trust for the payment of the principal or Accreted Value of, premium, if any, or interest on, any Bond of such Series and remaining unclaimed for two years after such principal or Accreted Value of, premium, if any, or interest on such Bond of such Series has become due and payable (whether at maturity or upon call for redemption as provided in the Resolution), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when such Bond became so due and payable, will, upon Request of the City, be released from the trusts created by the Resolution and transferred to the Treasurer, and all liability of the Fiscal Agent for such Series, an escrow agent or other fiduciary with respect to such moneys will thereupon cease; provided, however, that before the release of such trust as aforesaid, such Fiscal Agent may (at the cost of the City) first mail to the Owners of any Bonds of such Series remaining unpaid at the addresses shown on the registration books maintained by such Fiscal Agent a notice, in such form as may be deemed appropriate by such Fiscal Agent, with respect to the Bonds of such Series so payable and not presented and with respect to the provisions relating to the repayment to the Treasurer of the moneys held for the payment thereof. All moneys held by or on behalf of the Treasurer, the Fiscal Agent for such Series, an escrow agent or other fiduciary for the payment of Bond Obligation of or interest or premium on Bonds of such Series, whether at redemption or maturity, will be held in trust for the account of the Owners thereof and the Treasurer, the Fiscal Agent for such Series, an escrow agent or other fiduciary will not be required to pay Owners any interest on, or be liable to the Owners or any other Person (other than the City) for any interest earned on, moneys so held. Any interest earned thereon will belong to the City and will be deposited monthly by the Treasurer into the Bond Service Account.

DEFAULTS AND REMEDIES

Events of Default. Each of the following events is an Event of Default under the Resolution:

(a) Default by the City in the due and punctual payment of the principal of, premium, if any, or Accreted Value on any Bond (whether at maturity, by acceleration, call for redemption or otherwise);

(b) Default by the City in the due and punctual payment of the interest on any Bond;

(c) Failure of the City to observe and perform any of its other covenants, conditions or agreements under the Resolution (other than covenants, conditions or agreements for the exclusive benefit of one or more of the Subordinate Providers) or in the Bonds for a period of 90 days after written notice from the Owners of 25% in aggregate amount of Bond Obligation then Outstanding, specifying such failure and requesting that it be remedied, or in the case of any such default that cannot with due diligence be cured within such 90 day period, failure of the City to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence;

(d) Destruction or damage to any substantial part of the Electric System to the extent of impairing its efficient operation or adversely affecting to a substantial degree the Net Operating Revenues and failure for any reason promptly to repair, replace or reconstruct the same (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction, the lack of funds therefor or for any other reason);

(e) (1) Failure of the City generally to pay its debts as the same become due; (2) commencement by the City of a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law; (3) consent by the City to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the City, the Electric System or any substantial part of the City's property, or to the taking possession by any such official of the Electric System or any substantial part of the City's property; (4) making by the City of any assignment for the benefit of creditors; or (5) taking of corporate action by the City in furtherance of any of the foregoing;

(f) The entry of any: (1) decree or order for relief by a court having jurisdiction over the City or its property in an, involuntary case under the Federal bankruptcy laws, as now or later constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law; (2) appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the City, the Electric System or any substantial part of the City's property; or (3) order for the termination or liquidation of the City of its affairs; or

(g) Failure of the City within 90 days after the commencement of any proceedings against it under the Federal bankruptcy laws or any other applicable Federal or state bankruptcy, insolvency or similar law, to have such proceedings dismissed or stayed.

The provisions of clauses (c) and (d) above are subject to the limitation that if by reason of force majeure the City is unable in whole or in part to observe and perform any of its covenants, conditions or agreements under the Resolution, the City will not be deemed in default during the continuance of such disability. The term "force majeure" as used in the Resolution includes without limitation acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of California or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the City. The City will, however, remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements, provided that the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the City, and the City will not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the City unfavorable to it.

Bondholders' Committee. If an Event of Default has occurred and is continuing, the Owners of 25% in aggregate amount of Bond Obligation may call a meeting of the Bondholders for the purpose of electing a Bondholders' committee (a "Bondholders' Committee"). At such meeting the Owners of not less than a majority in aggregate amount of Bond Obligation must be present in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting. A quorum being present at such meeting, the Owners present in person or by proxy may, by a majority of the votes cast, elect one or more persons, who may or may not be Owners, to the Bondholders' Committee. The Owners present in person or by proxy at such meeting, or at any adjourned meeting thereof: (a) will prescribe the manner in which the successors of the persons elected to the Bondholders' Committee will be elected or appointed; (b) may prescribe rules and regulations governing the exercise by the Bondholders' Committee of the power conferred upon it in the Resolution; and (c) may provide for the termination of the existence of the Bondholders' Committee. The Bondholders' Committee is declared by the Resolution to be trustee for the Owners of all Bonds then Outstanding, and are empowered to exercise in the name of the Bondholders' Committee as trustee all the rights and powers conferred in the Resolution on any Owner; provided, however, that whenever any provision of the Resolution requires the consent, approval or concurrence of the Owners of a specified percentage of Bond Obligation, in order to exercise the right or power conferred in the Resolution on the Owners to which such percentage obtains, the Bondholders' Committee either will be elected by or their election will be approved

by or concurred in, and such committee will then represent, the Owners of such specified percentage of the Bond Obligation. A certificate of the election of the Bondholders' Committee, including the names and addresses of its chairman and other members, will be filed with the City Clerk.

Acceleration. Upon the occurrence and continuation of an Event of Default described in clauses (e), (f) or (g) under the caption "—Events of Default", the Bondholders' Committee or, if there is none, the Owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, declare the entire unpaid principal and Accreted Value of the Bonds due and payable and, thereupon, the entire unpaid principal and Accreted Value of the Bonds will forthwith become due and payable. Upon any such declaration the City will forthwith pay to the Owners of the Bonds the entire unpaid principal and Accreted Value of, premium, if any, and accrued interest on the Bonds, but only from Net Operating Revenues and other moneys specifically pledged for such purpose in the Resolution. If at any time after such a declaration and before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of such default or before the completion of the enforcement of any other remedy under the Resolution, the principal and Accreted Value of all Bonds that have matured or been called for redemption pursuant to any sinking fund provision and all arrears of interest have been paid and any other Events of Default which may have occurred have been remedied, then the Bondholders' Committee or, if there is none, the Owners of 25% in aggregate amount of Bond Obligation may, by written notice to the City, rescind or annul such declaration and its consequences. No such rescission or annulment will extend to or affect any subsequent default or impair any right consequent thereon.

Receiver. Upon the occurrence and continuation of an Event of Default for a period of 90 days, the Bondholders' Committee or, if there is none, the Owners of 25% in aggregate amount of Bond Obligation will be entitled to the appointment of a receiver upon application to any court of competent jurisdiction in the State of California. Any receiver so appointed may enter and take possession of the Electric System, operate, maintain and repair the same, to the extent permitted by law impose and prescribe rates, fees and other charges, and receive and apply all Net Operating Revenues thereafter arising therefrom in the same manner as the City itself might do. No bond will be required of such receiver.

Other Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default the Owners may proceed to protect and enforce their rights by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any agreement contained in the Resolution. No remedy conferred by the Resolution upon or reserved to the Owners is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to any other remedy given to the Bondholders under the Resolution or now or later existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default will impair any such right or power or be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under the Resolution by the Owners will extend to or affect any subsequent default or Event of Default or impair any rights or remedies consequent thereon.

Unconditional Right to Receive Principal, Accreted Value, Premium and Interest. Nothing in the Resolution will, however, affect or impair the right of any Owner to enforce, by action at law, payment of the principal and Accreted Value of, premium, if any, or interest on any Bond at and after the maturity thereof, or on the date fixed for redemption or upon the same being declared due prior to maturity as provided in the Resolution, or the obligation of the City to pay the principal and Accreted Value of, premium, if any, and interest on each of the Bonds issued under the Resolution to the respective holders thereof at the time and place, from the source and in the manner in the Resolution and in the Bonds expressed.

MISCELLANEOUS

Liability of City Limited to Net Operating Revenues. Notwithstanding anything in the Resolution or in the Bonds, the City is not required to advance any moneys derived from any source other than the Net Operating Revenues and other money, assets and security pledged under the Resolution for any of the purposes in the Resolution

mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds, the payment of amounts due under the Subordinate Obligations, or for any other purpose of the Resolution.

The general fund of the City is not liable for the payment of any Bonds, any premium thereon upon redemption prior to maturity or their interest, or the payment of any Subordinate Obligations, nor is the credit or taxing power of the City pledged for the payment of any Bonds, any premium thereon upon redemption prior to maturity or their interest, or the payment of any Subordinate Obligations. The Owner of any Bond or any Subordinate Provider may not compel the exercise of the taxing power by the City or the forfeiture of any of its property. The principal of and interest on any Bonds and any premiums upon the redemption of any thereof prior to maturity are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues and other funds, security or assets which are pledged to the payment of the Bonds, interest thereon and any premiums upon redemption. Amounts payable under the Subordinate Obligations are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues (as provided in the Resolution).

Successor Is Deemed Included in All References to Predecessor. Whenever in the Resolution either the City, the Treasurer or any Fiscal Agent is named or referred to, such reference will include the successors or assigns thereof, and all the covenants and agreements in the Resolution contained by or on behalf of the City or any Fiscal Agent will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Limitation of Rights to City, Fiscal Agents, Bondholders and Subordinate Providers. Nothing in the Resolution or in the Bonds or the Subordinate Obligations expressed or implied is intended or may be construed to give to any Person other than the City, each Fiscal Agent, the Owners of the Bonds and the Subordinate Providers, as applicable, any legal or equitable right, remedy or claim under or in respect of the Resolution or any covenant, condition or provision therein or contained in the Resolution, as applicable; and all such covenants, conditions and provisions are and will be held to be for the sole and exclusive benefit of the City, each Fiscal Agent, the Owners of the Bonds and the Subordinate Providers, as applicable.

Waiver of Notice. Whenever in the Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Destruction or Delivery of Cancelled Bonds. Whenever in the Resolution provision is made for the cancellation by a Fiscal Agent and the delivery to the Treasurer of any Bonds, such Fiscal Agent may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Treasurer, if the Treasurer so requires), and deliver a certificate of such destruction to the Treasurer.

Severability of Invalid Provisions. If any one or more of the provisions contained in the Resolution or in the Bonds is for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in the Resolution and such invalidity, illegality or unenforceability will not affect any other provision of the Resolution, and the Resolution will be construed as if such invalid or illegal or unenforceable provision had never been contained in the Resolution. The City Council has declared that it would have adopted the Resolution and each and every other section, paragraph, sentence, clause or phrase of the Resolution and authorized the issuance of the Bonds and the execution and delivery or issuance of the Subordinate Obligations pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of the Resolution may be held illegal, invalid or unenforceable.

Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by the Resolution to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and will be signed or executed by such Bondholders in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, will be sufficient for any purpose of the Resolution and will be conclusive in favor of the Fiscal Agent for such Series and of the City if made in the manner provided in the Resolution.

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

The ownership of Bonds will be proved by the bond registration books held by the Fiscal Agent for such Series. The Fiscal Agent of a Series may establish a record date as of which to measure consent of the Bondholders of such Series in order to determine whether the requisite consents are received.

Except as may be provided in the Supplemental Resolution authorizing a Series of Bonds, any request, consent, or other instrument or writing of the Owner of any Bond of such Series will bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Fiscal Agent for such Series or the City in accordance therewith or reliance thereon.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Resolution, Bonds which are owned or held by or for the account of the City, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds (except for any remarketing or other underwriting agent), will be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section if the pledgee establishes to the satisfaction of the Fiscal Agent for such Series the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by such Fiscal Agent taken upon the advice of counsel will be full protection to such Fiscal Agent.

Money Held for Particular Bonds. The money held by the Treasurer or a Fiscal Agent for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) will, on and after such date and pending such payment, be set aside on the City's books and held in trust by the Treasurer for the Owners of the Bonds entitled thereto, subject, however, to certain provisions of the Resolution.

Accounts and Sub-Accounts. Any accounts required by the Resolution to be established and maintained by the Treasurer or a Fiscal Agent may be established and maintained in the accounting records of the Treasurer or a Fiscal Agent, either as an account or a sub-account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a sub-account; but all such records with respect to all such accounts will at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

Proceedings Constitute Contract. The provisions of the Resolution constitute a contract between the City and the Bondholders of such Bonds, and the provisions thereof will be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may later be authorized under the laws of the State in any court of competent jurisdiction. The provisions of the Resolution also constitute a contract between the City and each Subordinate Provider, and the provisions of the Resolution will be enforceable by any such Provider by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may later be authorized under the laws of the State in any court of competent jurisdiction; provided, however, that no such action by such a Provider may in any manner adversely affect the benefits, securities or protections granted to Owner of Bonds or owners of Parity Debt under the Resolution.

No remedy conferred by the Resolution upon any Bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by any law of the State. No waiver of any default or breach of duty or contract by any Bondholder will affect any subsequent default or breach of duty or contract or impair any rights or

remedies on said subsequent default or breach. No delay or omission of any Bondholder to exercise any right or power accruing upon any default will impair any such right or power or be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to reinforce any right or exercise any remedy will be brought or taken and the Bondholder will prevail, said Bondholder will be entitled to receive from the Electric Revenue Fund reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondholder then, and in every such case, the City and the Bondholder will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds of any Series, the Resolution will be irrepealable, but will be subject to modification to the extent and in the manner provided in the Resolution, but to no greater extent and in no other manner.

Future Contracts. Nothing contained in the Resolution will be deemed to restrict or prohibit the City from making contracts or creating bonded or other indebtedness payable from the general fund of the City, as the case may be, or from taxes or any source other than the Gross Operating Revenues, and from and after the sale of the Bonds of any Series, the general fund of the City will not include the Gross Operating Revenues and no contract or other obligation payable from the general fund of the City will be payable from the Gross Operating Revenues, except as provided in the Resolution.

Waiver of Personal Liability. No City Council member, officer, agent or employee of the City or any Fiscal Agent will be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds or for the payment of amounts due under the Subordinate Obligations or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Resolution will relieve any such City Council member, officer, agent or employee of the City or any Fiscal Agent from the performance of any official duty provided by law or by the Resolution.

Governing Law. The Resolution will be construed and governed in accordance with the laws of the State of California.

Business Day. Except as specifically set forth in a Supplemental Resolution, any payments or transfers which would otherwise become due on any day which is not a Business Day will become due or be made on the next succeeding Business Day and no interest will accrue for such period.

AMENDMENTS TO THE RESOLUTION

The Resolution has been amended to add Subsection (h) to the definition of "Maximum Annual Debt Service" as follows:

"(h) if interest on such Bonds or Parity Debt is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009), or any future similar program, then interest payments with respect to such Bonds or Parity Debt shall be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America."

In addition, the following paragraph was added to the end of the provision described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS—Rate Covenant" in the Official Statement as follows:

"For purposes of calculating the interest due under (b) above, if interest on such Bonds or Parity Debt is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009), or any future similar program, then interest payments with respect to such Bonds or Parity

Debt shall be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America."

The above amendments will not take effect while any of the the 1998 Bonds, 2001 Bonds, 2003 Bonds, 2004A Bonds, 2008A Bonds, 2008B Bonds, 2008C Bonds or 2008D Bonds are outstanding or the Subordinate Swaps and Subordinate Swap Policy are in effect without the consent of the Subordinate Swap Providers (to the extent required by the Subordinate Swaps) or the Subordinate Swap Policy Providers (to the extent required by the Subordinate Swaps).

SIXTEENTH SUPPLEMENTAL RESOLUTION

DEFINITIONS

All terms which are defined in the Master Resolution will, unless otherwise defined herein, have the same meanings, respectively, in the Sixteenth Supplemental Resolution. Unless the context otherwise requires, the terms defined in the Sixteenth Supplemental Resolution will, for all purposes of the Sixteenth Supplemental Resolution and of any certificate, opinion or other document therein mentioned, have the meanings therein specified, to be equally applicable to both the singular and the plural forms of any of the terms therein defined. Unless otherwise defined in the Sixteenth Supplemental Resolution, all terms used therein have the meanings assigned to such terms by the Law.

"Alternate Credit Support Instrument" means a Credit Support Instrument issued to replace a Credit Support Instrument to support 2011A Bonds other than 2011A Bonds in a Long-Term Interest Rate Period to the Maturity Date thereof (i.e., Fixed Rate Bonds) or an Index Interest Rate Period.

"Applicable Index Spread" means either the Applicable LIBOR Spread or the Applicable SIFMA Spread, as the case may be, for an Index Interest Rate Period.

"Authorized Denominations" means $100,000 or any integral multiple of $5,000 in excess of $100,000.

"Bank Bond Rate" means at the date of determination, the interest rate specified in the Credit Support Agreement as being applicable with respect to draws or advances made under a Credit Support Instrument in effect on such date, but in no event in excess of the Maximum Bank Bond Interest Rate.

"Bank Bonds" mean 2011A Bonds purchased by a Credit Provider or its assignee pursuant to a Credit Support Instrument.

"Bank Bonds Escrow Account" means the account with that name established within the Bond Purchase Furid pursuant to the Sixteenth Supplemental Resolution

"Beneficial Owner" means, while in the Book-Entry System, any Person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2011A Bond (including any Person holding a 2011A Bond through nominees, depositories or other intermediaries); or (b) is treated as the owner of any 2011A Bond for federal income tax purposes.

"Bond Interest Term" means with respect to any 2011A Bond, each period established under the Sixteenth Supplemental Resolution during which such 2011A Bond bears interest at a Bond Interest Term Rate.

"Bond Interest Term Rate" means with respect to each 2011A Bond, a non-variable interest rate on such 2011A Bond established periodically in accordance with the Sixteenth Supplemental Resolution.

"Bond Purchase Fund" means the trust fund with that name established with the Tender· Agent pursuant to the Sixteenth Supplemental Resolution.

"Bond Year" means each period so identified in the Tax Certificate or, if no such periods are so identified, then each period concluding on June 30 of each year to and including the year in which the last of the 20l lA Bonds is scheduled finally to mature.

"Book-Entry System" means the system maintained by the Securities Depository and described in the Sixteenth Supplemental Resolution.

"Business Day" means, for purposes of the 2011A Bonds, any day other than: (i) a Saturday or Sunday; or (ii) a day on which battles located: (A) in the city in which the corporate trust office of the Fiscal Agent is located; (B) with respect to 2011A Bonds for which a Credit Support Instrument is in place, in the city in which drawings under the Credit Support Instrument are to be honored is located; (C) with respect to 2011A Bonds for which a Tender Agent is in place, in the city in which the corporate trust office of the Tender Agent at which the 2011A Bonds may be tendered for purchase by the Owners thereof is located; or (D) with respect to 2011A Bonds for which a Remarketing Agent is in place, in the city in which the principal office of the Remarketing Agent for a 2011A Bond is located, are authorized or required to remain closed; or (iii) a day on which The New York Stock Exchange is closed.

"Calculation Agent" means, while the 2011A Bonds are in an Index Interest Rate Period, a Calculation Agent appointed pursuant to the Sixteenth Supplemental Resolution. The initial Calculation Agent will be U.S. Bank National Association.

"Call Protection Date" means, with respect to an Index Interest Rate Period, the Tender Period Halfway Date from an Index Rate Scheduled Purchase Date.

"Closing Certificate of the City" means a Certificate of the Treasurer of the City (or the Treasurer's designee) delivered at the time of the initial issuance of the 2011A Bonds, that among other things, provides certain terms of the 2011A Bonds to be issued pursuant to the Sixteenth Supplemental Resolution, all as authorized pursuant to the terms thereof.

"Closing Date" means the date of delivery of the 201lA Bonds against payment therefor.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed and delivered by the City in connection with the issuance of the 2011A Bonds.

"Conversion," "Convert" or "Converted" means or refers to a conversion of the 2011A Bonds from one Interest Rate Period to another Interest Rate Period as provided in the Sixteenth Supplemental Resolution.

"Conversion Date" means the effective date of a Conversion of the 2011A Bonds.

"Credit Provider" means the provider of a Credit Support Instrument that is performing in all material respects its obligations under such Credit Support Instrument, and its successors and permitted assigns, and, upon the effective date of an Alternate Credit Support Instrument, the bank or banks or other financial institution or financial institutions or other Person or Persons issuing such Alternate Credit Support Instrument, their successors and assigns. If any Alternate Credit Support Instrument is issued by more than one bank, financial institution or other Person, notices required to be given to the Credit Provider may be given to the bank, financial institution or other Person under such Alternate Credit Support Instrument appointed to act as agent for all such banks, financial institutions or other Persons.

"Credit Support Agreement" means, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between the City and the applicable Credit Provider, as originally executed or as it may from time to time be replaced, supplemented or amended in accordance with the provisions thereof, providing for the reimbursement to the Credit Provider for payments under such Credit Support Instrument or for extensions of credit made to the City by the Credit Provider, and the interest thereon, and includes

any subsequent agreement pursuant to which an Alternate Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document. A Credit Support Agreement, together with any Credit Support Instrument related thereto, will constitute a Credit Facility for purposes of the Master Resolution.

"Credit Support Instrument" means a policy of insurance, a letter of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit and/or liquidity support with respect to the payment of interest, principal, redemption price or Purchase Price of any Parity Debt, but does not include a line of credit, letter of credit, insurance policy, surety bond or other credit source · meeting the requirements of the Sixteenth Supplemental Resolution relating to the 2011A Reserve Account, and any Alternate Credit Support Instrument delivered pursuant to the Sixteenth Supplemental Resolution and with terms that are not inconsistent with the terms of the Sixteenth Supplemental Resolution.

"Credit Support Instrument Costs" means all fees, expenses and other costs, other than Credit Support Instrument Repayment Obligations, required to be paid to a Credit Provider under the terms of the Credit Support Agreement for such Credit Support Instrument.

"Credit Support Instrument Draw Fund" means the fund by that name established pursuant to the Sixteenth Supplemental Resolution

"Credit Support Instrument Purchase Account" means the account with that name established within the Bond Purchase Fund pursuant to the Sixteenth Supplemental Resolution.

"Credit Support Instrument Repayment Obligations" means as of any date of calculation and with respect to a Credit Support Instrument, those outstanding amounts payable by the City under the Credit Support Agreement necessary to repay the Credit Provider for payments previously or concurrently made by it under the Credit Support Instrument to pay the principal of, interest on, redemption price of, or Purchase Price of any Parity Debt. There will not be included in the calculation of the amount of Credit Support Instrument Repayment Obligations any Credit Support Instrument Costs.

"Daily Interest Rate" means a variable interest rate for the 20 l lA Bonds established in accordance with e Sixteenth Supplemental Resolution.

"Daily Interest Rate Period" means each period during which a Daily Interest Rate is in effect for the 2011A Bonds.

"Designated Investments" means, with respect to the 2011A Bonds and subject to such further or other parameters as may be specified in the Closing Certificate of the City, the following:

(a) investment agreements, guaranteed investment contracts, :funding agreements, or any other form of obligation or corporate note which represents the unconditional obligation of one or more battles, insurance companies or other financial institutions, or are guaranteed in full by a financial institution which has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest Rating Categories by two or more Rating Agencies;

(b) repurchase agreements with financial institutions or banks insured by the FDIC or FSLIC, or any broker dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation, provided that: (i) the over-collateralization is at 103% or 104%, computed weekly, consisting of securities of the types outlined in the California Government Code Section 53601; (ii) a third party custodian, the Fiscal Agent or the Federal Reserve Bank has possession of such obligations; (iii) the Fiscal Agent has perfected a first priority security interest in such obligations; and (iv) failure to maintain the requisite collateral percentage will require the Fiscal Agent to liquidate the collateral;

(c) forward delivery or forward purchase agreements with underlying securities of the types outlined in the California Government Code 53601;

(d the Local Agency Investment Fund ("LAIF") established pursuant to Section 16429.1 of the Government Code of the State of California; and

(e) any other investments which are rated "AA" or better by the Rating Agencies which the City deems to be prudent investments and are not prohibited by law.

"Differential Interest Amount" means, with respect to any Bank Bond, the portion of the accrued interest owing to the Credit Provider with respect thereto which exceeds the amount of accrued interest payable by the purchaser of such Bank Bond upon its remarketing by the Remarketing Agent.

"Draw Request" means a request by the Tender Agent under a Credit Support Instrument for the payment of the principal of and interest on or redemption price (not including any premium) or Purchase Price of 2011A Bonds in accordance with the terms of the Sixteenth Supplemental Resolution and such Credit Support Instrument.

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

"Eligible Account" means a depository account that is maintained with a federal chartered depository institution or a state chartered depository institution.

"Favorable Opinion of Bond Counsel" means an Opinion of Bond Counsel addressed to the City, the Fiscal Agent, the Remarketing Agent (if any), and the Credit Provider (if any) to the effect that an action proposed to be taken is not prohibited by the laws of the State or the Sixteenth Supplemental Resolution and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2011A Bonds.

"Fixed Rate Bonds" means any 2011A Bonds in a Long-Term Interest Rate Period bearing interest at Long-Term Interest Rates extending to the day immediately preceding the Maturity Date or dates of the 2011A Bonds.

"Index Interest Rate" means a variable interest rate for the 20 l lA Bonds in an Index Interest Rate Period, either the LIBOR Index Interest Rate or the SIFMA Index Interest Rate, as designated by the City under the Sixteenth Supplemental Resolution.

"Index Interest Rate Period" means, with respect to 2011A Bonds bearing interest at the Index Interest Rate, each period thereafter from the Index Rate Purchase Date of the immediately preceding Index Interest Rate Period to but excluding the first to occur of: (i) the immediately succeeding Index Rate Purchase Date; (ii) the first date on which the 2011A Bonds bear interest in an Interest Rate Period other than the Index Interest Rate; (iii) a conversion to Fixed Rate Bonds; or (iv) a date on which all 2011A Bonds are redeemed in accordance with the terms of the Sixteenth Supplemental Resolution or all principal and accrued interest on all 2011A Bonds are otherwise paid in full; provided, however, during any Purchase Default Period of the 20 l 1A Bonds, there will be no Index Interest Rate Period in effect with respect to such 2011A Bonds.

"Index Rate Conversion Date" means: (a) the date on which the 2011A Bonds begin to bear interest at the Index Interest Rate or; (b) if the 2011A Bonds have previously borne interest at the Index Interest Rate during an Index Interest Rate Period, then ending on the Index Rate Purchase Date of the immediately preceding Index Interest Rate Period.

"Index Rate Purchase Date" means the earlier of: (i) the Index Rate Scheduled Purchase Date; or (ii) upon exercise of the City to require that the 2011A Bonds be tendered for purchase and upon actual purchase of such 2011A bonds, the Index Rate Unscheduled Purchase Date.

"Index Rate Scheduled Purchase Date" means the date on which the 2011A Bonds will be subject to scheduled mandatory tender for purchase as specified by the City to the Remarketing Agent on or before the first day of such Index Interest Rate Period and used to determine the Applicable LIBOR Factor and Applicable LIBOR Spread or the Applicable SIFMA Spread, as the case may be, which will result in the 2011A Bonds bearing interest during such Index Interest Rate Period at the minimum interest rate per annum that would enable the Rernarketing Agent on

the first day of such Index Interest Rate Period at a price equal to the principal amount thereof, plus accrued interest, if any, thereon.

"Index Rate Unscheduled Purchase Date" means, during an Index Interest Rate Period, any Business Day from and after the Call Protection Date designated by the City to require that the Owners of the 20 l lA Bonds tender their 20 l lA Bonds for purchase

"Interest Accrual Date" means with respect to the 2011A Bonds, for any Weekly Interest Rate Period, the first day thereof, and thereafter, the first Business Day of each calendar month during such Weekly Interest Rate Period.

"Interest Component on the Credit Support Instrument Repayment Obligations" means any Credit Support Instrument Repayment Obligations that arise out of: (a) the payment of interest on the 2011A Bonds, including repayment of tender interest drawings and the amount of any special mandatory tender drawing drawn for the payment of interest on the 2011A Bonds; or (b) the payment of interest on any Principal Installments on the Credit Support Instrument Repayment Obligations, including the payment of interest on any advances or term loans made in accordance with the terms of the Credit Support Instrument and/or Credit Support Agreement.

"Interest Payment Date" mean: (i) for any Weekly Interest Rate Period, the first Business Day of each calendar month; (ii) for each Interest Rate Period, the day next succeeding the last day thereof; and (iii) for Bank Bonds, the days on which interest is due pursuant to the Credit Support Instrument or any Credit Support Agreement providing therefor.

"Interest Period" means the period from and including each Interest Payment Date to and including the day next preceding the next Interest Payment Date; provided, however, that the final Interest Period will end the day next preceding the Maturity Date of such 2011A Bond.

"Interest Rate Period" means each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period, Long-Term Interest Rate Period or Index Interest Rate Period.

"Long-Term Interest Rate" means a term, non-variable interest rate established in accordance with the Sixteenth Supplemental Resolution.

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect for the 2011A Bonds.

"Mandatory Standby Tender" means the mandatory tender of 2011A Bonds pursuant to the Sixteenth Supplemental Resolutiion upon receipt by the Tender Agent of written notice from the Credit Provider that an event with respect to the Credit Support Instrument has occurred which requires or gives the Credit Provider the option to terminate the Credit Support Instrument upon notice and requires that all Outstanding 2011A Bonds secured by such Credit Support Instrument be tendered for purchase.

"Master Resolution" means Resolution No. 17662 adopted by the City Council on January 8, 1991, as amended and supplemented from time to time, including as amended and supplemented by the Sixteenth Supplemental Resolution.

"Maturity Date" means October 1, 2035.

"Maximum Bank Bond Interest Rate" means the lesser of: (a) the rate of 15% per annum (or such lesser rate as may be provided in the Credit Support Instrument or the Credit Support Agreement, as appropriate); and (b) the Maximum Lawful Rate.

"Maximum Bond Interest Rate" means: the lesser of: (i) the rate of 12% per annum calculated in the same manner as interest is calculated for the particular interest rate on the 2011A Bonds (other than Bank Bonds); and (ii) the Maximum Lawful Rate.

"Maximum Lawful Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

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

"Participant" means with respect to DTC or another Securities Depository, a member of or participant in DTC or such other Securities Depository, respectively.

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

"Principal Installments on the Credit Support Instrument Repayment Obligations" means any Credit Support Instrument Repayment Obligations that arise out of the payment of the principal of the 2011A Bonds, including repayment of tender drawings and the amount of any special mandatory tender drawing drawn for the payment of principal of the 2011A Bonds and repayment of the principal amount of any advances or term loans made in accordance with the terms of the Credit Support Instrument and/or Credit Support Agreement.

"Principal Payment Date" means each October 1.

"Purchase Date" means the date on which 2011A Bonds are required to be purchased pursuant to the Sixteenth Supplemental Resolution.

"Purchase Default Period" means, upon a failure to purchase tendered 2011A Bonds on an Index Rate Scheduled Purchase Date and so long as the conditions to the commencement of a Purchase Default Period set forth in the Sixteenth Supplemental Resolution have been satisfied on such Index Rate Scheduled Purchase Date, the period commencing on such Index Rate Scheduled Purchase Date and ending on the 5th or the 3rd anniversary of such Index Rate Scheduled Purchase Date, as the case may be.

"Purchase Price" means the purchase price to be paid to the Owners of 201 lA Bonds

purchased pursuant to the Sixteenth Supplemental Resolution, which. is equal to the principal amount thereof tendered for purchase, plus accrued interest from the immediately preceding Interest Payment Date to the Purchase Date (if the Purchase Date is not an Interest Payment Date), plus, in the case of a Conversion from a Long-Term Interest Rate, if applicable, on an optional redemption date, any applicable premium.

"Record Date" means: (i) with respect to any Interest Payment Date in respect to any Weekly Interest Rate Period, the Business Day immediately preceding such Interest Payment Date.

"Remarketing Account" means the account with that name established within the Bond Purchase Fund pursuant to the Sixteenth Supplemental Resolution

"Remarketing Agent" means each Person qualified under the Sixteenth Supplemental Resolution to act a Remarketing Agent for 2011A Bonds and appointed by the City from time to time under the Remarketing Agreement.

"Remarketing Agreement" means the Remarketing Agreement between the City and a Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of a Remarketing Agent with respect to the 20l lA Bonds under the Sixteenth Supplemental Resolution, as amended from time to time.

"Representation Letter" means the Letter of Representations from the City to DTC relating to the 2011A Bonds.

"Short-Term Interest Rate Period" means each period, consisting of Bond Interest Terms; during which 2011A Bonds bear interest at one or more Bond Interest Term Rates.

"SIFMA Municipal Swap Index" means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by Securities Industry and Financial Markets Association (formerly known as the Bond Market Association), its successors and assigns (the "Association"), or any person acting in cooperation with or under the sponsorship of the Association and acceptable to the Remarketing Agent and effective from such date.

"Sixteenth Supplemental Resolution" means the resolution of the City Council, and any amendments, modifications or supplements thereto.

"Special Mandatory Redemption Payments" mean such amounts designated as Mandatory Sinking Account Payment under the Master Resolution and deposited in the Principal Account of the Bond Service Account of the Electric Revenue Fund for special mandatory redemptions contemplated under the Sixteenth Supplemental Resolution.

"Tax Certificate" means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Code concerning certain matters pertaining to the use and investment of proceeds of the 2011A Bonds, executed and delivered by the City on the occasion of the delivery of the first to be delivered of the 2011A Bonds, as the same may be supplemented or amended, including any and all exhibits attached thereto.

"Taxable Date" means the date as of which interest on the 2011A Bonds is first includable in the gross income of any Owner of the 2011A Bonds (including, without limitation, any previous Owner of the 2011A Bonds) as determined pursuant to either: (i) an opinion of an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds; or (ii) a final decree or judgment of any federal court or a final action by the United States Internal Revenue Service that is .delivered to the Fiscal Agent and/or the City.

"Tender Agent" means each Person qualified under the Sixteenth Supplemental Resolution to act as Tender Agent with respect to the 2011A Bonds and so appointed by the City and so acting from time to time, and its successors.

"Undelivered Bond" means any 2011A Bond which constitutes an Undelivered Bond under the provisions of the Sixteenth Supplemental Resolution.

"Weekly Interest Rate" means a variable interest rate for the 2011A Bonds established in accordance with the Sixteenth Supplemental Resolution.

"Weekly Interest Rate Period" means each period during which a Weekly Interest Rate is in effect for the 2011A Bonds.

"2011A Bond Reserve Requirement" means $0.

"2011A Bonds" means the City of Riverside, California Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A.

"20 l lA Rebate Account" means the Electric Revenue Bonds, Issue of 2011A, Rebate Account established pursuant to the Sixteenth Supplemental Resolution.

"2011A Reserve Account" means the Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A, Reserve Account established pursuant to the Sixteenth Supplemental Resolution.

THE 2011A BONDS

Interest on the 2011A Bonds. Interest will be paid on the 2011A Bonds on each Interest Payment Date therefor. If, as shown by the records of the Fiscal Agent, interest on the 2011A Bonds is in default, 2011A Bonds issued in exchange for 2011A Bonds surrendered for registration of transfer or exchange will bear interest from the

date to which interest has been paid in full on the 2011A Bonds so surrendered or, if no interest has been paid on the 2011A Bonds, from the date thereof.

Method and Place of Payment. The principal and Purchase Price of and premium, if any, and interest on the 2011A Bonds will be payable in lawful money of the United States of America. Such amounts will be paid by the Fiscal Agent on the applicable payment dates by wire transfer of immediately available funds on the applicable Record Date to an account specified by the Owner thereof in writing delivered to the Fiscal Agent, except that in the case of Bank Bonds, such payments will be made by wire transfer of immediately available funds on the applicable payment date following such Record Date. When a Book-Entry System is in effect, interest may be paid by wire transfer in accordance with mutually satisfactory arrangements between the Fiscal Agent and the Securities Depository. Principal and interest will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfers payable in such money.

Negotiability. Subject to the provisions which are set forth under the caption "—Book-Entry System" and to the registration and payment provisions provided in the Sixteenth Supplemental Resolution, the 2011A Bonds will be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code – Investment Securities, and each registered Owner will possess all rights enjoyed by registered Owners of negotiable instruments under the Uniform Commercial Code – Investment Securities.

Book-Entry System. The 2011A Bonds will be issued registered in the name of "Cede & Co.," as nominee for DTC and registered Owner of the 2011A Bonds, and held in the custody of the Securities Depository. A single certificate will be issued and delivered to the Securities Depository for each maturity of the 2011A Bonds, and the beneficial owners will not receive physical delivery of 2011A Bond certificates except as provided in the Sixteenth Supplemental Resolution. For so long as the Securities Depository continues to serve as securities depository for the 2011A Bonds as provided in the Sixteenth Supplemental Resolution, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of 2011A Bonds to receive, hold or deliver any 2011A Bond certificate.

At the written direction of the City, with notice to the Fiscal Agent, any Tender Agent (if any), any Credit Provider (if any), and any Remarketing Agent (if any), but without the consent of the Owners of the 2011A Bonds, the Fiscal Agent, any Credit Provider, and the Tender Agent, and with the consent of any Remarketing Agent, the City, may appoint a successor Securities Depository and enter into an agreement with the successor Securities Depository, to establish procedures with respect to a Book-Entry System for the 2011A Bonds not inconsistent with the provisions of the Sixteenth Supplemental Resolution. Any successor Securities Depository must be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

The City, the Fiscal Agent, the Tender Agent and any Remarketing Agent may rely conclusively upon: (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System with respect to the 2011A Bonds; and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of the 2011A Bonds beneficially owned by, the beneficial owners.

Whenever, during the term of the 2011A Bonds, the beneficial ownership thereof is determined by a book-entry at the Securities Depository, the requirements in the Sixteenth Supplemental Resolution of holding, delivering or transferring the 2011A Bonds will be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry to produce the same effect. Any provision of the Sixteenth Supplemental Resolution permitting or requiring delivery of the 2011A Bonds will, while the 2011A Bonds are in the Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

Except as otherwise specifically provided in the Sixteenth Supplemental Resolution and the 2011A Bonds with respect to the rights of Participants and beneficial owners, when a Book-Entry System is in effect, the City, the Fiscal Agent, the Tender Agent and any Remarketing Agent may treat the Securities Depository (or its nominee) as the sole and exclusive Owner of the 2011A Bonds registered in its name for the purposes of payment of the principal of and interest on the 2011A Bonds or portion thereof to be redeemed or purchased, and of giving any notice permitted or required to be given to the Owners of 2011A Bonds under the Sixteenth Supplemental Resolution, and none of the City, the Fiscal Agent, the Tender Agent or any Remarketing Agent will be affected by any notice to the contrary.

None of the City, the Fiscal Agent, the Tender Agent or any Remarketing Agent will have any responsibility or obligations to the Securities Depository, any Participant, any beneficial owner or any other Person which is not shown on the registration books required to be maintained by the Fiscal Agent, with respect to: (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any beneficial owner in respect of the principal amount or redemption or purchase price of, or interest on, any 2011A Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the beneficial owners to receive payment in the event of any partial redemption of the 2011A Bonds; or (v) any other action taken by the Securities Depository or any Participant. The Fiscal Agent will pay all principal of and interest on the 2011A Bonds registered in the name of Cede & Co. only to or "upon the order of the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on such 2011A Bonds to the extent of the sum or sums so paid.

When a Book-Entry System is in effect and 2011A Bonds are held by or on behalf of any Credit Provider by any Credit Provider's designee, the City will provide certificated 2011A Bonds if and as required under the Credit Support Instrument and/or Credit Support Agreement or a separate CUSIP number to be used exclusively for Bank Bonds.

The Book-Entry System may be discontinued by the Fiscal Agent and the City, at the direction and expense of the City, and the City and the Fiscal Agent will cause the delivery of 2011A Bond certificates to such beneficial owners of the 2011A Bonds and registered in the names of such beneficial owners as specified to the Fiscal Agent by the Securities Depository in writing, under the following circumstances:

(1) The Securities Depository determines to discontinue providing its service with respect to the 2011A Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving 30 days' notice to the City, the Tender Agent and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law; or

(2) The City determines not to continue the Book-Entry System through a Securities Depository, upon not less than 45 days' prior written notice to the Fiscal Agent, the Tender Agent and any Remarketing Agent.

When the Book-Entry System is not in effect, all references in the Sixteenth Supplemental Resolution to the Securities Depository will be of no further force or effect.

So long as any 2011A Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such 2011A Bond and all notices with respect to such 2011A Bond will be made and given, respectively, in the manner provided in the Representation Letter.

In the event of a redemption or any other transaction necessitating a reduction in aggregate principal amount of 2011A Bonds Outstanding, DTC in its discretion: (a) may request the City and the Fiscal Agent to issue and authenticate a new 2011A Bond certificate; or (b) will make an appropriate notation on the 2011A Bond certificate indicating the date and amounts of such reduction in principal, except in the case of final maturity, in which case the certificate must be presented to the Fiscal Agent prior to payment.

Credit Support Instrument.

(A) Credit Support Instrument Draw Fund; Draws Under Credit Support Instrument to Pay Debt Service.

(1) There has been established a fund known as the "Credit Support Instrument Draw Fund," to be held by the Fiscal Agent. All moneys drawn under the Credit Support Instrument, except for any amounts required to be deposited in the Bond Purchase Fund, will be deposited in the Credit Support Instrument Draw Fund upon receipt by the Fiscal Agent for application as provided in the Sixteenth Supplemental Resolution.

(2) So long as the Credit Support Instrument is in effect:

(a) No later than 4:00 p.m., New York City time, on the Business Day immediately preceding each Interest Payment Date, Principal Payment Date and date of redemption of any 2011A Bonds, the Tender Agent will make a Draw Request or Requests under the Credit Support Instrument, for funds to be transferred to the Fiscal Agent to be available no later than 1:00 p.m., New York City time, on such Interest Payment Date, Principal Payment Date or redemption date, in an amount sufficient to pay the principal of and interest on the 2011A Bonds then becoming due and payable with respect to the 2011A Bonds; and

(b) In the event of a declaration of acceleration, the Tender Agent will make a Draw Request or Requests under the Credit Support Instrument as soon as practicable, for immediately available funds, to be transferred to the Fiscal Agent in an amount sufficient to pay the principal of and interest on the 2011A Bonds then due and payable with respect to the 2011A Bonds as the result of such acceleration (for deposit to the Credit Support Instrument Draw Fund).

(c) Moneys deposited in the Credit Support Instrument Draw Fund will be used solely to pay principal of and interest on the 2011A Bonds as such 2011A Bonds become due and payable; provided, that notwithstanding anything to the contrary in the Sixteenth Supplemental Resolution, the Tender Agent will not draw on the Credit Support Instrument with respect to payment due or made in connection with Bank Bond or 2011A Bonds held by or on behalf of the City.

(B) Draw Requests to Pay Purchase Price. If there is not a sufficient amount of money available to pay the Purchase Price pursuant to the Sixteenth Supplemental Resolution on a Purchase Date on which 2011A Bonds are required to be purchased pursuant thereto, the Tender Agent will make a Draw Request or Requests under the Credit Support Instrument in accordance with its terms, at the times and in the manner required by the Credit Support Instrument and this Sixteenth Supplemental Resolution to receive immediately available funds on the Purchase Date sufficient to pay the balance of the Purchase Price. The Tender Agent agrees to deposit the proceeds of such Draw Requests in the Credit Support Instrument Purchase Account pursuant to the Sixteenth Supplemental Resolution pending application of that money to the payment of the Purchase Price. In determining the amount of the Purchase Price then due, the Tender Agent will not take into consideration any Bank Bonds or 2011A Bonds for which the City is the Owner or the Beneficial Owner. No Draw Requests will be made under a Credit Support Instrument to pay the Purchase Price of Bank Bonds or 2011A Bonds held by or on behalf of the City. Bank Bonds may not be tendered for purchase at the option of the Credit Provider.

(C) Surrender of Credit Support Instrument. If an Alternate Credit Support Instrument is delivered to the Tender Agent pursuant to the Sixteenth Supplemental Resolution with the documents required thereby, then the Tender Agent will accept the Alternate Credit Support Instrument and surrender the Credit Support Instrument previously held for cancellation, provided that no Credit Support Instrument will be surrendered until after the date on which 2011A Bonds required to be purchased pursuant to the Sixteenth Supplemental Resolution have been purchased in accordance therewith. Upon the defeasance of 2011A Bonds pursuant to the Sixteenth Supplemental Resolution and at such time as the 2011A Bonds are no longer subject to tender for purchase, the Tender Agent will surrender the Credit Support Instrument to the Credit Provider for cancellation in accordance with the terms of the Credit Support Instrument. The Tender Agent will comply with the procedures set forth in the Credit Support Instrument and/or Credit Support Agreement relating to the termination thereof, including payment to the Credit Provider of all Credit Support Instrument Costs and all Credit Support Instrument Repayment Obligations at or prior to such termination, and will deliver any certificates reducing the stated amount of the Credit Support Instrument in accordance with the provisions thereof.

(D) Notice by Fiscal Agent. In connection with a Mandatory Standby Tender resulting in a mandatory purchase of 2011A Bonds as provided in the Sixteenth Supplemental Resolution, the Fiscal Agent will give the notice of mandatory tender for purchase of such 2011A Bonds as provided therein.

(E) Notices from City and Fiscal Agent.

(1) Notices from City. The City will give notice to the Fiscal Agent, the Remarketing Agent, the Tender Agent, and the Credit Provider promptly upon the occurrence of any of the following events: (a) the extension of the expiration date of a Credit Support Instrument; (b) the execution of an Alternate Credit Support

Instrument; and (c) the appointment of a successor to any of the Credit Provider, the Remarketing Agent or the Tender Agent.

(2) Notices from Fiscal Agent to Owners of 2011A Bonds. The Fiscal Agent will, promptly upon receipt of notice from: (A) the City of the occurrence of any of the events listed in clause (1) above, give notice to the Owners of Outstanding 2011A Bonds of the occurrence of that event; and (B) the Credit Provider of notice of a Mandatory Standby Tender, give notice to the City, the Tender Agent, the Remarketing Agent and the Owners of Outstanding 2011A Bonds of the occurrence of the Mandatory Standby Tender with the information set forth in the Sixteenth Supplemental Resolution.

Alternate Credit Support Instrument.

(A) Delivery by City. At any time, not later than 35 days prior to the expiration or termination of a Credit Support Instrument, in accordance with the terms of the Credit Support Instrument and/or related Credit Support Agreement, the City may provide for the delivery to the Tender Agent of an Alternate Credit Support Instrument which has a term of at least 360 days. Any Alternate Credit Support Instrument delivered to the Tender Agent pursuant to the Sixteenth Supplemental Resolution will contain administrative provisions reasonably acceptable to the Tender Agent and the Remarketing Agent. On or prior to the date of the delivery of the Alternate Credit Support Instrument to the Tender Agent, the City will furnish to the Tender Agent: (a) a Favorable Opinion of Bond Counsel; (b) written evidence satisfactory to the Credit Support Provider whose Credit Support Instrument is being replaced of the provision for purchase from such Credit Provider of all Bank Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Credit Support Instrument on or before the effective date of such Alternate Credit Support Instrument; and (c) an opinion of counsel to the provider of the Alternate Credit Support Instrument satisfactory to the City, the Tender Agent, and the Remarketing Agent to the effect that such Alternate Credit Support Instrument is a valid and enforceable obligation of the provider thereof.

No drawing under the Alternate Credit Support Instrument may be made by the Tender Agent if the predecessor Credit Support Instrument is effective and available to make drawings thereunder on the date of such drawing. After the date of substitution of a Credit Support Instrument with an Alternate Credit Support Instrument, no drawing under a predecessor Credit Support Instrument may be made by the Tender Agent if such Alternate Credit Support Instrument is effective and available to make drawings thereunder on the date of such drawing.

(B) Acceptance by Tender Agent. If at any time there is delivered to the Tender Agent: (i) an Alternate Credit Support Instrument covering all of the 2011A Bonds; (ii) the information, opinions and data required by the Sixteenth Supplemental Resolution; and (iii) all information required to give the notice of mandatory tender, for purchases of the 2011A Bonds if required by the Sixteenth Supplemental Resolution, then the Tender Agent will accept such Alternate Credit Support Instrument and, after the date of the mandatory tender for purchase established pursuant to the Sixteenth Supplemental Resolution, promptly surrender the Credit Support Instrument then in effect to the issuer thereof for cancellation in accordance with its terms or deliver any document necessary to reduce the coverage of such Credit Support Instrument due to the delivery of such Alternate Credit Support Instrument.

(C) Notice of Termination. The Tender Agent will give notice to the Fiscal Agent, the Remarketing Agent and the Owners of the 2011A Bonds of the termination or expiration of any Credit Support Instrument in accordance with its terms as provided in the Sixteenth Supplemental Resolution.

Rights and Duties Under Credit Support Instrument.

(A) Tender Agent. The Tender Agent by accepting its appointment as such, has agreed without further direction, to make Draw Requests under the Credit Support Instrument then in effect, if any, for the payment or purchase of 2011A Bonds in accordance with the terms and conditions set forth in the Sixteenth Supplemental Resolution and that Credit Support Instrument at the times, in the manner and for the purposes set forth therein.

(B) Credit Provider Consent to Actions. Notwithstanding any other provisions of the Master Resolution or the Sixteenth Supplemental Resolution, upon the occurrence and continuance of an "Event of Default" under the Master Resolution, the written consent of any Credit Provider for the 2011A Bonds will be required prior to the Fiscal

Agent and/or Owners proceeding to take any action to exercise its remedies under the Master Resolution, except during any time in which: (i) such Credit Provider has failed to pay a properly presented conforming draw or notice of presentment under its respective Credit Support Instrument, which failure is continuing; (ii) such Credit Support Instrument is at any time for any reason finally determined under applicable law, by· a court of competent jurisdiction, to be null and void and not valid and binding on the respective Credit Provider, or the validity or enforceability thereof is being contested by such Credit Provider or by any governmental agency or authority which has taken control of the assets of the Credit Provider in any bankruptcy, insolvency or similar proceedings and which are authorized under applicable law to act on behalf of such Credit Provider; or (iii) the Credit Support Instrument is no longer in effect and any and all of the City's obligations under the Credit Support Instrument have been paid in full.

Notice of Termination, Event of Default or Other Change in Credit Support Instrument. The Tender Agent will give notice by mail to the Owners of the 2011A Bonds secured by a Credit Support Instrument: (i) on or before the 30th day preceding the substitution, termination or expiration of such Credit Support Instrument (except in the case of a termination resulting from an event referred to in the following paragraph) in accordance with its terms; or (ii) in the case of any Mandatory Standby Tender under such Credit Support Instrument, as soon as reasonably possible, but no later than the Business Day following the receipt by the Tender Agent of notice of the Mandatory Standby Tender. The notice will be accompanied by directions for the purchase of the 2011A Bonds pursuant to the Sixteenth Supplemental Resolution. The notice will: (A) state the date of such termination or expiration and the date of the proposed substitution of an Alternate Credit Support Instrument (if any); (B) state that the 2011A Bonds will be purchased pursuant to the Sixteenth Supplemental Resolution and specifying the date of such purchase, which will be: (x) the fifth Business Day preceding such termination or expiration (other than a termination as a result of a Mandatory Standby Tender); (y) the effective date of the Alternate Credit Support Instrument, in the case of substitution; or (z) not later than the Business Day preceding the date of any termination as a result of a Mandatory Standby Tender; and (C) any other information required in the notice to the Owners of the 2011A Bonds by the Sixteenth Supplemental Resolution. The City will provide the Tender Agent with written notice of any information required to enable the Tender Agent to give the foregoing notice.

If there should occur any event resulting in the immediate termination or suspension of the obligation of the Credit Provider to purchase 2011A Bonds under the terms of any Credit Support Instrument, then the Fiscal Agent will as soon as practicably possible thereafter notify the Owners of all of the 2011A Bonds then Outstanding that: (i) the Credit Support Instrument has been terminated or suspended, as the case may be; (ii) the Tender Agent will no longer be able to purchase 2011A Bonds with moneys available under the Credit Support Instrument; (iii) the rights of Bondowners to tender 2011A Bonds for purchase has been suspended or terminated, as the case may be (unless the City in its sole discretion provides funds for such purpose pursuant to the Sixteenth Supplemental Resolution); (iv) the Credit Provider is under no obligation to purchase 2011A Bonds or to otherwise advance moneys to fund the purchase of 2011A Bonds; and (v) unless the City in its sole discretion provides funds pursuant to the Sixteenth Supplemental Resolution for the purchase of 2011A Bonds upon the tender thereof, the 2011A Bonds will bear interest at the Maximum Bond Interest Rate until: (a) such Credit Support Instrument is reinstated; (b) an Alternate Credit Support Instrument is in effect; or (c) the 2011A Bonds are converted to a Long-Term Interest Rate.

Remarketing Agent; Tender Agent.

(A) Remarketing Agent. Each Remarketing Agent appointed by the City will designate its principal office in the Remarketing Agreement. The Remarketing Agent will signify its acceptance of the duties and obligations imposed upon it under the Sixteenth Supplemental Resolution by a written instrument of acceptance (which may be the Remarketing Agreement) delivered to the City, the Fiscal Agent, the Tender Agent, and the Credit Provider; if any, under which the Remarketing Agent agrees, particularly, to keep such books and records as are consistent with prudent industry practice and to make such books and records available for inspection by the City, the Fiscal Agent and the Tender Agent at all reasonable times.

(B) Tender Agent. Each Tender Agent appointed by the City will designate to the City, the Fiscal Agent, the Credit Provider, if any, and the Remarketing Agent, its principal office for delivery of notices and delivery of 2011A Bonds and signify its acceptance of the duties and obligations imposed upon it under the Sixteenth Supplemental Resolution by a written instrument of acceptance delivered to the City, the Fiscal Agent, the Credit Provider, if any, and the Remarketing Agent. By acceptance of its appointment under the Sixteenth Supplemental Resolution, the Tender Agent has agreed:

(1) to hold all 2011A Bonds delivered to it pursuant to the Sixteenth Supplemental Resolution as agent and bailee of, and in escrow for the benefit of, the respective Owners which have delivered such 2011A Bonds until money representing the Purchase Price of such 2011A Bonds have been delivered to or for the account of or to the order of such Owners;

(2) to hold all 2011A Bonds registered in the name of the new Owners thereof which have been delivered to it by the Fiscal Agent for delivery to the Remarketing Agent;

(3) to hold 2011A Bonds for the account of the Credit Provider as stated in the Sixteenth Supplemental Resolution; and

(4) to keep such books and records as are consistent with prudent industry practice and to make such books and records available for inspection by the Fiscal Agent, the City, the Credit Provider and the Remarketing Agent at all reasonable times.

Qualifications of Remarketing Agent and Tender Agent; Resignation and Removal of Remarketing Agent and Tender Agent.

(A) Remarketing Agent. Each Remarketing Agent must be a member of the National Association of Securities Dealers and authorized by law to perform all the duties imposed upon it under the Sixteenth Supplemental Resolution and under the Remarketing Agreement. The Remarketing Agent for any 2011A Bonds must be acceptable to the Credit Provider, if any. The Remarketing Agent may at any time resign and be discharged of the duties and obligations under the Sixteenth Supplemental by giving notice to the City, the Fiscal Agent, the Tender Agent, and the Credit Provider, if any. Such resignation will take effect on the 45th day after the receipt by the City of the notice of resignation. The Remarketing Agent may be removed at any time on 45 days prior written notice, by an instrument signed by the City, approved by the Credit Provider, if any, and delivered to the Remarketing Agent, the Fiscal Agent, the City and the Tender Agent.

(B) Tender Agent. Each Tender Agent must be a commercial bank with trust powers or a trust company duly organized under the laws of the United States of America or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least $100,000,000 and authorized by law to perform all the duties imposed upon it under the Sixteenth Supplemental Resolution. A Tender Agent may at any time resign and be discharged of the duties and obligations created by the Sixteenth Supplemental Resolution by giving at least 60 days' notice to the City, the Fiscal Agent, the Credit Provider, if any, and the Remarketing Agent. A Tender Agent may be removed at any time by an instrument signed by the City, and filed with the Fiscal Agent. However, such resignation or removal will not take effect prior to the date that a successor Tender Agent has been appointed by the City and has accepted such appointment, such appointment has been approved by the Credit Provider, and the Credit Support Instrument, if any, has been transferred, in accordance with its terms, to that successor.

Upon the effective date of resignation or removal of a Tender Agent, such Tender Agent will deliver any 2011A Bonds and money and Credit Support Instrument held by it in such capacity to its successor.

Notice of 2011A Bonds Delivered for Purchase; Purchase of 2011A Bonds; Deposit of Purchase Price.

(A) Determination by Tender Agent; Notice of Tender. For purposes of the Sixteenth Supplemental Resolution, the Tender Agent will determine timely and proper delivery of 2011A Bonds pursuant thereto and the proper endorsement of 2011A Bonds delivered. That determination will be binding on the Owners of the 2011A Bonds, the City, the Credit Provider, if any, and the Remarketing Agent, absent manifest error.

As soon as practicable upon its receipt, but not later than 12:00 noon, New York City time, on the following Business Day, the Tender Agent will notify the Remarketing Agent, the Credit Provider, the Fiscal Agent and the City by telephone, promptly confirmed in writing, or by telecopy, of receipt, in the case of a 2011A Bond bearing interest at a Weekly Interest Rate, from an Owner of an Outstanding 2011A Bond of a notice pursuant to the Sixteenth Supplemental Resolution, specifying the principal amount of 2011A Bonds for which it has received a notice pursuant

to the Sixteenth Supplemental Resolution, the names of the Owners thereof and the date on which such 2011A Bonds are to be purchased in accordance therewith.

(B) Purchase of 2011A Bonds; Sources and Deposits of Purchase Price. The 2011A Bonds required to be purchased in accordance with the Sixteenth Supplemental Resolution will be purchased from the Owners thereof, on the Purchase Date and at the Purchase Price. Funds for the payment of the Purchase Price will be received by the Tender Agent from the following sources and used in the order of priority indicated:

(1) proceeds of the sale of 2011A Bonds remarketed pursuant to the Sixteenth Supplemental Resolution and the Remarketing Agreement and furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Account of the Bond Purchase Fund; and

(2) while the 2011A Bonds are supported by a Credit Support Agreement, money furnished by the Credit Provider to the Tender Agent for deposit into the Credit Support Instrument Purchase Account of the Bond Purchase Fund from Draw Requests on the Credit Support Instrument, if any; and

(3) any funds provided by the City, which funds will be furnished to the Fiscal Agent for deposit into the Principal Account or Interest Account for such purpose (any such funds being provided by the City in its sole discretion, there being no obligation of the City to so provide any such funds except in the case of a Conversion from a Long-Term Interest Rate on an optional redemption date for which a premium is payable, which, notwithstanding the foregoing, will be payable by the City and which amounts are to be furnished by the City to the Fiscal Agent for such purpose).

(C) Undelivered Bonds; Purchase Price. If a 2011A Bond purchased as provided in the Sixteenth Supplemental Resolution is not presented to the Tender Agent, the Tender Agent will segregate and hold uninvested the money for the Purchase Price of such 2011A Bond in trust for the benefit of the former Owner of such 2011A Bond, who will, except as provided in the following sentences, thereafter be restricted exclusively to such money for the satisfaction of any claim for the Purchase Price. Any money which the Tender Agent segregates and holds in trust for the payment of the Purchase Price of any 2011A Bond which remains unclaimed for two years after the date of purchase will be paid to the City. After the payment of such unclaimed money to the City, the former Owner of such 2011A Bond will look only to the City for the payment thereof. The City is not liable for any interest on unclaimed money and will not be regarded as a trustee of such money.

(D) Inadequate Funds for Tenders. During an Interest Rate Period, if sufficient funds are not available for the purchase of all 2011A Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, all 2011A Bonds will bear interest at the SIFMA Municipal Swap Index plus 3% (provided, that in no event will 2011A Bonds bear interest at a rate in excess of the Maximum Bond Interest Rate) from the date of such failed purchase until all such 2011A Bonds are purchased as required in accordance with the Sixteenth Supplemental Resolution, and all tendered 2011A Bonds will be returned to their respective Owners. Notwithstanding any other provision of the Sixteenth Supplemental Resolution, such failed purchase and return will not constitute an Event of Default. Thereafter, the Fiscal Agent will continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Credit Provider, if any. Any obligation of the Remarketing Agent or Credit Provider, if any, to cause the deposit of such funds from remarketing proceeds or proceeds of a Draw Request under the Credit Support Instrument, respectively, will remain enforceable pursuant to the Sixteenth Supplemental Resolution, and such obligation will only be discharged at such time as funds are deposited with the Fiscal Agent in an amount sufficient to purchase all such 2011A Bonds, together with any interest which has accrued on such 2011A Bonds to the subsequent actual Purchase Date.

Remarketing of 2011A Bonds; Notice of lnterest Rates.

(A) Remarketing. Upon a mandatory tender (other than a Mandatory Standby Tender) or notice of tender for purchase of 2011A Bonds, the Remarketing Agent will offer for sale and use its best efforts to sell such 2011A Bonds on the same date designated for purchase thereof at a price equal to the Purchase Price therefor in accordance with the Sixteenth Supplemental Resolution and, if not remarketed on such date, thereafter until sold. In so remarketing the 2011A Bonds, the Remarketing Agent will exercise its best efforts to remarket the 2011A Bonds at a rate of interest necessary to cause the 2011A Bonds to be remarketed, up to and including the Maximum Bond

Interest Rate with respect to 2011A Bonds (other than Bank Bonds) permitted by the Sixteenth Supplemental Resolution. The City has no obligation to purchase 2011A Bonds tendered for purchase if such 2011A Bonds are not remarketed pursuant to the Sixteenth Supplemental Resolution. The Remarketing Agent will have the ongoing obligation to use its best efforts to remarket Bank Bonds. 2011A Bonds subject to a Mandatory Standby Tender may not be remarketed unless: (1) such 2011A Bonds are Converted to a Long-Term Interest Rate Period to their Maturity Date (i.e., Fixed Rate Bonds) or to an Index Rate Period; or (2) an Alternate Credit Support Instrument is delivered to the Tender Agent pursuant to the Sixteenth Supplemental Resolution and is in full force and effect; or (3) the Fiscal Agent has received written notice from the Credit Provider that all events of default under the Credit Support Instrument have been cured and that the Credit Support Instrument has been reinstated. No 2011A Bonds may be sold by the Remarketing Agent to the City.

(B) Notice of Rates and Terms. While in an Interest Rate Period other than an Index Interest Rate Period, the Remarketing Agent will determine the rate of interest for 2011A Bonds during each Interest Rate Period as provided in the Sixteenth Supplemental Resolution and will furnish to the Fiscal Agent each rate of interest so determined by telephone or telecopy, promptly confirmed in writing. Notice of each Weekly Interest Rate will be made on Wednesday of each week. In lieu of the notification provided in the preceding sentence, the Remarketing Agent may make such information available by readily accessible electronic means.

(C) Notice of Purchase and Remarketing. As soon as practicable, but in any event by no later than 4:00 p.m., New York City time, on the last Business Day prior to the Purchase Date, the Remarketing Agent will inform the Tender Agent by telephone, promptly confirmed in writing, or by written notice, of the principal amount of 2011A Bonds tendered for purchase sold by the Remarketing Agent pursuant to the Sixteenth Supplemental Resolution and the name, address and taxpayer identification number of each such purchaser, the principal amount of 2011A Bonds to be purchased and the denominations in which such 2011A Bonds are to be delivered. By no later than 12:00 noon, New York City time, on the Purchase Date, the Remarketing Agent will deliver to the Tender Agent the remarketing proceeds for which notice of remarketing was provided in accordance with the preceding sentence in immediately available funds.

Promptly upon receipt of such notice from the Remarketing Agent, but in any event by no later than 12:40 p.m., New York City time, on the Purchase Date, the Tender Agent will: (i) notify the City, the Fiscal Agent and the Credit Provider, if any, by telephone, promptly confirmed in writing, as to the aggregate purchase price of 2011A Bonds to be purchased and as to the amount of the difference between: (1) the total purchase price of those 2011A Bonds with respect to which a notice was received pursuant to the Sixteenth Supplemental Resolution; and (2) the Purchase Price of those 2011A Bonds to be purchased pursuant to the Sixteenth Supplemental Resolution that have been remarketed by the Remarketing Agent pursuant to the Sixteenth Supplemental Resolution; and (ii) submit a Draw Request under the Credit Support Instrument in accordance with the Sixteenth Supplemental Resolution. A copy of such Draw Request will be delivered by telecopy by the Tender Agent to the City and the Fiscal Agent.

Delivery of 2011A Bonds.

(A) By 1:00 p.m., New York City time, on the Purchase Date, a principal amount of 2011A Bonds equal to the amount of 2011A Bonds purchased (or deemed purchased) with moneys described in the Sixteenth Supplemental Resolution will be made available by the Tender Agent to the Remarketing Agent against payment therefor. The Tender Agent will deliver at such time to the Remarketing Agent the due bills, if any, delivered to the Tender Agent in accordance with the Sixteenth Supplemental Resolution. Prior to such deliveries, the Tender Agent will register each 2011A Bond to be so delivered in the names as directed by the Remarketing Agent.

(B) A principal amount of 2011A Bonds equal to the amount of 2011A Bonds purchased (or deemed purchased) with moneys described in the Sixteenth Supplemental Resolution on deposit in the Credit Support Instrument Purchase Account will be deposited on the day of such purchase, together with the due bills therefor, if any, by the Tender Agent in the Bank Bonds Escrow Account. No Bank Bonds will be transferred out of the Bank Bonds Escrow Account: (1) unless the Credit Support Instrument provides for the automatic reinstatement of amounts available thereunder for Bank Bonds which are remarketed, the Credit Provider has received all amounts due and payable thereto pursuant to the terms of the Credit Support Instrument and/or related Credit Support Agreement and has reinstated the amount available under the Credit Support Instrument to reflect the principal amount of such 2011A Bond plus the interest coverage thereon then required to maintain the ratings on such 2011A Bond, if any, and the

Tender Agent has received written notice of reinstatement; or (2) until any such Bank Bonds is selected for redemption pursuant to this Sixteenth Supplemental Resolution and is delivered to the Fiscal Agent against receipt of the redemption price or for cancellation. The Tender Agent will register Bank Bonds as directed by the Credit Provider. In the event any Bank Bonds are remarketed, by 1:30 p.m., New York City time, on the Business Day such Bank Bonds are remarketed, a principal amount of Bank Bonds registered as requested by the Remarketing Agent will be made available by the Tender Agent to the Remarketing Agent against payment therefor in immediately available funds. The Tender Agent will deliver at such time to the Remarketing Agent the due bills, if any, delivered to the Tender Agent in accordance with the Sixteenth Supplemental Resolution.

Delivery of Proceeds of Sale. The proceeds of the sale by the Remarketing Agent of any 2011A Bonds will be delivered to the Tender Agent for deposit into the Remarketing Account of the Bond Purchase Fund and in sufficient time to enable the Tender Agent to make payment of the Purchase Price of any 2011A Bonds being purchased with the proceeds therefrom accordance with the Sixteenth Supplemental Resolution.

Bond Purchase Fund. There will be established with and maintained by the Tender Agent a separate trust fund which is referred to in the Sixteenth Supplemental Resolution as the "Bond Purchase Fund," with separate trust accounts therein referred to as the "Remarketing Account," the "Credit Support Instrument Purchase Account"' and the "Bank Bonds Escrow Account."

(A) Remarketing Account. Upon receipt of the proceeds of a remarketing of 2011A Bonds on a Purchase Date pursuant to the Sixteenth Supplemental Resolution, the Tender Agent will deposit such proceeds in the Remarketing Account of the Bond Purchase Fund for such 2011A Bonds for application to the Purchase Price of such 2011A Bonds in accordance with the Sixteenth Supplemental Resolution and, if the Tender Agent is not a paying agent with respect to the 2011A Bonds, will transmit such proceeds to the Fiscal Agent for such application. Notwithstanding the foregoing, but subject to the Sixteenth Supplemental Resolution, upon receipt of the proceeds of a remarketing of Bank Bonds, the Tender Agent will immediately pay such proceeds to the Credit Provider. The Tender Agent will give notice of such transfer to the City. Moneys in the Remarketing Account will be held in the name of the Tender Agent for the benefit of the Owners uninvested and without liability for interest thereon. The Remarketing Account must be an Eligible Account.

(B) Credit Support Instrument Purchase Account. Upon receipt from the Credit Provider of the immediately available funds transferred to the Tender Agent pursuant to the Sixteenth Supplemental Resolution, the Tender Agent will deposit such money in the Credit Support Instrument Purchase Account of the Bond Purchase Fund for such 2011A Bonds for application to the Purchase Price of the 2011A Bonds required to be purchased on a Purchase Date in accordance with the Sixteenth Supplemental Resolution to the extent that the money on deposit in the Remarketing Account of the Bond Purchase Fund are not sufficient. Any amounts deposited in the Credit Support Instrument Purchase Account and not needed with respect to any Purchase Date for the payment of the Purchase Price for any 2011A Bonds will be immediately returned to the Credit Provider. Moneys in the Credit Support Instrument Purchase Account will be held in the name of the Tender Agent for the benefit of the Owners uninvested and without liability for interest thereon. The Credit Support Instrument Purchase Account must be an Eligible Account.

(C) Bank Bonds Escrow Account. Upon receipt by the Tender Agent of 2011A Bonds purchased from moneys on deposit in the Credit Support Instrument Purchase Account, such 2011A Bonds purchased from moneys on deposit in the Credit Support Instrument Purchase Account will be deposited in the Bank Bonds Escrow Account pursuant to the Sixteenth Supplemental Resolution. 2011A Bonds on deposit in the Bank Bonds Escrow Account constitute Bank Bonds and will be held for the account of Credit Provider (or any subsequent purchaser from the Credit Provider), subject to the Sixteenth Supplemental Resolution.

City to Replace Credit Support Instrument. If: (a) the credit rating assigned to the short-term debt obligations of the Credit Provider for the 2011A Bonds are withdrawn or reduced below "F-1" (or its equivalent) by Fitch or "A-1" (or its equivalent) by Standard and Poor's; or (b) the Credit Provider has failed to purchase 2011A Bonds tendered for purchase but not remarketed in accordance with the provisions of the Sixteenth Supplemental Resolution and the Credit Support Instrument (so long as the Credit Support Instrument has not been suspended) for a period of 15 days, then, the City may replace the Credit Support Instrument with an Alternate Credit Support Instrument.

Notices and Other Information to Rating Agencies. The Fiscal Agent, to the extent it has actual knowledge, will give immediate notice to Fitch and Standard & Poor's in the event: (1) the Fiscal Agent, Tender Agent, Remarketing Agent or Calculation Agent resigns or is replaced; (2) the Sixteenth Supplemental Resolution, any Credit Support Instrument, any Alternate Credit Support Instrument, or any Remarketing Agreement is amended or supplemented; (3) the Credit Support Instrument expires or is terminated or is suspended or is extended or an Alternate Credit Support Instrument is delivered; (4) the 2011A Bonds are Converted from one Interest Rate Period to another Interest Rate Period; (5) there has been a redemption, defeasance or acceleration of the 2011A Bonds; or (6) there is a mandatory tender of the 2011A Bonds. The City will provide to the Rating Agencies such additional information as such Rating Agencies may reasonably request in order to maintain ratings on the 2011A Bonds.

Defeasance of 2011A Bonds.

(A) In addition to the requirements of the Master Resolution, the 2011A Bonds will be deemed to have been paid within the meaning of and with the effect expressed in the Master Resolution only if the interest due on such 2011A Bonds on or prior to the maturity date or redemption date thereof as the case may be, is calculated at the Maximum Bond Interest Rate; provided, however, that if on any date, as a result of any of such 2011A Bonds having borne interest at less than the Maximum Bond Interest Rate for any period, the total amount of moneys and securities required for deposit with the Fiscal Agent, escrow agent or other fiduciary for the payment of interest on such 2011A Bonds is in excess of the total amount which would have been required to be deposited with the Fiscal Agent, escrow agent or other fiduciary on such date in respect of such 2011A Bonds in order for such 2011A Bonds to have been deemed paid within the meaning and with the effect expressed in the Master Resolution, the Fiscal Agent, escrow agent or other fiduciary will, if requested by the City, pay the amount of such excess to the City free and clear of any trust, lien, pledge or assignment securing such 2011A Bonds or otherwise existing under the Sixteenth Supplemental Resolution. The Fiscal Agent, escrow agent or other fiduciary may not pay any excess referred to above to the City unless the Fiscal Agent, escrow agent or other fiduciary receives a certificate or other written evidence from an independent certified public accountant that an excess as described above exists and specifying the amount of such excess.

(B) Notwithstanding any provision of the Sixteenth Supplemental Resolution to the contrary, if cash is not used, the City may cause any or all of the 2011A Bonds to be deemed to have been paid within the meaning of and with the effect expressed in the Master Resolution only with Federal Securities described in the Master Resolution which are non-callable.

(C) 2011A Bonds will be deemed to have been paid within the meaning of and with the effect expressed in the Resolution and only if such 2011A Bonds are required to be called for redemption on the next succeeding date on which they are subject to redemption prior to maturity pursuant to the Sixteenth Supplemental Resolution that occurs after the deposits required under the Resolution have been made, or if such 2011A Bonds are tendered or deemed tendered for purchase prior to such date pursuant to the Sixteenth Supplemental Resolution, they are required to be redeemed on the Purchase Date thereof.

Continuing Disclosure. The City has covenanted and agreed that it will comply with and carry out all of its obligations under the Continuing Disclosure Certificate to be delivered by the City in connection with the issuance of the 2011A Bonds. Notwithstanding any other provision of the Resolution, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an Event of Default under the Resolution.

Non-Business Days. If the date of maturity of principal of or interest on the 2011A Bonds or the date fixed for redemption of any 2011A Bonds or the last day for the performance of any act or the exercising of any right, as provided in this Sixteenth Supplemental Resolution is not a Business Day, then such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Sixteenth Supplemental Resolution and, except as otherwise provided in a Credit Support Agreement, no interest will accrue for the period from and after such nominal date.

Notices Upon Transfer. If the Fiscal Agent makes any transfer of 2011A Bonds after the date of mailing of notice of Conversion, redemption or mandatory purchase given pursuant to the provisions of the Sixteenth Supplemental Resolution, the Fiscal Agent will provide to any transferee who becomes an Owner of the 2011A Bonds

after such date and prior to the Conversion, redemption or mandatory purchase, a copy of any notice of Conversion, redemption or mandatory purchase so mailed.

SALE OF 2011A BONDS; APPLICATION; FUNDS; COVENANTS

Establishment and Application of 2011A Rebate Account.

(A) Establishment. The Fiscal Agent will establish a separate account for the 2011A Bonds designated the "2011A Rebate Account." Within the 2011A Rebate Account, the Fiscal Agent will maintain such other accounts as it is instructed by the City as are necessary in order to comply with the terms and requirements of the Tax Certificate. Absent an opinion of bond counsel that the exclusion from gross income for federal income tax purposes of interest on the 2011A Bonds will not be adversely affected, the City will cause to be deposited in the 2011A Rebate Account such amounts as are required to be deposited therein pursuant to the Sixteenth Supplemental Resolution and the Tax Certificate. Subject to the transfer provisions provided in clauses (C) and (H) below, all money at any time deposited in the 2011A Rebate Account will be held by the Fiscal Agent in trust for payment to the United States Treasury, and no other person will have any rights in or claim to such money. All amounts on deposit in the 2011A Rebate Account for the 2011A Bonds will be governed by the Sixteenth Supplemental Resolution and the Tax Certificate for the 2011A Bonds, unless and to the extent that the City delivers to the Fiscal Agent an opinion of bond counsel that the exclusion from gross income for federal income tax purposes of interest on the 2011A Bonds will not be adversely affected if such requirements are not satisfied. The Fiscal Agent will be deemed conclusively to have complied with such provisions if it follows the directions of the City including supplying all necessary information in the manner provided in the Tax Certificate, will not be required to take any actions thereunder, in the absence of written directions by the City, and will have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate. The Fiscal Agent has no responsibility to make any independent calculations or determinations or to review the City's calculations under the Sixteenth Supplemental Resolution.

(B) Computation. Within 45 days of the end of each fifth Bond Year (as defined in the Tax Certificate), the City will calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (as defined in the Tax Certificate), for such purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b)of the Treasury Regulations (the "Rebate Amount"). The City will not be required to calculate the Rebate Amount, and the Fiscal Agent will not be required to deposit any amount to the 2011A Rebate Account in accordance with the Sixteenth Supplemental Resolution, with respect to all or a portion of the proceeds of the 2011A Bonds (including amounts treated as proceeds of the 2011A Bonds): (i) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said Sections is applicable; (ii) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a 1 ½% penalty in lieu of arbitrage rebate in the event that any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied; or (iii) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the City will provide written direction to the Fiscal Agent that the Fiscal Agent is not required to deposit any amount to the 2011A Rebate Account in accordance with the Sixteenth Supplemental Resolution. The City will obtain expert advice as to the Rebate Amount to comply with the Rebate Fund provisions of the Resolution.

(C) Transfer. Within 55 days of the end of each fifth Bond Year, upon the written request of the City an amount will be deposited to the 2011A Rebate Account by the Fiscal Agent from deposits by the City from any Net Operating Revenues legally available for such purpose (as specified by the City in the aforesaid written Request), if and to the extent required, so that the balance in the 2011A Rebate Account equals the Rebate Amount so calculated in accordance with the Sixteenth Supplemental Resolution. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the 2011A Rebate Account exceeds the amount required to be on deposit therein, upon written request of the City, the Fiscal Agent will withdraw the excess from the 2011A Rebate Account and then transfer such amounts to the Treasurer for credit to the Electric Revenue Fund.

(D) Payment to the Treasury. The Fiscal Agent will pay, as directed by request of the City to the United States Treasury, out of amounts in the 2011A Rebate Account, subject to the exceptions contained in clause (B): (i) not later than 60 days after the end of: (x) the fifth Bond Year; and (y) each applicable fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the Rebate Amount (calculated as of the end of such Bond Year) and all previous rebate payments; and (ii) not later than 60 days after the payment of all the 2011A Bonds, an amount equal to 100% of the Rebate Amount calculated as of the date of such payment and any income attributable to the Rebate Amount determined to be due and payable, computed in accordance with Section 1.148-3 of the Treasury Regulations.

(E) Deficiencies. In the event that, prior to the time of any payment required to be made from the 2011A Rebate Account, the amount in the 2011A Rebate Account is not sufficient to make such payment when such payment is due, the City will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due.

(F) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by clause (B), but prior to any deposit made thereunder, the amount on deposit in the 2011A Rebate Account exceeds the Rebate Amount calculated in accordance therewith, upon written instructions from the City, the Fiscal Agent will withdraw the excess from the 2011A Rebate Account and credit such excess to the Interest Account of the Bond Service Account.

(G) Disposition of Unexpended Funds. Any funds remaining in the 2011A Rebate Account after redemption and payment in full of the 2011A Bonds and the payments described in clause (D) above being made may be withdrawn by the Fiscal Agent and remitted to the City and utilized in any manner by the City.

(H) Rebate Payments. Each payment required to be made pursuant to clause (D) will be made to the Internal Revenue Service Center, Ogden, Utah, on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, which will be completed by the City for execution by the City, or be made in such other manner as provided under the Code.

(I) Survival of Defeasance. Notwithstanding anything in the Sixteenth Supplemental Resolution to the contrary, the obligation to remit the Rebate Amount to the United States and to comply with the Rebate Fund Fund requirements thereof and of the Tax Certificate will survive the defeasance or payment in full of the 2011A Bonds.

(J) Recordkeeping. The City will retain records of all determinations made under the Sixteenth Supplemental Resolution until six years after the complete retirement of the 2011A Bonds.

Tax Covenants. Notwithstanding any other provision of the Sixteenth Supplemental Resolution, absent an opinion of bond counsel that the exclusion from gross income of interest on the 2011A Bonds will not be adversely affected for federal income tax purposes, the City has covenanted to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and has specifically covenanted, without limiting the generality of the foregoing, as follows:

(A) Private Activity. The City will not take or omit to take any action or make any use of the proceeds of the 2011A Bonds or of any other moneys or property which would cause the 2011A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(B) Arbitrage. The City will make no use of the proceeds of the 2011A Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the 2011A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(C) Federal Guarantee. The City will make no use of the proceeds of the 2011A Bonds or take or omit to take any action that would cause the 2011A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(D) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code

(E) Compliance with the Tax Certificate. The City will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to the 2011A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Sixteenth Supplemental Resolution. In furtherance of the foregoing tax covenants, the City will comply with the provisions of the Tax Certificate, which is incorporated in the Sixteenth Supplemental Resolution as if fully set forth therein. The foregoing covenants will survive payment in full or defeasance of the 2011A Bonds.

The foregoing tax covenants are not applicable to, and nothing contained in the Sixteenth Supplemental Resolution will be deemed to prevent the City from issuing 2011A Bonds the interest on which has been determined by bond counsel to be subject to federal income taxation.

FISCAL AGENT

Fiscal Agent. The Treasurer (or any duly authorized designee thereof) is hereby authorized, empowered and directed to appoint a Fiscal Agent with respect to the 2011A Bonds. The Fiscal Agent will signify its acceptance of the duties and obligations under the Sixteenth Supplemental Resolution by executing and delivering to the City a written acceptance in which the Fiscal Agent agrees to perform said duties and obligations as set forth in the Resolution.

The City has agreed, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities it may incur in the exercise and performance of its powers and duties under the Resolution which are not due to its negligence or willful misconduct.

The City has acknowledged that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City has specifically waived receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City periodic transaction statements which include detail for all investment transactions made by the Fiscal Agent under the Sixteenth Supplemental Resolution; provided that the Fiscal Agent is not obligated to provide an accounting for any fund or account that: (a) has a balance of $0.00; and (b) has not had any activity since the last reporting date.

The foregoing obligation of the City will survive resignation or removal of the Fiscal Agent under the Sixteenth Supplemental Resolution and payment of the 2011A Bonds and discharge of the Sixteenth Supplemental Resolution.

Retention and Dissemination of Available Information. The Fiscal Agent for the 2011A Bonds will retain in its possession all reports, certificates and other documents received by it with respect to the 2011A Bonds, all of which will be subject at all reasonable times during regular business hours with reasonable prior notice to inspection by the City, the Securities Depository with respect to the 2011A Bonds and any other Person that the City reasonably determines to be a beneficial owner of 2011A Bonds held by such Securities Depository, and the agents and representatives of any thereof. Upon receipt by the Fiscal Agent of a written request of any Person described in the immediately preceding sentence, the Fiscal Agent will provide to such Person a copy of any such report, certificate or other document, provided that such Person will bear the direct cost of reproduction and delivery thereof. The Fiscal Agent will, at the cost of and at the written instruction of the City, disseminate all material written information received by the Fiscal Agent pursuant to the Resolution to one or more officially recognized central information facilities or repositories with respect to information regarding obligations similar to the 2011A Bonds specified to the Fiscal Agent by the City.

MISCELLANEOUS

2011A Bonds Subject to the Master Resolution. Except as expressly provided in the Sixteenth Supplemental Resolution, every term and condition contained in the Master Resolution will apply to the Sixteenth Supplemental

Resolution and to the 2011A Bonds with the same force and effect as if it were set forth at length in the Sixteenth Supplemental Resolution, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the Sixteenth Supplemental Resolution.

Severability of Invalid Provisions. If any one or more of the provisions contained in the Sixteenth Supplemental Resolution or in the 2011A Bonds are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in the Sixteenth Supplemental Resolution and such invalidity, illegality or unenforceability will not affect any other provision of the Sixteenth Supplemental Resolution, and the Sixteenth Supplemental Resolution will be construed as if such invalid, illegal or unenforceable provision had never been contained therein. The City Council has declared that it would have adopted the Sixteenth Supplemental Resolution and each and every other Section, paragraph, sentence, clause or phrase thereof and authorized the issuance of the 2011A Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Sixteenth Supplemental Resolution may be held illegal, invalid or unenforceable.

Governing Law. The Sixteenth Supplemental Resolution will be construed and governed in accordance with the laws of the State of California.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon remarketing of the 2011A Bonds, the County will enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Riverside (the "Issuer") in connection with the Issuer's issuance of its Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A (the "Bonds"). The Bonds are being issued pursuant to Resolution No. 17662 of the Issuer adopted by the City Council of the Issuer on January 8, 1991, as amended and supplemented, including as amended and supplemented by Resolution No. 22193, adopted by the City Council on April 5, 2011, as amended by Resolution No. 22664 adopted on March 25, 2014 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Disclosure Representative" shall mean the City Manager, Treasurer or Chief Financial Officer of the Issuer or either of their designees, or such other officer or employee as the Issuer shall designate in writing from time to time.

"Dissemination Agent" shall mean, initially, the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the Issuer and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

''EMMA'' shall mean the Electronic Municipal Market Access system of the MSRB.

"Financial Obligation" shall mean: (a) a debt obligation; (b) a 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) or (b). The term "Financial Obligation" does not include municipal securities (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Official Statement" shall mean the Remarketing Statement relating to the Bonds dated April __, 2020.

''Participating Underwriter" shall mean BofA Securities, Inc.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent upon written direction to, not later than 270 days following the end of the Issuer's fiscal year (which presently ends on June 30), commencing with the report for the fiscal year ending June 30, 2020, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be provided to the MSRB in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the MSRB and the Dissemination Agent (if other than the Issuer) of a change in the fiscal year dates. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) If the Dissemination Agent is a person or entity other than the Issuer then, not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a). If the Issuer does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report due date, the Issuer shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB, in the form required by the MSRB.

(d) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided the MSRB. The Dissemination Agent's duties under this clause (ii) shall exist only if the Issuer provides the Annual Report to the Dissemination Agent for filing.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer's Electric System for the most recent fiscal year of the Issuer then ended, which may be a part of the Issuer's audited financial statements. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer's Electric System in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the Issuer's Electric System shall be audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to the MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) To the extent not included in the audited financial statements of the Issuer's Electric System, the Annual Report shall also include the following:

(1) Principal amount of the Bonds outstanding as of the end of the immediately preceding Fiscal Year.

(2) Updated information comparable to the information in Table 3 entitled "Annual Electricity Supply" as it appears in the Official Statement.

(3) Updated information comparable to the information in Table 4 entitled "Total Energy Generated and Purchased and Peak Demand" as it appears in the Official Statement.

(4) Updated information comparable to the information in Table 6 entitled "Number of Meters" as it appears in the Official Statement.

(5) Updated information comparable to the information in Table 7 entitled "Energy Sold" as it appears in the Official Statement.

(6) Updated information comparable to the information in Table 9 entitled "Average Billing Price" as it appears in the Official Statement.

(7) Updated information comparable to the information in Table 11 entitled "Outstanding Debt of Joint Powers Agencies" as it appears in the Official Statement.

(8) Updated information comparable to the information in Table 12 entitled "Summary of Operations and Debt Service Coverage" as it appears in the Official Statement.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determinations of taxability or of the Notice of Proposed Issue (IRS Form 5701-TEB);

(6) tender offers;

(7) defeasances;

(8) ratings changes; and

(9) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties; and

(10) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) unless described in paragraph 5(a)(5), notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(2) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(3) appointment of a successor or additional trustee or the change of the name of a trustee;

(4) nonpayment related defaults;

(5) modifications to the rights of Owners of the Bonds;

(6) Bond calls;

(7) release, substitution or sale of property securing repayment of the Bonds; and

(8) incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (b), the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) and (b)(6) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Resolution. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subsection (f) prior to the occurrence of such Listed Event.

(g) Any of the filings required to be made under this Section 5 shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 6. Termination of Reporting Obligation. The obligation of the Issuer and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer. The Dissemination Agent may resign by providing thirty days written notice to the Issuer and the Fiscal Agent. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Issuer. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment.

(a) This Disclosure Certificate may be amended, in writing, without the consent of the Owners, 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 the Issuer or the

type of business conducted thereby, (2) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) there shall have been delivered to the Issuer an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) the Issuer shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners, and (5) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(b) This Disclosure Certificate may be amended in writing with respect to the Bonds, upon obtaining consent of Owners at least 25% in aggregate principal of the Bonds then outstanding; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied; and provided, further, that the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report 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 basis on which financial statements are prepared, the Annual Report 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 quantitative and, to the extent reasonably feasible, qualitative 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.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice if occurrence of a Listed Event.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event the Issuer fails to comply with any provision in this Disclosure Certificate, the Dissemination Agent may (or shall upon direction of the Owners of 25% in aggregate principal of the Bonds then outstanding or the Participating Underwriter) take all action necessary to cause the Issuer to comply with this Disclosure Certificate. In the event of a failure of the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. If the Dissemination Agent is a person or entity other than the Issuer, this Section 11 shall apply. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bond Owner's, or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent hereunder, seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Disclosure Representative: City of Riverside
3900 Main Street
Riverside, California 92501

April 23, 2020

CITY OF RIVERSIDE

By: _____
Chief Financial Officer/Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Riverside

Name of Issue: Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A

Date of Issuance: April 28, 2011

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated April 23, 2020. The City anticipates that the Annual Report will be filed by _____.

Dated:_____

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon remarketing of the 2011A Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

April 23, 2020

City of Riverside
Riverside, California

BofA Securities, Inc.
Los Angeles, California

U.S. Bank National Association
Los Angeles, California

Re: City of Riverside Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Riverside (the "City") in connection with the remarketing of the above captioned bonds (the "Bonds") and have examined a certified copy of the record of the proceedings of the City of Vernon (the "City") relative to the remarketing of the Bonds. We are rendering this opinion pursuant to Section 2.04(C)(3) of the Sixteenth Supplemental Resolution (as such term is defined in the following sentence). The Bonds were originally issued on April 26, 2011 (the "Delivery Date") pursuant to the Charter of the City (the "Charter"), Ordinance No. 5001 adopted by the City Council on April 20, 1982, as amended (the "Ordinance"), and Resolution No. 17662 adopted by the City Council on January 8, 1991 (the "Master Resolution"), as previously amended and supplemented, including as amended and supplemented by Resolution No. 22193, the sixteenth supplemental resolution, which provides for the issuance of the 2011A Bonds (as amended by Resolution No. 22664 adopted on March 25, 2014, the "Sixteenth Supplemental Resolution"), which was adopted by the City Council on April 5, 2011.

On April 28, 2011, in connection with the original issuance of the 2011A Bonds, Hawkins Delafield & Wood LLP, as Bond Counsel to the City, rendered an opinion regarding the validity and tax status of the 2011A Bonds.

Capitalized terms which are used herein and not defined have the meanings which are given to such terms in the Resolution.

The Bonds currently bear interest in an Index Interest Rate Period at the LIBOR Index Interest Rate, with an Index Rate Scheduled Purchase Date of April 27, 2020. The City has elected to Convert the Interest Rate Period of the 2011A Bonds to a Weekly Interest Rate Period (the "Conversion") on the Index Rate Unscheduled Purchase Date of April 23, 2020 (the "Purchase Date"). In order to effect such Conversion, the Bonds will be subject to mandatory tender and remarketing on the Purchase Date.

Commencing on the Purchase Date, the Bonds will bear interest in a Weekly Interest Rate Period at the Weekly Interest Rate.

In connection with the Conversion of the Interest Rate Period for the 2011A Bonds, we are rendering the opinions that are set forth herein.

In rendering our opinions, we have examined the Charter, the Ordinance, the Resolution, certain certificates, notices and instructions related to the tender, purchase and remarketing of the Bonds on the Purchase Date and such

other information and documents as we have deemed necessary to render the opinions that are set forth herein. As to questions of fact that are material to the opinions which are stated herein, we have relied upon the accuracy of the representations, statements of intention and statements of reasonable expectations made by the City which are contained in certain certificates that are dated the date hereof, the Tax Certificate related to the initial issuance of the Bonds (the "Tax Certificate"), the certified proceedings of the City and certifications of public officials of the City and others which have been furnished to us, and compliance by the City with the procedures and covenants that are set forth in such documents as to such tax matters, without undertaking to verify through independent investigation the accuracy of the representations and certifications that we have relied upon. We have also assumed due authorization and valid execution and delivery of certificates signed by the City in connection with the tender, purchase and remarketing of the Bonds on the Purchase Date.

Based on our examination as Bond Counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The Conversion is not prohibited by the laws of the State of California or the Sixteenth Supplemental Resolution.

2. The Bonds constitute the valid and binding special revenue obligations of the City.

3. The Resolution was duly adopted at meetings of the City Council of the City.

4. The Resolution creates a valid pledge of and lien and charge upon the Net Operating Revenues and certain amounts held under the Resolution to secure the payment of the principal of and interest on the Bonds. The general fund of the City is not liable for the payment of the Bonds, any premium thereon upon redemption prior to maturity or their interest, nor is the credit or taxing power of the City pledged for the payment of the Bonds, any premium thereon upon redemption prior to maturity or their interest.

5. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the Resolution, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

6. Interest on the Bonds is exempt from State of California personal income tax.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters that are not directly addressed by such authorities. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

We call attention to the fact that the rights and obligations under the Resolution and the Bonds are subject to bankruptcy, insolvency, debt adjustment, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

We express no opinion herein as to the accuracy, completeness or sufficiency of any official statement, remarketing statement or other offering material relating to the Bonds, and we expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in any such document.

We further call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Conversion terminates on the date hereof, and we disclaim any obligation to update the matters set forth herein. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to the Bonds if any such action is taken or omitted based upon the opinion or advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest on the Bonds are based upon certain representations of fact and certifications made by the City and others and are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to issuance of the Bonds to assure that interest on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements.

This opinion letter may be relied upon only by you and may not be relied upon by any other party without our prior written consent.

Respectfully submitted,

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the Securities, payment of principal, interest and other payments on the Securities to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the Securities (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "**Agent**") take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the securities (the "**Securities**"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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"). DTC has a Standard & Poor's rating of 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 and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("**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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

APPENDIX G

BANK OF AMERICA, N.A.

Bank of America, N.A. (the "**Bank**") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "**Corporation**") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of December 31, 2019, the Bank had consolidated assets of $1.853 trillion, consolidated deposits of $1.498 trillion and stockholder's equity of $212.16 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2019, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "**SEC**").

The SEC maintains a website at www.sec.gov which contains the filings that the Corporation files with the SEC such as reports, proxy statements and other documentation. The reports, proxy statements and other information the Corporation files with the SEC are also available at its website, www.bankofamerica.com.

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case, as filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporation
Office of the Corporate Secretary/Shareholder Relations
Hearst Tower, 214 North Tryon Street
NC1-027-18-05
Charlotte, NC 28255

PAYMENTS OF PRINCIPAL AND INTEREST ON THE 2011A BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE 2011A BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to in this Appendix G is correct as of any time subsequent to the referenced date.