PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2024

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
S&P: [__]
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 Official Statement, interest (and original issue discount) on the 2024A 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 (and original issue discount) on the 2024A Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the 2024A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

$_____*

CITY OF RIVERSIDE, CALIFORNIA
Electric Revenue Bonds, Issue of 2024A

Dated: Date of Delivery **Due: October 1, as shown on inside front cover**

Terms of the 2024A Bonds. The 2024A Bonds are being issued by the City of Riverside 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 2024A Bonds will not receive securities certificates representing their beneficial ownership in the 2024A Bonds purchased. The principal of and interest on the 2024A 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 2024A Bonds through their nominees.

The 2024A Bonds will bear interest at the rates per annum shown on the inside front cover of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest will be payable semiannually on April 1 and October 1 of each year, commencing ___ 1, 202__. Each 2024A Bond will bear interest from the Interest Payment Date before its date of authentication: (i) unless it is authenticated: (a) during the period after a Record Date but on or before the next Interest Payment Date, in which event it will bear interest from that Interest Payment Date; or (b) prior to the first Record Date, in which event it will bear interest from the dated date of the 2024A Bonds; or (ii) unless at the time of authentication interest is in default, in which event it will bear interest from the Interest Payment Date to which interest has been paid or provided for. "**Record Date**" means the close of business on the 15th day of each month preceding an Interest Payment Date.

Purpose of the 2024A Bonds. The 2024A Bonds are being issued: (i) to finance the cost of certain capital improvements to the Electric System; (ii) to refund all or a portion of certain outstanding obligations of the Electric System; (iii) to pay all or a portion of the termination costs associated with certain interest rate swap agreements allocated or related to the refunded portions of outstanding obligations being refunded; and (iv) to pay costs of issuance of the 2024A Bonds.

Security for the 2024A Bonds. The 2024A 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 2024A BONDS—Net Operating Revenues") of the Electric System and other funds, assets and security described in the Resolution. The 2024A Bonds do not constitute a general obligation or general indebtedness of the City. [The City is not funding a debt service reserve account for the 2024A Bonds].

Redemption Prior to Maturity. The 2024A Bonds are subject to redemption prior to maturity. See the caption "DESCRIPTION OF THE 2024A BONDS—Redemption Provisions."

Existing Parity Debt. The 2024A Bonds are secured by and payable from Net Operating Revenues on a parity with certain outstanding bonds, which are referred to in this Official Statement as the "**Prior Parity Bonds**." See the caption "PRIOR DEBT AND DEBT SERVICE—Outstanding Prior Debt."

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 2024A Bonds, as described in this Official Statement.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official 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 Official Statement.

The 2024A Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of legality 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 Norton Rose Fulbright US LLP, Los Angeles, California, is acting as counsel to the Underwriters. It is expected that the 2024A Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company on or about January 31, 2024.

J.P. Morgan
Ramirez & Co., Inc.

Barclays
Siebert Williams Shank & Co., LLC

Dated: January __, 2024

* *Preliminary, subject to change.*

$_____[*]

CITY OF RIVERSIDE, CALIFORNIA
Electric Revenue Bonds, Issue of 2024A

MATURITY SCHEDULE

BASE CUSIP®†: 768874

Maturity Date (October 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP®†*
20__	$	%	%		

$_____ ____% Term 2024A Bonds due October 1, 20__ – Yield: ___%, Price: ___, CUSIP®†: ___

[*] *Preliminary, subject to change.*

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.*

CITY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Patricia Lock Dawson, Mayor

Erin Edwards, 1st Ward
Clarissa Cervantes, 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

Gildardo Oceguera, Chair
Rebeccah A. Goldware, Vice Chair

David M. Crohn
Nipunjeet Gujral
Rosemary Heru
Gary Montgomery
Nancy E. Melendez
Brian D. Siana
Peter Wolgemuth

CITY OFFICIALS

Michael Futrell, *City Manager*

Edward Enriquez,
Assistant City Manager/Chief Financial Officer/Treasurer

Todd Corbin,
Utilities General Manager

Carlie Myers,
Assistant General Manager/Business Systems and Customer Service

Daniel E. Garcia,
Utilities Deputy General Manager, Resources

Phaedra Norton,
City Attorney

Daniel Honeyfield,
Utilities Assistant General Manager, Energy Delivery

Susan D. Wilson,
Assistant City Attorney

Donesia Gause,
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
U.S. Bank Trust Company, National Association
Los Angeles, California

Neither the City nor the Underwriters have authorized any dealer, broker, salesman or other person to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2024A Bonds in any jurisdiction in which such offer to sell or solicitation of an offer to buy is unlawful.

This Official Statement is not to be construed as a contract with the purchasers of the 2024A Bonds. Statements contained in this Official 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 Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made of the 2024A 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 Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE 2024A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2024A BONDS AT LEVELS ABOVE THOSE WHICH 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 Official 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 2024A Bonds have not been registered under the Securities Act in reliance upon an exception from the registration requirements contained therein. The 2024A Bonds have not been registered or qualified under the securities law of any state.

The City maintains a website and certain social media accounts; however, the information contained therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2024A Bonds.

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CITY OF RIVERSIDE, CALIFORNIA
Electric Revenue Bonds, Issue of 2024A

INTRODUCTION

This Official Statement, including the front and inside front cover page and all appendices, is provided to furnish information in connection with the issuance and sale by the City of Riverside, California (the "**City**"), of the bonds captioned above (the "**2024A Bonds**").

Authority for the 2024A Bonds

The 2024A Bonds were authorized and issued pursuant to the following, which are referred to collectively in this Official 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 amended and supplemented, including as amended and supplemented by Resolution No. [__], the twenty-first supplemental resolution, which provides for the issuance of the 2024A Bonds (the "**Twenty-First Supplemental Resolution**"), which was adopted by the City Council on [November 7, 2023]. The Master Resolution, as previously amended and supplemented, and as further amended and supplemented by the Twenty-First Supplemental Resolution, is referred to collectively in this Official Statement as the "**Resolution**."

Purpose of the 2024A Bonds

The 2024A Bonds are being issued: (i) to finance the cost of certain capital improvements to the City's municipal electric system (the "**Electric System**"), as described under the caption "PLAN OF FINANCE—2024 Project;" (ii) to refund all or a portion of certain outstanding obligations of the Electric System, as described under the caption "PLAN OF FINANCE—Refunding Plan;" (iii) to pay all or a portion of the termination costs associated with certain interest rate swap agreements allocated or related to the refunded portions of outstanding obligations being refunded, as described under the caption "PLAN OF FINANCE—Termination of Swap Agreements;" and (iv) to pay costs of issuance of the 2024A Bonds.

The City and the Electric System

The City is the county seat of Riverside County (the "**County**"), California, 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 2023, the population of the City was estimated to be 313,676. See Appendix A for further information about the City and the County.

The Electric System provides service throughout the City to domestic, commercial, industrial, agricultural, municipal and other customers. In Fiscal Year 2022-23, the Electric System had 112,751 metered customers. The Electric System's power supply requirements are met through City-owned generation

* *Preliminary, subject to change.*

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 2022-23, the Electric System generated and purchased a total of 2,239,300 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 2024A Bonds; Rate Covenant

Nature of Pledge. Pursuant to the Law, the 2024A 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 2024A 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 2024A 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 2024A 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 2024A Bonds, nor is the credit or the taxing power of the City pledged to the payment of the principal of or interest and redemption premium (if any) on the 2024A Bonds. No 2024A 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 2024A 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 2024A Bonds.

Joint Powers Agency Obligations

The City participates in certain contracts with 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 between 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 obligations (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 2024A 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 $_____ as of December 1, 2023. See the caption "PLAN OF FINANCE—Refunding Plan" for a discussion of the refunding of a portion of such Prior Parity Bonds from proceeds of the 2024A Bonds.

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 2024A Bonds and the Prior Parity Bonds. The 2024A Bonds, together with the Prior Parity Bonds and any Additional Bonds, are referred to in this Official Statement as the "**Bonds**."

Currently, the City expects to issue a series of Additional Bonds in or about 2026 in the anticipated aggregate principal amount of $170,000,000 (the "**2026A Bonds**"). The proceeds of the 2026A Bonds are expected to finance components of the Electric System CIP. See the caption "THE ELECTRIC SYSTEM—Capital Improvement Program." The 2026A Bonds have not yet been approved by the City Council and there can be no assurance that the 2026A Bonds will be issued at the times or in the amounts that are currently contemplated.

See also the caption "—Transmission and Distribution Facilities—Sub-Transmission and Distribution" for a discussion of the expected issuance of the RTRP Bonds to finance construction of RTRP. If issued, the RTRP Bonds will also constitute Additional 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 Official Statement as "**Parity Debt**." The City currently has no outstanding Parity Debt.

See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS—Additional Bonds and Parity Debt."

2024A Reserve Account Not Funded

The City has established a debt service reserve account for the 2024A Bonds, but the 2024A 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 2024A BONDS—Subordinate Obligations."

Redemption of the 2024A Bonds

The 2024A Bonds are subject to optional and mandatory sinking fund redemption as described under the caption "DESCRIPTION OF THE 2024A BONDS—Redemption Provisions."

Continuing Disclosure

In connection with the issuance of the 2024A Bonds, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of the owners and Beneficial Owners of the 2024A 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 2024A Bonds, the security and sources of payment for the 2024A Bonds and the Electric System and summaries of the Resolution and certain other documents are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references in this Official Statement to the 2024A 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 Official 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 Official Statement and not otherwise defined have the meanings set forth in the Resolution.

PLAN OF FINANCE

General

The 2024A Bonds are being issued: (i) to finance the cost of certain capital improvements to the Electric System, as described under the caption "—2024 Project;" (ii) to refund all or a portion of certain outstanding obligations of the Electric System, as described under the caption "—Refunding Plan;" (iii) to pay all or a portion of the termination costs associated with certain interest rate swap agreements allocated or related to the refunded portions of outstanding obligations being refunded, as described under the caption "—Termination of Swap Agreements;" and (iv) to pay costs of issuance of the 2024A Bonds. See the caption "—Estimated Sources and Uses of Funds."

2024 Project

A portion of the proceeds of the 2024A Bonds will be deposited into the 2024 Construction Fund established under the Twenty-First Supplemental Resolution and applied to fund the acquisition and construction of upgrades, replacements, rehabilitations and other capital improvements to facilities and equipment for the Electric System, including but not limited to: (i) overhead projects; (ii) underground projects; (iii) substation projects; (iv) recurring/obligation to serve projects; and (v) system automation projects (collectively, the "**2024 Project**"). See the caption "THE ELECTRIC SYSTEM—Capital Improvement Program" for a detailed description of the City's CIP.

The City expects to comply with all governmental approval, environmental review, public bidding and other permitting requirements for each component of the 2024 Project as required by law, and to complete the 2024 Project by early 2027.

Refunding Plan

The City has previously issued the below-listed series of Prior Parity Bonds (the "**2008A Bonds**," the "**2008C Bonds**" and the "**2011A Bonds**" respectively) pursuant to the Resolution. Such Prior Parity Bonds are payable from Net Operating Revenues on a parity with the Bonds. The City plans to apply a portion of the proceeds of the 2024A Bonds to refund all or a portion (to be determined at the time of pricing of the 2024A Bonds) of the outstanding Prior Parity Bonds listed below on or about: (i) [February 1, 2024] (the "**Redemption Date**"), in each case at a redemption price that is equal to the outstanding principal amount of the applicable Prior Parity Bonds being refunded (as shown in the sixth column of the below table, the "**Refunded Bonds**"), plus accrued interest to such date, without premium.

Series Name	*Maturity Date (October 1)*	*CUSIP®[†] (768874)*	*Principal Amount*	*Interest Rate*	*Principal Amount Being Refunded*	*Principal Amount Remaining Outstanding*
Variable Rate Refunding Electric Revenue Bonds, Issue of 2008A	2029	PS2	$ 34,465,000	Variable	$__	$__
Variable Rate Refunding Electric Revenue Bonds, Issue of 2008C	2035	PU7	32,150,000	Variable	__	__
Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A	2035	TS8	32,875,000	Variable	__	__

In order to effect the above-described refundings of the 2008A Bonds, 2008C Bonds and 2011A Bonds, the City has provided instructions to U.S. Bank National Association, as the fiscal agent for the Refunded Bonds (the "**Refunded Bonds Fiscal Agent**"), to redeem the 2008A Bonds, 2008C Bonds and 2011A Bonds on the Redemption Date at a redemption price equal to the respective outstanding principal amounts thereof, plus accrued interest to the Redemption Date. The funds delivered to the Fiscal Agent for these purposes will consist of a portion of the proceeds of the 2024A Bonds, amounts contributed by the City and amounts held in funds and accounts established in connection with the 2008A Bonds and 2008C Bonds.

The portions of the above-described Prior Parity Bonds which are not being refunded (as shown in the seventh column of the above table) will remain outstanding and will be payable from Net Operating Revenues on a parity with the 2024A Bonds.

The amounts delivered to the Refunded Bonds Fiscal Agent to redeem the Refunded Bonds are pledged solely to the redemption of such Refunded Bonds. Neither such moneys nor any related investment earnings will be available for the payments of principal of and interest on the 2024A Bonds.

Termination of Swap Agreements

2004 Swap Agreement (2008A Bonds). 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**

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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 and a current notional amount of $[32,450,000].

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.*

Under the 2004 Swap Agreement, the City expected to effectively fix its interest rate exposure with respect to the variable rate 2008A Bonds without affecting the nature of its obligations to make payments with respect to the 2008A Bonds. Scheduled periodic payments received from the 2004 Swap Provider and the 2004 Swap Guarantor under the 2004 Swap Agreement constitute Gross Operating Revenues of the Electric System. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS—Net Operating Revenues."

As described under the caption "—Refunding Plan" above, the City intends to refund the 2008A Bonds in whole or part from a portion of the proceeds of the 2024A Bonds. In connection with such refunding, the City also intends to apply moneys released from the reserve account established in connection with the 2008A Bonds, together (if necessary) with a portion of the proceeds of the 2024A Bonds, to make a termination payment (the "**2004 Swap Termination Payment**") in the net amount of $____ to the 2004 Swap Provider and thereby to terminate the 2004 Swap Agreement in whole or part corresponding to the amount of 2008A Bonds refunded. Upon the payment of the 2004 Swap Termination Payment on or about the date of issuance of the 2024A Bonds (such date, the "**2004 Swap Termination Date**"), the notional amount of the 2004 Swap Agreement will be permanently reduced. If all of the outstanding principal amount of the 2008A Bonds is refunded in full, the City and the 2004 Swap Provider will be absolutely released from their respective payment obligations arising under the terminated 2004 Swap Agreement after the 2004 Swap Termination Date.

2005 Swap Agreements (2008C Bonds and 2011A Bonds). The City previously 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**") in connection with the City's 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 that had previously been 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. The 2005 Swap Agreement that is associated with the 2011A Bonds has a current notional amount of $[32,875,000] and the 2005 Swap Agreement that is associated with the 2008C Bonds has a current notional amount of $[32,150,000].

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.

Under the 2005 Swap Agreements, the City expected to effectively fix its interest rate exposure with respect to the variable rate 2011A Bonds and 2008C Bonds, respectively, without affecting the nature of its obligations to make payments with respect to the 2011A Bonds and 2008C Bonds. Scheduled periodic payments received from the 2005 Swap Provider under the 2005 Swap Agreements constitute Gross Operating

Revenues of the Electric System. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS—Net Operating Revenues."

As described under the caption "—Refunding Plan" above, the City intends to refund the 2011A Bonds and the 2008C Bonds in whole or part from a portion of the proceeds of the 2024A Bonds. In connection with such refunding, the City also intends to apply moneys released from the reserve account established in connection with the 2008C Bonds, together with a portion of the proceeds of the 2023A-2 Bonds, to make a termination payment (each, a "**2005 Swap Termination Payment**" and collectively, the "**2005 Swap Termination Payments**") in the net amount of $____ and $___, respectively, to the 2005 Swap Provider and thereby terminate each 2005 Swap Agreement in whole or part corresponding to the amount of 2011A Bonds refunded and 2008C Bonds refunded, as applicable. Upon the payment of the 2005 Swap Termination Payments on or about the date of issuance of the 2024A Bonds (such date, the "**2005 Swap Termination Date**"), the notional amount of each 2005 Swap Agreement will be permanently reduced to $____ and $____, respectively. If all of the outstanding principal amounts of the 2011A Bonds and/or 2008C Bonds are refunded in full, the City and the 2005 Swap Provider will be absolutely released from their respective payment obligations arising under the terminated 2005 Swap Agreements after the 2005 Swap Termination Date.

Estimated Sources And Uses Of Funds

The following table sets forth the estimated sources and uses of funds relating to the 2024A Bonds:

Sources[(1)]:	
Principal Amount	$
Plus/Less Net Original Issue Premium/Discount	
Other Moneys[(2)]	
Total Sources	$
Uses[(1)]:	
Deposit to 2024 Construction Fund	$
Transfer to Refunded Bonds Fiscal Agent for Refunding of Refunded Bonds	
2004 Swap Termination Payment	
2005 Swap Termination Payments	
Costs of Issuance[(3)]	
Total Uses	$

(1) All amounts rounded to the nearest dollar. Totals may not add due to rounding.

(2) Reflects moneys held in funds and accounts established in connection with the Refunded Bonds, including moneys released from the reserve accounts for the 2008A Bonds and 2008C Bonds and applied to make the 2004 Swap Termination Payment and 2005 Swap Termination Payment related to the 2008C Bonds, respectively.

(3) Includes Underwriters' discount and certain legal, municipal advisory, rating agency, printing and other financing-related costs.

Source: Underwriters.

PRIOR DEBT AND DEBT SERVICE

Outstanding Prior Debt

The 2024A 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**")	123,515,000
Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A[5] (the "**2011A Bonds**")	32,875,000
Refunding Electric Revenue Bonds, Issue of 2013A[6] (the "**2013A Bonds**")	34,370,000
Refunding Electric Revenue Bonds, Issue of 2019A[7] (the "**2019A Bonds**")	232,480,000
Refunding Electric Revenue Bonds, Issue of 2023A-1[8] (the "**2023A-1 Bonds**")	
Refunding Electric Revenue Bonds, Issue of 2023A-2[8] (the "**2023A-2 Bonds**")	[
Total	$]

(1) As of December 1, 2023.
(2) Issued pursuant to the Master Resolution and Resolution No. 21611 adopted on April 22, 2008. See the caption "PLAN OF FINANCE—Refunding Plan" for a discussion of the expected refunding of these obligations in whole or part.
(3) Issued pursuant to the Master Resolution and Resolution No. 21613 adopted on April 22, 2008. See the caption "PLAN OF FINANCE—Refunding Plan" for a discussion of the expected refunding of these obligations in whole or part.
(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. 22193 adopted on April 5, 2011. See the caption "PLAN OF FINANCE—Refunding Plan" for a discussion of the expected refunding of these obligations in whole or part.
(6) Issued pursuant to the Master Resolution and Resolution No. 22357 adopted on June 18, 2013. These obligations were defeased in full on December 1, 2023 from proceeds of the 2023A-1 Bonds and are currently payable solely from amounts held in an escrow fund. They are scheduled to be redeemed in full on February 29, 2024.
(7) Issued pursuant to the Master Resolution and Resolution No. 23409 adopted on January 22, 2019.
(8) Issued pursuant to the Master Resolution and Resolution No. 24036 adopted on September 19, 2023.

Source: City.

See the caption "INTRODUCTION—Additional Bonds and Parity Debt" for a discussion of the expected issuance of Additional Bonds in 2026.

Debt Service Requirements

The following table sets forth the estimated debt service on the Prior Parity Bonds and the 2024A Bonds, assuming no optional redemptions.

TABLE 2
DEBT SERVICE REQUIREMENTS[1]

Fiscal Year Ending June 30	*Prior Parity Bonds Principal*[2]	*Prior Parity Bonds Interest*[3]	*2024A Bonds Principal*	*2024A Bonds Interest*	*Total Bonds Debt Service*[3]	*Less Treasury Credits*[4][5]	*Total Bonds Debt Service Net of Treasury Credits*[4][5]
2024	$ [__	$	$	$	$	$ (3,111,418)	
2025						(3,050,004)	
2026						(2,985,755)	
2027						(2,916,400)	
2028						(2,841,723)	
2029						(2,763,479)	
2030						(2,681,420)	
2031						(2,595,364)	
2032						(2,504,194)	
2033						(2,407,621)	
2034						(2,306,279)	
2035						(2,199,916)	
2036						(2,088,282)	
2037						(1,971,127)	
2038						(1,848,198)	
2039						(1,719,182)	
2040						(1,249,807)	
2041						(423,254)	
2042						-	
2043						-	
2044						-	
2045						-	
2046						-	
2047						-	
2048						-	
2049						-	
Total	$	$__]	$	$	$	$(41,663,424)	

(1) Totals may not add due to rounding.

(2) [Does not reflect the refunding of the Refunded Bonds]. See the caption "PLAN OF FINANCE—Refunding Plan."

(3) Reflects an assumed annual interest rate of 3.111% on the hedged portion of the 2008A Bonds, 3.204% on the 2008C Bonds and 3.201% on the 2011A Bonds, reflecting the anticipated effect of the 2004 Swap Agreement and the 2005 Swap Agreements. Also assumes an interest rate of 3.500% on the unhedged portion of the 2008A 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 2024A BONDS—Rate Covenant—Future Change in Rate Covenant."

(5) On March 1, 2013, automatic spending cuts by the federal government known as the "sequester" took effect. For the period from October 1, 2020, through and including September 30, 2021, the cuts included a 5.7% 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 "**2020-21 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 2010A Bonds than previously scheduled in order to offset the impact of the sequester. Under the Infrastructure Investment and Jobs Act enacted in 2021, the reduction of the sequester will continue through September 30, 2031 at the 2020-21 Sequestration Rate; however, this table assumes that the 2020-21 Sequestration Rate remains in effect through the final maturity of the 2010A Bonds on October 1, 2040.

DESCRIPTION OF THE 2024A BONDS

General

The 2024A Bonds will be dated their date of delivery and mature on the dates and in the respective amounts, and bear interest at the respective rates per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months), shown on the inside front cover of this Official Statement.

The 2024A Bonds may be purchased in book-entry form only, in principal amounts of $5,000 or any integral multiple thereof. Interest on the 2024A Bonds will be payable on April 1 and October 1 of each year, commencing ____ 1, 202__ (each, an "**Interest Payment Date**"), to the owners of record at the close of

business on the 15th day of the preceding calendar month (a "**Record Date**"). Interest will be payable by check mailed by first-class mail to the persons whose names appear on the registration books of U.S. Bank Trust Company, National Association, as fiscal agent for the 2024A Bonds (the "**Fiscal Agent**"), as the registered Owners of such 2024A Bonds as of the close of business on the Record Date at such persons' addresses as they appear on such registration books, except that an Owner of $1,000,000 or more in principal amount of 2024A Bonds may be paid interest by wire transfer to an account in the United States if such Owner makes a written request of the Fiscal Agent at least 30 days preceding any Interest Payment Date specifying the wire transfer instructions for such Owner. The notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Payments of defaulted interest will be paid by check to the Owners as of a special record date to be fixed by the Fiscal Agent, notice of which special record date will be given to the Owners by the Fiscal Agent not less than 10 days prior to that date.

Each 2024A Bond will bear interest from the Interest Payment Date before its date of authentication: (a) unless it is authenticated: (i) during the period after a Record Date but on or before the next in Interest Payment Date, in which event it will bear interest from that interest payment date; or (ii) prior to the first Record Date, in which event it will bear interest from the dated date of the 2024A Bonds; or (b) unless at the time of authentication interest is in default, in which event it will bear interest from the Interest Payment Date to which interest has been paid or provided for.

So long as any 2024A Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), procedures with respect to the transfer of ownership, redemption and the payment of principal, redemption price, premium, if any, and interest on such 2024A Bond will be in accordance with arrangements among the City, the Fiscal Agent and DTC. DTC is obligated in turn to remit payment of principal, redemption price, premium, if any, and interest on 2024A Bonds to its participants for subsequent disbursement to the beneficial owners of the 2024A Bonds. See Appendix F.

Redemption Provisions

Optional Redemption. The 2024A Bonds maturing on and after October 1, 20__ are subject to redemption prior to their stated maturity dates, at the option of the City, from any source of available funds, in whole or in part on ____ 1, 20__ or any date thereafter, at a redemption price of 100% of the principal amount to be redeemed, without premium, plus accrued but unpaid interest to the redemption date.

Mandatory Sinking Account Redemption. The 2024A Bonds maturing on October 1, 20__ (the "**2024A Term Bonds**") are subject to mandatory sinking account redemption, in part, on October 1, 20__, 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***
20__	$
20__[†]	

[†] Final Maturity.

Mandatory Sinking Account Payments for 2024A Term Bonds of a maturity will be reduced to the extent that the City has purchased 2024A Term Bonds of such maturity and surrendered such 2024A Term Bonds to the Fiscal Agent for cancellation. If 2024A Term Bonds of a maturity have been redeemed as provided for under the caption "—Optional Redemption" above, then the amount of the 2024A Term Bonds so redeemed will be credited to such future Mandatory Sinking Account Payments for such 2024A Term Bonds as determined by the City. A reduction of Mandatory Sinking Account Payments in any 12-month period ending on October 1 will reduce the principal amount of 2024A Term Bonds redeemed on that October 1.

Selection of 2024A Bonds for Redemption. If less than all 2024A Bonds are to be redeemed, the maturities of 2024A Bonds to be redeemed may be selected by the City. The City will give written notice of its selection not later than 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 may give notice of redemption to the Owners of the 2024A Bonds. If the City does not give notice of its selection, the Fiscal Agent will select the Bonds to be redeemed in inverse order of maturity. If less than all of the 2024A Bonds of like maturity are to be redeemed, the particular 2024A Bonds or portions of 2024A Bonds to be redeemed will be selected at random by the Fiscal Agent in such manner as the Fiscal Agent in its discretion may deem fair and appropriate.

Notice of Redemption. The Fiscal Agent will give notice of the redemption of 2024A Bonds to: (i) the Owners of the 2024A Bonds called for redemption; (ii) certain securities depositories; and (iii) one or more information services. Notice of such redemption will be given by first class mail to the Owners of the 2024A Bonds designated for redemption at their addresses appearing on the bond registration books, not less than 30 days nor more than 60 days prior to the redemption date. The failure by the Fiscal Agent to give notice to any one or more of the securities depositories or information services or failure of any Owner to receive notice of redemption or any defect in such notice will not affect the sufficiency of the proceedings for the redemption of 2024A Bonds.

In the event of an optional redemption of 2024A Bonds, if the City will not have deposited or otherwise made available to the Fiscal Agent or other applicable party the money required for the payment of the redemption price of the 2024A 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 therefore with the Fiscal Agent or other applicable party.

When notice of redemption has been given as provided in the Resolution, the 2024A Bonds or portions thereof so called for redemption will become due and payable on the redemption date, and upon presentation and surrender of such 2024A Bonds at the place specified in such notice of redemption, such 2024A Bonds will be redeemed and paid at said redemption price. If on the redemption date, moneys for the redemption of the 2024A Bonds to be redeemed will be available therefor on the redemption date, then from and after the redemption date, interest on the 2024A Bonds to be redeemed will cease to accrue.

SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS

Net Operating Revenues

Pursuant to the Law, the 2024A 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 2004 Swap Agreement and the 2005 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 2024A 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 2024A 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 2024A 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 2024A 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 2010A Bonds, 2011A Bonds, 2019A Bonds, 2023A-1 Bonds or 2023A-2 Bonds and is not funding a debt service reserve account for the 2024A Bonds. See the caption "—Debt Service Reserve 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 2024A 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 as set forth below, *and holders of the 2024A Bonds, by purchasing the 2024A Bonds, agree that the 2024A Bonds shall be subject*

to such amendment; provided that such amendment will not take effect: (i) while the 2008A Bonds and 2008C Bonds are outstanding; or (ii) while the Subordinate Swaps and Subordinate Swap Policy are in effect (unless 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) is received):

> "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. See the caption "—Additional Bonds and Parity Debt" for a discussion of the applicability of the determination of Maximum Annual Debt Service.

See the caption "PLAN OF FINANCE—Refunding Plan" for a discussion of the refunding of all or a portion of the 2008A Bonds and 2008C Bonds. In the event that both the 2008A Bonds and the 2008C Bonds are refunded in full and the related 2004 Swap Agreement and 2005 Swap Agreement are terminated in full, the foregoing provision will go into effect.]

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 2024A Bonds, the City is not funding such account and has no obligation to fund the account in the future. The owners of the 2024A Bonds will not be entitled to amounts on deposit in any 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 Official 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.

See the caption "INTRODUCTION—Additional Bonds and Parity Debt" for a discussion of the expected issuance of Additional Bonds in 2026.

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 the 2004 Swap Agreement with the 2004 Swap Provider in connection with the City's Electric Revenue Bonds, Issue of 2004B. 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 the 2004 Swap Guarantor. The 2004 Swap Agreement has a scheduled termination date of October 1, 2029 and a current notional amount of $[32,450,000].

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.*

See the caption "PLAN OF FINANCE—Termination of Swap Agreements—2004 Swap Agreement (2008A Bonds)" for a discussion of the full or partial termination of the 2004 Swap Agreement.

2005 Swap Agreements. The City also entered into the 2005 Swap Agreements with the 2005 Swap in connection with its Electric Refunding/Revenue Bonds, Issue of 2005A and 2005B. The 2005 Swap Agreements were subsequently associated with 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 2005 Swap Guarantor. Each 2005 Swap Agreement has a scheduled termination date of October 1, 2035. The 2005 Swap Agreement that is associated with the 2011A Bonds has a current notional amount of $[32,875,000] and the 2005 Swap Agreement that is associated with the 2008C Bonds has a current notional amount of $[32,150,000].

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.

See the caption "PLAN OF FINANCE—Termination of Swap Agreements—2005 Swap Agreements (2008C Bonds and 2011A Bonds)" for a discussion of the full or partial termination of one or both of the 2005 Swap Agreements.

Payments under Swap Agreements. The obligation of the City to make regularly scheduled payments to the 2004 Swap Provider and the 2005 Swap Provider (collectively, the "**Swap Providers**") under the 2004 Swap Agreement and 2005 Swap Agreements (collectively, the "**Swap Agreements**"), respectively, 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 62.68% of the one-month Fallback Rate (SOFR) 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.

Scheduled periodic payments received by the City from the 2004 Swap Provider and the 2004 Swap Guarantor under the 2004 Swap Agreement and from the 2005 Swap Provider under the 2005 Swap Agreements constitute Gross Operating Revenues under the Resolution. See the caption "—Net Operating Revenues." Notwithstanding the foregoing, any termination payments payable by the 2004 Swap Provider or the 2005 Swap Provider in connection with the termination of the 2004 Swap Agreement or the 2005 Swap Agreements, respectively, do *not* constitute Gross Operating Revenues.

Revolving Credit Facility. On February 1, 2022, 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 the Bloomberg Short-Term Bank Yield Index on the first calendar day of each month. The Revolving Credit Facility matures on August 1, 2025 (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 commitment and accelerate amounts due by the City thereunder following certain events of default specified therein, including failure to meet covenants and payment defaults.

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 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 ("**RPU**") exercises jurisdiction over the electric and water utilities which are owned, controlled and operated by the City. RPU 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 RPU is as follows:

Mr. Todd Corbin, Utilities General Manager, holds a Certified Public Accountant license (inactive), 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. 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 RPU since 2007 and has served in various management roles including Market Operations Manager and Interim Planning Manager-Resources.

Ms. Carlie Myers, Assistant General Manager/Business Systems and Customer Service, holds a Bachelor of Science in Business Administration from the University of Phoenix and has over 20 years of management experience with the City, including as Deputy City Manager, and in various positions within the Community and Economic Development Department and the Fire Department. She has been with the City since 1999.

Mr. Daniel Honeyfield, Assistant General Manager/Energy Delivery, holds a Bachelor of Science in Electrical Engineering from California Polytechnic State University, Pomona, a Master of Business Administration from the University of Phoenix and a professional engineering license through the State of California. He has over 17 years of utility experience, serving five years as Engineering Manager for the Sacramento Municipal Utility District and in various roles for Riverside Public Utilities, including Senior Electric Utilities Engineer.

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 biennial budget for RPU 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 RPU, 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 RPU, 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 RPU, segregated as to each separate utility, and monthly statements of the general condition of RPU 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 RPU head; (7) make such reports and recommendations to the City Council regarding RPU 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 RPU'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:

Gildardo Oceguera – Chair of the Board, appointed to the Board in 2017, current term expires March 1, 2025. Mr. Oceguera is a retired high school principal with prior experience as a teacher and high school and community college counselor.

Rebeccah A. Goldware – Vice Chair of the Board, appointed to the Board in 2021, current term expires March 1, 2024. Ms. Goldware is a Vice Chancellor of a local community college district.

David M. Crohn – Appointed to the Board in 2016, current term expires March 1, 2024. Mr. Crohn is an Associate Professor in the Department of Environmental Sciences at a local university.

Nipunjeet Gujral – Appointed to the Board in 2022, current term expires March 1, 2026. Mr. Gujral is a data scientist with Global Infotek.

Rosemary Heru – Appointed to the Board in 2021, current term expires March 1, 2025. Ms. Heru has two decades of experience in leading customer service, procurement and administration teams and previously served on the City's Cultural Heritage Board and Human Relations Commission.

Gary Montgomery – Appointed to the Board in 2021, current term expires March 1, 2025. Mr. Montgomery is an attorney and past Board Chair of the Greater Riverside Chambers of Commerce.

Nancy E. Melendez – Appointed to the Board in 2021, current term expires March 1, 2025. Ms. Melendez is a past member of the Board of Library Trustees and, prior to her retirement, worked as Assistant Director of the Riverside Community College District Foundation and Executive Director of Keep Riverside Clean and Beautiful. In addition, she co-founded the Spanish Town Heritage Foundation.

Brian D. Siana – Appointed to the Board in 2023, current term expires March 1, 2025. Mr. Siana is an associate professor of physics and astronomy at the University of California, Riverside.

Peter Wohlgemuth – Appointed to the Board in 2020, current term expires March 1, 2024. Mr. Wohlgemuth is a hydrologist with the United States Forest Service.

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

Employment Matters

Employee Relations. As of June 30, 2023, 237 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 December 31, 2024. 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, 2025. While not under a memorandum of understanding, all unrepresented employees have compensation and benefit packages approved by the City Council. On September 20, 2022, the City Council approved changes for unrepresented employees through June 2025.

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 California Public Employees Retirement System ("**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, 2021, the employees contribute the entire required amount of 8% of their pensionable income.

- The retirement formula is 2.7% at age 55 for SEIU employees hired before June 7, 2011. Effective November 1, 2020, employees contribute the entire required amount of 8% of their pensionable income.

- The retirement formula is 2.7% at age 55 for IBEW employees hired before October 19, 2011. Effective January 1, 2020, employees contribute the entire required amount of 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.

Contributions to the City's pension plan consist of: (a) contributions from plan participants (i.e., employees); and (b) contributions by the City. The City's contributions constitute an Operating and Maintenance Expense of the Electric System that is payable prior to the 2024A Bonds.

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 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 2023
(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	$330,000	$175,250
Maximum Pensionable Income if also Participating in Social Security	N/A	$146,042

Source: CalPERS.

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. The required employer normal cost rates for Fiscal Years 2021-22 and 2022-23 were 12.73% and 12.46%, respectively, for each benefit level, and the required employer payments of the unfunded accrued liability were $10,824,787 and $11,465,930, respectively. The required employer normal cost rate for Fiscal Year 2023-24 is 13.56%, and the required employer payment of the unfunded accrued liability is $0. The City issued pension obligation bonds in June 2020 (the "**2020 Pension Obligation Bonds**"), reducing the City's unfunded accrued liability significantly compared to years prior to Fiscal Year 2022-23.

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, which funds pension benefits for current employees for the upcoming Fiscal Year (expressed as a percentage of payroll) plus the employer unfunded accrued liability contribution amount, which funds pension benefits that were previously earned by current and former employees (billed monthly). The normal cost rate is the annual cost of service accrual for the upcoming Fiscal Year of active employees.

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. The City's annual required contribution for the Miscellaneous plan's unfunded accrued liability in Fiscal Year 2022-23 was $11,860,450. The City's annual required contribution for the Miscellaneous plan's unfunded accrued liability in Fiscal Year 2023-24 is $0. The funded status of the City's Miscellaneous plan is 89.9% per the June 30, 2022 CalPERS Actuarial Valuation.

The following table summarizes the schedule of funding for the City's CalPERS Miscellaneous plan as of June 30, 2023 (valuation date of June 30, 2022).

CALPERS MISCELLANEOUS PENSION PLAN – SCHEDULE OF FUNDING PROGRESS

Valuation Date (June 30)	*Accrued Liability*	*Market Value of Assets*[(1)]	*Unfunded Liability*	*Funded Ratio*	*Annual Covered Payroll*
2018	$1,401,014,728	$1,090,728,598	$310,286,130	77.9%	$119,987,924
2019	1,462,992,745	1,138,310,022	324,682,723	77.8	126,381,375
2020	1,520,527,010	1,368,575,052	151,951,959	90.0	129,401,884
2021	1,570,873,013	1,638,143,404	(67,270,391)	104.3	128,059,046
2022	1,639,823,585	1,473,674,465	166,149,120	89.9	129,289,938

(1) Excludes funds held in a pension benefits trust fund established under Section 115 of the Internal Revenue Code. To date, the Electric Revenue Fund has not made any contributions to such fund, although such contributions are expected to commence in Fiscal Year 2023-24. Accordingly, amounts held in the fund are not currently available to reduce the Electric Revenue Fund's pension obligations.

Source: CalPERS Actuarial Valuation Report as of June 30, 2022, dated July 2023.

For Fiscal Years 2019-20, 2020-21 and 2021-22, the City incurred Miscellaneous plan pension expenses of $38,832,597, $26,274,890 and $27,329,625, respectively. The reduction in expenses beginning in Fiscal Year 2020-21 reflects the City's issuance of the 2020 Pension Obligation Bonds in June 2020. The City incurred Miscellaneous plan pension expenses of $29,142,739 in Fiscal Year 2022-23, based on unaudited actual results.

The Electric System is also obligated to pay its share of the 2020 Pension Obligation Bonds and pension obligation bonds which the City issued in 2004 and partially refinanced in May 2017 (collectively, the "**Prior Pension Obligation Bonds**" and, together with the 2020 Pension Obligation Bonds, the "**Pension Obligation Bonds**"). The Electric System's total proportional share of the outstanding principal amount of the Pension Obligation Bonds was approximately $59,343,946 as of June 30, 2023. That share will amortize based on the respective amortization schedules of the Pension Obligation Bonds (which extend to 2045). 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 2023-24 is shown below.

ACTUARIAL ASSUMPTIONS FOR CALPERS MISCELLANEOUS PENSION PLAN

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Salary Increases	Varies by entry age and service
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: GASB 68 Accounting Report for City of Riverside Miscellaneous Plan.

Beginning in Fiscal Year 2017-18, CalPERS began collecting employer contributions toward a pension plan's unfunded liability as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's unfunded liability will continue to be collected as set dollar amounts.

The City's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component that is equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations, including, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the unfunded liability reflects certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years. As a result, the unfunded liability may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will fund under the CalPERS plans to retirees and active employees upon their retirement, and not as a fixed expression of the liability that the City owes to CalPERS.

The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2011-12 through 2021-22 report investment gains of approximately 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3% and (6.1%), respectively. The preliminary earnings report for Fiscal Year 2022-23 reflects investment gains of approximately 5.8%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. 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 2024A Bonds.

The announcement on July 12, 2021 that CalPERS achieved investment returns of 21.3% in Fiscal Year 2020-21 caused the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in fall 2021 in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. 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 who were not previously CalPERS members will also see their contribution rates rise under AB 340.

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***	***Net Pension Liability / (Asset)***
Balance at June 30, 2021	$1,549,561,496	$1,638,244,651	$ (88,683,155)
Balance at June 30, 2022	1,605,411,929	1,473,710,885	131,701,044
Net Changes for period from July 1, 2021 through June 30, 2022	$ 55,850,433	$ (164,533,766)	$ 220,384,199

Source: CalPERS GASB 68 Accounting Report prepared for the City of Riverside Miscellaneous Plan as of June 30, 2022.

The table below presents the net pension liability of the City's Miscellaneous plan, calculated using the discount rate applicable to fiscal year 2022-23 (6.90%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) 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% (5.90%)	***Applicable Discount Rate (6.90%)***	***Discount Rate + 1% (7.90%)***
Plan's Net Pension Liability/(Asset)	$350,679,711	$131,701,044	$48,111,021

Source: CalPERS GASB 68 Accounting Report prepared for the City of Riverside Miscellaneous Plan as of June 30, 2022.

For additional information relating to the City's CalPERS Miscellaneous pension plan, see Note [6] to RPU's audited Financial Statements for the Fiscal Year ended June 30, [2022], which are set forth in Appendix B.

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 Fiscal Years 2020-21, 2021-22 and 2022-23, the OPEB expense recorded for the Electric System was approximately $183,000, $530,000 and $431,000, respectively. The Electric System's net OPEB liability as of June 30, 2021, 2022 and 2023 was $11,125,610, $10,460,146 and $9,837,144], 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, 2022	$48,770,385	$0	$48,770,385
Balance at June 30, 2022	45,470,582	0	45,470,582
Net Changes for period from July 1, 2021 through June 30, 2022	$ 3,299,803	$0	$ 3,299,803

Source: City of Riverside Actuarial Study of Retiree Health Liabilities Under GASB 74/75 as of June 30, 2022.

The following table presents the net liability of the City's OPEB plan, calculated using the discount rate applicable to Fiscal Year 2022-23 (3.54%), as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate:

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

	Discount Rate – 1% (2.54%)	***Current Discount Rate (3.54%)***	***Discount Rate + 1% (4.54%)***
Plan's Net Liability/(Asset)	$49,839,273	$45,470,582	$42,384,099

Source: City of Riverside Actuarial Study of Retiree Health Liabilities Under GASB 74/75 as of June 30, 2022.

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 2024A Bonds.

For additional information relating to the City's OPEB plan, see Note [7] to RPU's audited Financial Statements for the Fiscal Year ended June 30, [2022], which are set forth in Appendix B.

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 2024A 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 Notes [2 and 3] to RPU's audited Financial Statements for the Fiscal Year ended June 30, [2022], which are set forth in Appendix B.

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 2022-23, the number of metered customers of the Electric System was 112,751.

Power Supply

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

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

(ii) entitlements in the Intermountain Power Project ("**IPP**") Generating Station, the Hoover Power Plant and, through the City's participation in SCPPA, the Palo Verde Nuclear Generating Station ("**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 2022-23, the overall average net cost of generation and transmission was 9.6 cents per kilowatt-hour ("**kWh**").

The following table sets forth the amounts in megawatt hours ("**mWhs**") and percentages of electricity obtained by the City during Fiscal Year 2022-23.

TABLE 3
ANNUAL ELECTRICITY SUPPLY[1]
FISCAL YEAR 2022-23

Resources	*mWh*	*Percentage*
Renewable Resources	1,010,800	45.4%
Firm Contracts and Market Purchases	551,700	24.7
IPP Generating Station	460,400	20.6
Springs, RERC and Clearwater	92,600	4.1
PVNGS	101,500	4.5
Hoover Power Plant	22,900	1.0
Total	2,239,300	100.0%

(1) Includes native load (the supply for end-use customers that the Electric System is obligated to serve), losses and wholesale power sales. Reflects preliminary results based on available information to date; subject to change.
Source: City.

During Fiscal Year 2022-23, the Electric System generated and purchased a total of 2,239,300 mWhs of electricity for delivery to customers throughout the City. The system peak for Fiscal Year 2022-23 of 647.8 megawatts ("**MWs**") was set on September 7, 2022. 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,				
	2019	*2020*	*2021*	*2022*	*2023*[3]
From City's Own Generation (mWh)….[2]	108,200	77,500	95,400	68,000	92,600
From Other Sources (mWh)	2,153,500	2,160,000	2,166,900	2,214,900	2,147,300
System Total (mWh)[1]	2,261,700	2,237,500	2,262,300	2,282,900	2,239,300
System Peak Demand (MW)	610.9	587.2	630.3	575.9	647.8
System Native Load (mWh)	2,150,000	2,114,000	2,122,000	2,144,000	2,161,000

(1) Before system losses. Excludes wholesale sales.
(2) Fluctuations in City generation reflect changes energy market prices and peak electricity needs, which can vary based on weather and other circumstances.
(4) Reflects preliminary results based on available information to date; subject to change.
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 gross 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 2020 Decommissioning Cost Estimate provided by SCE, the total decommissioning costs for Units 2 and 3 are estimated at $5.2 billion in 2020 dollars, of which the Electric System's share is approximately $93.8 million. The Electric System has established trust accounts and a designated decommissioning reserve to accumulate resources for the decommissioning process. As of June 30, 2023, the Electric System has paid $45.9 million for its share of the decommissioning costs from the trust accounts. The remaining estimated costs of $47.9 million are expected to be fully covered by the trust accounts and the designated decommissioning reserve, which as of June 30, 2023, had values of $47.1 million and $8.6 million, respectively. Because of the uncertainty of future unknown costs, the Electric System will continue to set aside moneys in the designated decommissioning reserve in the amount of $2 million per year (as increased beginning in Fiscal Year 2020-21). The $2 million amount has been approved by the Board and City Council and will be set aside each year unless adjusted by the Board and City Council in the future.

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 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." After 2027, the City expects to replace most of the power that is currently supplied through the IPP Contract with energy from new renewable resources, concurrent with its efforts to reach a 60% renewable portfolio standard by or before 2030. See the captions "—Electric System Strategic Plan—Power Resource Portfolio Management" and "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—State Legislation Affecting the Power Supply."

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 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 IPP. Coal is purchased under a portfolio of fixed price contracts that are of short- and long-term duration. Currently, the IPP Generating Station is running at approximately at a 45% capacity factor level due to challenges in obtaining additional short-term coal supply contracts. However, LADWP has sufficient long-term coal under contract to maintain this capacity factor through early 2025, when the coal units are expected to be retired. 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." However, certain other parties could continue their participation.

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 MWs 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: (i) termination of the Renewal Power Sales Contract between IPA and the Electric System effective November 1, 2019; and (ii) the Electric System'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**"). The City has executed 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 20 MW as of June 30, 2023.

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 $180,545,458 as of June 30, 2023. Based on the most recent estimate of decommissioning costs prepared by TLG Engineering in 2019, SCPPA has advised the City that it estimates that the City's share of the amount required for decommissioning of was 85% funded as of December 31, 2022, which exceeds the 82% committed funding level. An updated estimate of decommissioning costs is currently underway and is expected to be finalized by the end of calendar year 2023, at which time the required funding level will be updated. No assurance can be given, however, that the required funding level will be sufficient to fully fund SCPPA's share of decommissioning costs at license expiration and commencement of decommissioning activities.

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.

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**") and power sales agreements (each, a "**PSA**") with various entities described below, in general on 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 AND PSAS IN OPERATION

Supplier	*Type*	*Maximum Contract Amount*[1]	*Contract Expiration*
CalEnergy – Salton Sea Portfolio	Geothermal	86.0 MW	12/31/2039
Atlantica – Coso Geothermal	Geothermal	30.0 MW	12/31/2041
Wintec	Wind	1.3 MW	02/19/2024
WKN Wagner	Wind	6.0 MW	12/22/2032
Terraform Power – AP North Lake	Photovoltaic	20.0 MW	08/11/2040
Onward Energy – 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
AES			
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
Arevon – Tequesquite Landfill Solar	Photovoltaic	7.3 MW	12/31/2040
Roseburg Forest Products	Biomass	N/A[2]	02/16/2026
Total		259.7 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 RPU.

[2] This supply is only available to satisfy SB 859 requirements. See the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRICT—State Legislation Affecting the Power Supply—Senate Bill 859 – "Budget Trailer Bill" – Biomass Mandate."

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 increased 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 an increasing amount of delivery that started at 20 MW in 2016, increased to 40 MW in 2019 and increased to 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. Like other renewable PPAs, RPU is only obligated to pay for energy that is delivered to the City.

Concurrently, the pricing under the Salton Sea PPA was 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, reflecting the exchange of benefits for substantially lower pricing under the new PPA. The cost increase under the Salton Sea PPA and accrual of the prepayment ended as of May 31, 2020. As of June 30, 2022, RPU's prepayment of future contractual obligations totaled $12,970,000. This prepayment was recorded on the City's Statements of Net Position as unamortized purchased power, to be amortized over the term of the CalEnergy PPA. As of June 30, 2022, RPU had recorded $645,000 in amortization related to the unamortized purchased power.

Atlantica – Coso Geothermal. On January 15, 2021, the City entered into a 20-year PSA with SCPPA for 10 MW (for the first 5 years of the contract) and 30 MW (for the remaining 15 years of the contract) of geothermal energy generated by Atlantica's Coso Geothermal project. The City has partnered with the cities of Banning and Pasadena to share SCPPA's contracted capacity in this project. The project began delivering power on January 1, 2022. The City's share of Coso Geothermal is expected to provide 87,500 mWh annually in the first 5 years of the term and 268,300 mWh for the remainder of the term at an all-in price for energy, capacity, resource adequacy and environmental attributes of $69.00 per mWh over the term of the PSA.

Wintec. On January 28, 2003, the City entered into a 15-year renewable PPA with Wintec Energy, Ltd. ("**Wintec**") to purchase all of the energy output generated by Wintec's wind-powered electric generating units with capacity up to 5 MW. Due to unforeseen circumstances, Wintec was only able to generate capacity totaling 1.3 MW. On November 15, 2005, the City Council approved an amendment to the original agreement, reducing the capacity to 1.3 MW. The amended contract with Wintec terminated in December 2018. However, on February 12, 2019, the City Council approved an extension to the amended agreement for an additional five years at a reduced price of $ 35.77 per mWh. RPU has not yet decided whether to seek a further extension of the Wintec PPA after its scheduled expiration in early 2024.

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 $76.35 per mWh.

Terraform Power – 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.

Onward Energy – 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 Onward Energy. 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 Onward Energy. 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 renewable wind energy from the Cabazon Wind Energy Center near Cabazon, California. Cabazon Wind is an existing renewable resource that has been in commercial operation since 1999. SCE purchased the output of the facility through December 2014. At the expiration of SCE's contract, Cabazon Wind entered into new interconnection and generation agreements with CAISO and SCE. The developer completed the implementation of the transition to the City as of January 1, 2015. Delivery under the PPA commenced on January 1, 2015. The project is expected to generate 71,200 mWh of renewable 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. 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.

AES – 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, which has two 20 MW PPAs for the projects. Summer Solar became commercially operational on July 25, 2016 and Antelope Big Sky Ranch became commercially operational on August 19, 2016. The City's share from the two projects totals 55,000 mWh of renewable energy per year. The price under the agreements is $71.25 per mWh over the term of the agreements. In 2021, sPower merged with the AES Corporation, resulting in AES becoming the new parent company.

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

Arevon – 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 solar photovoltaic energy generated by a facility to be built on the City-owned Tequesquite Landfill. The project was fully commissioned and operational on September 30, 2015 and is expected to generate approximately 15,000 mWh of renewable energy per year. 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. In 2022, Capital Dynamics was acquired by Arevon.

Roseburg Forest Products. On February 16, 2021, the City entered into a 5-year SB 859 Purchase Agreement with Roseburg Forest Products Co. See the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRICT—State Legislation Affecting the Power Supply—Senate Bill 859 – "Budget Trailer Bill" – Biomass Mandate" for a discussion of SB 859. The City has a 4.48% share of the output of the project, which has a total capacity of 13.4 MW. The project became commercially operational on February 16, 2021. The price for the SB 859 compliant capacity is $46.00 per mWh over the term of the agreement.

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 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 Years 2021-22 and 2022-23, the City purchased 447,400 mWh and 538,100 mWh, respectively, of firm energy (approximately 19.6% and 24.2%, respectively, of its total energy supply) through short-term contracts. These purchases were from WSPP counterparties, with energy ultimately being served through the CAISO Integrated Forward Market. 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 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 and Antelope DSR 1 Solar 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 STS (which is described under captions "—Entitlements—IPP Generating Station" above and "—Transmission and Distribution Facilities—Southern Transmission System" below), 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 2022-23, the City collected $35.2 million 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 June 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 commencement of operations by 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 June 30, 2023, the City had 99.2 circuit miles of sub-transmission and 1,355 circuit miles of distribution lines, of which approximately 842 circuit miles are underground. There are 14 substations, with a combined capacity of 1,465 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 to date have been partially financed by Prior Parity Bonds issued in 2008 and 2010 and the City expects to issue a series of Additional Bonds (the "**RTRP Bonds**") in or about 2024 to finance RTRP construction costs. The principal amount of the RTRP Bonds will be determined by a number of factors, including whether the City and SCE elect to underground elements of RTRP. If issued, the RTRP Bonds will constitute Additional Bonds payable from Net Operating Revenues on a parity with the 2024A Bonds. In addition, 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.

The California Public Utilities Commission (the "**CPUC**") issued a final Subsequent Environmental Impact Report (the "**SEIR**") on October 2, 2018, marking the completion of the CPUC's California Environmental Quality Act review process. Construction of RTRP is expected to commence in early 2024.

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 2023-24 through 2027-28 totaling approximately $315.5 million, subject to adjustment as project cost estimates change:

FIVE-YEAR CIP[(1)]
FISCAL YEARS 2023-24 – 2027-28
(DOLLARS IN MILLIONS)

Category	***Cost***
Overhead	$ 48.9
Underground	75.1
Substation	69.7
Recurring/Obligation to Serve	83.2
System Automation	38.6
Total	**$315.5**

(1) Excludes RTRP construction costs. See the caption "—Transmission and Distribution Facilities—Sub-Transmission and Distribution."
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 five-year CIP is expected to be funded from proceeds of the 2024A Bonds (as discussed under the caption "PLAN OF FINANCE—2024 Project") and 2026A Bonds (as discussed under the caption "INTRODUCTION—Additional Bonds and Parity Debt"), with the balance to be funded by a combination of rates, reserves and other resources.

See also the caption "—Transmission and Distribution Facilities—Sub-Transmission and Distribution" for a discussion of the expected issuance of the RTRP Bonds to finance construction of RTRP. RTRP costs are *not* reflected in the five-year CIP table above.

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,				
	2019	***2020***	***2021***	***2022***	***2023***
Domestic	98,322	98,930	99,226	99,731	100,054
Commercial	11,537	11,598	11,817	11,922	12,026
Industrial	570	581	616	625	622
Other	51	52	52	50	49
Total – all classes	110,480	111,161	111,711	112,328	112,751

Source: City.

TABLE 7
ENERGY SOLD
(MILLIONS OF KWH)

	Fiscal Year Ended June 30,				
	2019	***2020***	***2021***	***2022***	***2023***
Domestic	722	723	783	759	786
Commercial	460	442	430	443	440
Industrial	947	931	891	923	920
Other	21	18	18	19	15
Wholesale Sales	-	1	-	2	14
Total kWh Sold[(1)]	2,150	2,115	2,122	2,146	2,175

(1) 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 2022-23 by dollar amounts charged.

TABLE 8
TOP 10 ELECTRIC SYSTEM CUSTOMERS
FISCAL YEAR 2022-23[(1)]
(DOLLARS IN THOUSANDS)

Electric System Customer	*Electric Charges*[(2)]	*Percent of Electric System Retail Revenues*[(2)]
Local University	$13,262	3.8%
Local Government	8,255	2.4
Local Government	7,315	2.1
School District	5,119	1.5
Corporation	4,538	1.3
Corporation	3,800	1.1
Corporation	3,640	1.1
Hospital	3,389	1.0
Corporation	3,138	0.9
Local University	3,085	0.9
Total	$55,540	16.0%

(1) Figures above do not include public benefit surcharge of 2.85% pursuant to AB 1890.
(2) Based on unaudited actual figures.
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 16.0% of the Electric System's retail revenues of $347.5 million in Fiscal Year 2022-23, based on unaudited actual figures.

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 that is sufficient to meet the Electric System's Operating 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 2024A 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 under Assembly Bill 1890 ("**AB 1890**"). At this time, none of the CPUC, any regulatory authority of the State or 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., AB 1890 and subsequent legislation) and is restricted to various socially beneficial programs and services.

As of January 1, 2023, the Electric System has 18 rate schedules in effect. The City provides no free electric service.

On May 22, 2018, the City Council approved a five-year electric rate plan, with rate increases scheduled to become 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% scheduled to become 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 recovers 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.

In response to the COVID-19 pandemic, the City delayed implementation of the 3% electric service rate increase that was scheduled to go into effect on January 1, 2021. The rate increase instead went into effect on July 1, 2021, and rate increases which occurred after such date were not delayed or rescheduled. See the caption "RISK FACTORS—COVID-19 Outbreak."

A rate proposal was provided to the Board on June 12, 2023 and to the City Council on June 27, 2023, after the completion of a rate study dated June 9, 2023 by an independent third party consultant (the "**Rate Study**"). In July and August 2023, 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 City as well as the City's attendance at multiple neighborhood and business group meetings. After holding the required public hearing on August 28, 2023, the Board adopted and recommended that the City Council approve a five-year electric rate plan (the "**2023 Rate Plan**") based on the Rate Study.

On September 19, 2023, the City Council adopted the 2023 Rate Plan, which includes rate increases that are scheduled to become effective on January 1, 2024, and each January 1 thereafter through January 1, 2028, inclusive. The system average rate increase that is scheduled to become effective January 1, 2024 is 7.0%, followed by system average rate increases of 7.0%, 7.0%, 2.0%, and 2.0%, scheduled to become effective on January 1, 2025, 2026, 2027, and 2028, respectively. Actual increases for individual customers will vary by customer class and usage level.

Historically, electric rates for the City's customers have been lower than rates for SCE customers. Based on the City's rates effective June 1, 2023, the City's single family residential customers with annual monthly average consumption of 600 kWh would pay an average of 88% higher rates if served by SCE (based on average SCE rates). 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,				
	2019	***2020***	***2021***	***2022***	***2023***
Residential	16.11	16.80	17.00	17.70	17.88
Commercial	16.09	16.60	17.00	17.10	17.53
Industrial	11.72	12.10	12.60	13.30	13.54
Other	23.45	26.50	26.70	26.50	35.78
System Averages	14.19	14.70	15.20	15.80	16.08

(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 RPU.

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 and California Health and Safety Code Section 116908. 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 notice is delivered by Utility Field Service staff 10 days prior to proposed discontinuance of service, and the customer is charged a $21.50 notification fee. If payment is not received after 60 days, 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 $43.00 and $80.50, and may be required to pay a customer deposit.

RPU 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/no activity.

See the caption "RISK FACTORS—COVID-19 Outbreak" for a discussion of the suspension of certain aspects of the City's collection policies and resultant write-offs in the wake of the COVID-19 outbreak.

Uncollectible Accounts

Based on the average annual amount of billable revenues reflected in the table below (approximately $323 million), the City experienced an annual average of approximately 0.28%, or approximately $890,000, of uncollectible accounts for the past five years, including the period covered by the COVID-19 pandemic. Notwithstanding the foregoing, the State provided financial assistance to Electric System customers through a programs, known as CAPP, under which the City received a total of $11.1 million to cover delinquent Electric System balances. See the caption "RISK FACTORS—COVID-19 Outbreak" for a detailed discussion of CAPP. 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*[1]	*Write-Off as % of Billing*[2]	*Write-Off*	*Ending Accounts Receivable Balance*[3]
2019	$302,733	$303,428	0.160%	$ 483	$28,039
2020[4]	310,054	303,556	0.336	1,043	33,493
2021[4]	318,707	307,425	0.150	478	44,297
2022[4]	336,405	332,447	0.706	2,374	45,881
2023	347,014	358,886[5]	0.021	72	33,936

(1) Amounts shown in this column do not reflect the receipt of moneys from the State under the CAPP electric utility financial assistance programs. See the caption "RISK FACTORS—COVID-19 Outbreak."
(2) Represents the amount shown under the column entitled "Write-Off" divided by amount shown under the column entitled "Billings" for the corresponding year.
(3) 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.
(4) See the caption "RISK FACTORS—COVID-19 Outbreak" for a discussion of the suspension of certain aspects of the City's collection policies in the wake of the COVID-19 outbreak.
(5) Payments exceed billings because of the reduction in accounts receivable as the City recommenced service disconnections for non-payment.

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 Fiscal Years 2021-22 and 2022-23 were $39.4 million and $42.3 million, respectively (approximately 11.5% and 11.5%, respectively, of the applicable prior Fiscal Year's Gross Operating Revenues). The estimated transfer to the General Fund of the City for Fiscal Year 2023-24 is $44.6 million (approximately 11.5% of the Fiscal Year 2022-23's anticipated Gross Operating Revenues).

See the caption "—Litigation" for a description of a recent court ruling holding that the General Fund transfer from the Electric System is not a cost of providing the service of the Electric System and violates Article XIIIC of the State Constitution. See the caption "CONSTITUTIONAL LIMITATIONS—Articles XIIIC and XIIID of the State Constitution." In response to the ruling, the City Council placed a ballot

measure, known as Measure C, on the November 2, 2021 ballot, seeking the approval of City voters to continue transfers of surplus Electric System revenues to the General Fund. Measure C was approved by City voters and the City intends to continue to transfer Electric System revenues to the General Fund.

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 September 7, 2021, the Cash Reserve Policy was updated and approved by City Council to reflect updates to the designated decommissioning reserve for SONGS (as discussed under the caption "—City-Owned Generating Facilities—Decommissioning of SONGS"), minimum and maximum funding levels for undesignated reserve and other minor revisions. 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.

On February 1, 2022, the City entered into the $35,000,000 Revolving Credit Facility, which provides additional flexibility and operating liquidity for the Electric System. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS—Subordinate Obligations—Existing Subordinate Obligations—Revolving Credit Facility" for additional information on the Revolving Credit Facility.

As of June 30, 2023, the undesignated Electric System reserve balance was $137.9 million, which, combined with the amount available under the Revolving Credit Facility, was within the minimum and maximum guidelines as set forth in the policy.

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. Based on unaudited actual figures, the designated cash reserve balances as of June 30, 2023, are as follows (in thousands of dollars):

Additional Decommissioning Liability Reserve	$ 8,644
Customer Deposits	4,948
Capital Repair and Replacement Reserve	2,287
Electric Reliability Reserve	87,127
Mission Square Improvement Reserve	2,113
Dark Fiber Reserve	4,801
Total[(1)]	$109,920

(1) Reflects preliminary unaudited actual figures; subject to change. The final figures will be 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 2022-23.

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 Electric System which are 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 June 30, 2023, the City's total debt obligations with respect to joint powers agency bonds were approximately $34.4 million. 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 JUNE 30, 2023
(DOLLARS IN THOUSANDS)

Joint Powers Authority Obligation	*Amount of Outstanding Debt*	*City's Participation*[1]	*City's Share of Outstanding Debt*
Intermountain Power Agency			
Intermountain Power Project[2][3]	$187,527	7.617%	$14,283
Southern California Public Power Authority			
Southern Transmission System	198,252	10.164	20,150
Total	$385,779		$34,433

(1) Participation obligation is subject to increase upon default of another project participant.
(2) Includes bonds, commercial paper, subordinate notes and line of credit.
(3) The IPP Contract expires in 2027, after which time, the City will have no further obligations to pay IPA debt. See the caption "—Entitlements—IPP Generating Station."

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 multiple General Liability policies: a primary liability policy and three excess liability policies. The primary General Liability policy provides the City with $4,000,000 in total aggregate limits and the excess General Liability policies provide the City with $21,000,000 in coverage, for a total of $25,000,000 in combined General Liability 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 Officials Errors and Omissions coverage. The City also purchases an excess Workers 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. A self-insured retention is the dollar amount that the City must pay before an insurance policy responds to a loss.

The City participates in two separate property insurance programs; the first is an "All Risk" property program that affords an aggregate limit of $1 billion for City-owned properties, and the second program provides $210 million in property and equipment breakdown coverage for RERC, Springs and Clearwater. The City also purchases a stand-alone Pollution policy for RERC, Springs and Clearwater. See the caption "—City-Owned Generating Facilities" for a discussion of RERC, Springs and Clearwater. The City's property

deductibles range from between $100,000 to $250,000 depending on the peril at the time of loss. 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 "**resettlement costs**"). The City had taken the position that no interest should apply to the resettlement costs, 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. In 2019, FERC authorized interest on the resettlement costs and subsequently denied the request for rehearing on the issue of interest. The City, along with the other Southern Cities, SCE, Pacific Gas & Electric and Shell Corporation appealed the FERC order to the United States Court of Appeals, District of Columbia Circuit. In April 2021, the City was charged resettlement interest by the CAISO in the amount of $1.6 million, which the City paid under protest. On January 21, 2022, the City executed a settlement agreement under which SCE and Pacific Gas & Electric paid the CAISO $1.215 million each and the Southern Cities received a refund of $2.43 million in the form of a CAISO invoice credit. The City's share of this settlement was approximately 34%, or $826,000. All other parties executed and submitted the settlement agreement to FERC. On May 5, 2022, FERC approved the settlement agreement under Docket ER22-963-000. On June 20, 2022, the United States Court of Appeals, District of Columbia Circuit issued an order granting the Southern Cities' unopposed motion for voluntary dismissal of the appeal. This matter has now been resolved.

Parada II. ***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."

On October 9, 2020, the court ruled that the General Fund transfer from the Electric System is not a cost of providing the service of the Electric System and violates Article XIIIC of the State Constitution. See the caption "CONSTITUTIONAL LIMITATIONS—Articles XIIIC and XIIID of the State Constitution." Based on the court's order in the liability phase of the trial, the City estimated that approximately $19 million-$32 million of the General Fund transfer was potentially attributable to Electric System revenue that was not approved by the voters and could be subject to refund.

On May 17, 2021, the City and the plaintiffs entered into a settlement agreement that was conditioned on: (1) the City Council's placement of a ballot measure on in the November 2021 election to approve the General Fund transfer as a general tax (the "**Ballot Measure**"); and (2) voter approval of the Ballot Measure. The City Council placed the Ballot Measure on the ballot for the November 2, 2021 election. The parties agreed to stay the litigation until certification of the results of the Ballot Measure. If voters approved the Ballot Measure, the City agreed to refund to Electric System customers an amount equal to $24 million less the amount awarded to the plaintiffs' counsel in fees, paid over a five year period that was to begin no later than February 1, 2022. If voters did not approve the Ballot Measure, the litigation would then resume.

On or about September 16, 2021, prior to the November 2, 2021 election, a petition for writ of mandate entitled *Riversiders Against Increased Taxes v. City of Riverside, et al.* (the "**RAIT lawsuit**") was filed against the City challenging the Ballot Measure on the grounds that it could not be adopted at the November 2021 election because that election is a "special" election and, under Proposition 218, a ballot measure to impose a general tax can only be submitted to voters at a general election. On November 9, 2021, the court set a trial date for the RAIT lawsuit for January 7, 2022 and ordered a stay of the certification of the Ballot Measure election results pending the January 7, 2022 hearing. The court did not otherwise delay or cancel the election for the Ballot Measure, and the election was held on November 2, 2021, with Measure C approved by a majority of the voters.

On April 26, 2022 the RAIT lawsuit trial court determined that the November 2021 election was a "special election" rather than a "general election" and therefore did not comply with Proposition 218. The court further ruled that it lacked power to enjoin the certification of election results or to otherwise invalidate the election. Both sides have since appealed the April 26, 2022 ruling. The case has been fully briefed and the parties are awaiting a date for oral argument.

On May 12, 2022, the City and the plaintiffs in the Parada II lawsuit amended the May 17, 2021 conditional settlement agreement to reflect the following additional terms: (a) the City agreed to start making refunds to ratepayers by October 1, 2022; (b) if the City prevailed in the appeal of the trial court's decision in the RAIT lawsuit, no additional refunds would be due to the ratepayers; (c) if the City did not prevail in the appeal of the trial court's decision in the RAIT lawsuit, additional refunds would be implemented in the amount of $705,882 per month, from November 2021 until: (i) the City set new electric rates; (ii) voters approve a valid ballot measure relating to the General Fund transfer; or (iii) the City otherwise stops collecting the General Fund transfer from the Electric System. The Parada II lawsuit was dismissed on May 13, 2022. The RAIT lawsuit plaintiffs sought to intervene in the Parada II lawsuit and set aside this dismissal. However, on August 3, 2022, the Parada II trial court refused to set aside the dismissal.

The City Council adopted a resolution certifying the results of the Measure C election on July 19, 2022. The City has now begun to implement the settlement agreement with the Parada II plantiffs, including the May 12, 2022 additional terms, with full implementation to be undertaken upon the resolution of the appeals in the RAIT lawsuit as discussed in the previous paragraph.

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 Year 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 as well as preliminary unaudited results for Fiscal Year 2022-23, but excludes certain receipts which do not constitute Gross Operating Revenues and certain non-cash items and reflects certain other adjustments.

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

	Fiscal Year Ended June 30,				
	2019	***2020***	***2021***	***2022***	***2023***[1]
Operating Revenues[2]:					
Residential	$116,303	$121,162	$133,460	$134,403	$140,538
Commercial, Industrial and Other	188,780	189,552	188,947	203,474	206,953
Wholesale Sales	344	-	27	89	2,043[3]
Transmission Revenues	35,730	34,817	32,316	32,245	35,233
Other	13,121	13,960	12,099	18,758	24,403
Total Operating Revenues Before (Reserve)/Recovery	354,278	359,491	366,849	388,969	409,170
Reserve for Uncollectible, Net of (Reserve)/Recovery	(911)	(1,891)	(4,034)	681	(475)
Total Operating Revenues, Net of (Reserve)/Recovery	353,367	357,600	362,815	389,650	408,695
Interest Income/(Loss)	13,372	14,032	496	(10,330)[4]	5,952
Capital Contributions	3,496	4,875	3,456	5,445	4,951
Non-Operating Revenues	4,276	1,885	6,897	7,094	6,317
Total Revenues	$374,511	$378,392	$373,664	$391,859[5]	$425,915[5]
Operating and Maintenance Expenses[6][7]:					
Nuclear Production[8]	$ 1,395	$ 1,642	$ 822	$ 914	$ 1,023
Production & Purchased Power[9]	153,868	155,898	163,086	175,682	194,891[10]
Transmission Expenses[11]	64,443	58,830	59,770	65,996	68,052
Distribution Expenses	19,639	17,665	21,735	18,270	21,225
Customer Account Expenses	7,542	6,832	6,829	6,845	7,871
Customer Service Expenses	998	713	1,638	1,727	2,182
Administration & General Expenses[12]	13,559	16,120	12,046	10,992[13]	18,986[14]
Clearing & Miscellaneous Expenses	18,316	19,362	18,367	17,794	18,559
Total Operating and Maintenance Expenses	$279,760	$277,062	$284,293	$298,220	$332,789
Net Operating Revenues Available for Debt Service and Depreciation	$ 94,751	$101,330	$ 89,371	$ 93,639	$93,126
Debt Service Requirements on Bonds[15]	$ 42,466	$ 38,633	$ 44,923	$ 46,028	$46,400
Debt Service Coverage Ratio	2.23x	2.62x	1.99x	2.03x	2.01x

(1) Reflects preliminary unaudited results; subject to change.

(2) Operating Revenues exclude restricted revenues generated from the public benefits charge under AB 1890. See the caption "—Electric Rates and Charges."

(3) Increase in Fiscal Year 2022-23 reflects a transmission constraint, requiring the power that the City was scheduled to receive to be resold.

(4) Decrease reflects fair market value adjustment of investments and slightly lower overall investment rate.

(5) Includes net revenue adjustment of $134 and $247 under GASB Statement No. 87 relating to leases for Fiscal Years 2021-22 and 2022-23, respectively. The City elected not to revise the beginning net position upon its adoption of GASB Statement No. 87 as of July 1, 2021.

(6) Operating and Maintenance Expenses exclude expenses incurred under the related program.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(7) In accordance with the Resolution, the figures shown exclude contributions to City's General Fund of $39,886, $39,558, $39,899, $39,436 and $42,326 for Fiscal Years 2018-19 through 2022-23, respectively. These contributions do not constitute Operating and Maintenance Expenses and are subordinated to debt service on the Bonds. See the captions "—Transfers to the General Fund of the City" and "—Litigation." Also excludes depreciation and amortization.

(8) Nuclear Production reflects non-decommissioning expenses and changes to decommissioning liability related to SONGS. See the caption "—City-Owned Generating Facilities—Decommissioning of SONGS."

(9) 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."

(10) Increase in Fiscal Year 2022-23 primarily due to exceptionally elevated winter natural gas prices, which in turn caused significantly elevated power prices. Such power prices were already higher due to the Ukraine/Russia war which commenced in early 2022, which caused price disturbances in both the gas and power markets.

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

(12) Excludes GASB 68 non-cash adjustments of $(1,323), $3,364 and $9,682, $(16,425) and $(1,308) for Fiscal Years 2018-19 through 2022-23, respectively. Excludes GASB 75 adjustments of $300, $490, $183, $530 and $431 for Fiscal Years 2018-19 through 2022-23, respectively. See the caption "THE PUBLIC UTILITIES DEPARTMENT—Employment Matters."

(13) Decrease reflects non-cash pension accounting standard adjustment.

(14) Increase reflects one-time employee stipend (not qualifying for the purpose of pension compensation) approved by the City Council on September 20, 2022.

(15) Includes debt service on portion of 2020 Pension Obligation Bonds that is attributable to the Electric System. Notwithstanding the inclusion of debt service in the table, such amounts are payable from moneys remaining after payment of Electric System Revenue Bonds.

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 RPU'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 RPU'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 in 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 RPU. 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. RPU 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 increased by approximately 13.7% from Fiscal Years 2018-19 to 2022-23 primarily as a result annual increases in retail rates approved by City Council on May 22, 2018. Historically, retail revenues have generally increased year over year due to annual increases in retail rates. Operating and Maintenance Expenses (excluding depreciation and public benefit programs) increased by approximately 19.0% from Fiscal Years 2018-19 to 2022-23 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.

See the caption "RISK FACTORS—Climate Change" for a discussion of the City's Economic Prosperity Plan and Climate Action Plan, which applies to the City as a whole.

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 the RRG Plan, 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 LSA Consultants. UTC Aerospace, OSI Industries and the Riverside Convention Center were previously certified through the Green Business Program.

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 GHG 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 RPU'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 GHG 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 enabled the City to 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 45% of its retail energy needs with renewable energy in calendar year 2022 (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 Cyber Security

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 and finalized the second version of the Framework in April 2018. NIST has indicated that it intends for the Framework to continue to be updated and improved as the security industry provides feedback on implementation.

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 cyber security information sharing program that will encourage both public and private sector entities to share cyber-related threat information. The City participates in sharing and receiving information about cyber threats through several hubs, including the Electricity Information Sharing and Analysis Center and the National Cybersecurity and Communication Integration Center.

In addition, the federal Energy Policy Act of 2005, other provisions of which are discussed under the caption "—Federal Energy Legislation—Energy Policy Act of 2005" below, gave FERC the authority to oversee the reliability of the bulk power system, including the authority to approve mandatory cyber security reliability standards. The North American Electric Reliability Corporation ("**NERC**"), which FERC has certified as the nation's Electric Reliability Organization, developed Critical Infrastructure Protection ("**CIP**") cyber security reliability standards. See the caption "RISK FACTORS—Cyber Security" for a discussion of the City's cyber security program.

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. The Western Electricity Coordinating Council is the Regional Entity for the City's region. 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" (such as the City) 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.

In April 2022, the FERC issued a Notice of Proposed Rulemaking that would, if adopted, result in reforms to the planning of the nation's transmission system as well as the allocation of costs for new transmission projects. The notice follows FERC's effort to solicit input from interested parties on a variety of reforms aimed at expanding the nation's transmission grid to accommodate the surge of renewable generation expected in the next two decades in order to achieve aggressive decarbonization goals of the Biden Administration and many states. The notice addresses reforms to transmission planning and cost allocation.

Other Federal Legislation

Legislation is introduced frequently in Congress addressing domestic energy policies and various environmental matters and impacts relating to energy, including the generation of energy using conventional and unconventional technologies. Issues raised in recent legislative proposals have included implementation of energy efficiency and renewable energy standards, addressing transmission planning, siting and cost

allocation to support the construction of renewable energy facilities, cyber security legislation that would allow FERC to issue interim measures to protect critical electric infrastructure, a federal cap-and-trade program to reduce GHG emissions and renewable energy incentives that could provide grants and credits to municipal utilities to invest in renewable energy infrastructure. Congress has also considered other bills relating to energy supplies and development (such as a federal energy efficiency standard and expedited permitting for natural gas drilling projects), cyber security, reducing regulatory burdens, climate change and water quality. Many of these bills, if enacted into law, could have a material impact on the Electric System and the electric utility industry generally. In light of the variety of issues affecting the electric utility sector, federal energy legislation in other areas such as reliability, transmission planning and cost allocation, operation of markets, environmental requirements and cyber security 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 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, in the aftermath of the March 2011 earthquake and tsunami that caused significant damage to the Fukushima Daiichi Nuclear Power Plant in Japan, 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. In addition, various industry organizations developed action plans for American nuclear power plants that are designed to ensure their continued reliability. A task force was formed for PVNGS under the direction of the PVNGS' Chief Nuclear Officer.

The NRC issued regulatory requirements for all 104 operating nuclear reactors located in the United States (including PVNGS) based on the task force's evaluations, which including modifications to operating licenses requiring safety enhancements. A number of improvements have been instituted at PVNGS driven by such requirements and the findings of the task force. Among such improvements are an increase in the redundancy in PVNGS power supply to emergency cooling systems, reinforcement of the spent fuel pool, acceleration of the transfer of spent fuel from the pool to the dry cask storage and added pipelines and associated equipment necessary for supplying additional cooling water to the reactors and the staging of "flex" equipment, which includes mobile pumps, generators, hoses and fire trucks that enable PVNGS to shift cooling water through the plant and power critical equipment in the event of a disaster.

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**") regulates GHG emissions under existing law by imposing monitoring and reporting requirements, and through its permitting programs. Like other air pollutants, GHGs are regulated under the Clean Air Act through the Prevention of Significant Deterioration ("**PSD**") Permit Program and the Title V Permit Program. A PSD permit is required before commencement of construction of new major stationary sources or major modifications of a major stationary source and requires best available control technologies ("**BACT**") to control emissions at a facility. Title V permits are operating permits for major sources that consolidate all Clean Air Act requirements (arising, for example, under the Acid Rain, New Source Performance Standards, National Emission Standards for Hazardous Air Pollutants and/or PSD programs) into a single document. The permit process provides for review of the documents by the EPA, state agencies and the public. GHGs from major natural gas-fired facilities are regulated under both permitting programs through performance standards imposing efficiency and emissions standards.

In May 2023, the EPA proposed new carbon pollution standards for coal and natural gas-fired power plants. The proposed rule would establish carbon dioxide ("**CO_2**") emissions limits and guidelines for new gas-fired combustion turbines, existing coal, oil and gas-fired steam generating units and certain existing gas-fired combustion turbines. The proposal includes the following elements, in each case reflecting the application of best systems for emissions reduction, taking into account costs, energy requirements and other statutory factors: (i) strengthening the current New Source Performance Standards for newly built fossil fuel-fired stationary combustion turbines (generally natural gas-fired); (ii) establishing emission guidelines for carbon pollution from existing fossil fuel-fired steam generating electric generating units (including coal, oil and natural gas-fired units) beginning January 1, 2030; and (iii) establishing emission guidelines for large, frequently used existing fossil fuel-fired stationary combustion turbines (generally natural gas-fired) beginning January 1, 2032 or January 1, 2035, depending on certain characteristics. Under the proposed rule, emissions standards are established for different subcategories of power plants according to unit characteristics such as their capacity, their intended length of operation and/or their frequency of operation. The proposed rule would generally require more CO_2 emissions control at fossil fuel-fired power plants that operate more frequently and for more years and would phase in increasingly stringent CO_2 requirements over time. The standards are based on emission control methods that can be installed at the plants, including technologies such as carbon capture and sequestration/storage, low-GHG hydrogen co-firing, and natural gas co-firing; however, the determination of whether to implement such technologies or to comply with the proposed emissions limits by other means would be made by power plant operators and state regulators. Under the proposal, states would be required to submit compliance plans to the EPA within 24 months of the effective date of the adoption of the regulations. The EPA has requested public comment on the proposed regulation. The public comment period on the proposed regulation closed on July 24, 2023, 60 days after the date of publication in the Federal Register. There can be no assurance that the final regulations to be adopted after public comment will reflect the currently proposed standards or as to the timing of the adoption and implementation thereof.

The Biden administration's proposed new carbon pollution standards are expected to face legal challenges and the City is unable to predict at this time the outcome of any such challenges. Given the uncertainty regarding such matters, 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.

Inflation Reduction Act. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "**IRA**"). The IRA introduces a large amount of funding and grants for governmental and non-profit organizations. Among the most significant energy-related grants are grants for "zero-emissions technologies"

and other GHG reduction activities as determined the EPA. Pursuant to the IRA, public power utilities and other tax-exempt entities will also be given access to refundable direct payment tax credits. Among the energy-related tax credits that may be available if certain requirements are met are a clean hydrogen production tax credit, a biogas and energy storage credit and enhancements to the credit for carbon capture. The IRA also expands and extends the renewable electricity production tax credit and the investment tax credits for renewable energy sources.

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, with the goal of improving public health without consideration of cost. When a NAAQS has been established, each state must identify areas within its boundaries 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. 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.

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 United States Court of Appeals for the District of Columbia Circuit upheld most of the EPA's 2015 thresholds for ground level-ozone. On July 15, 2020, the EPA announced a proposed decision to retain the existing 70 ppb ozone standard. The decision was finalized on December 7, 2020.

On June 10, 2021, the EPA announced that it will reconsider the previous administration's decision to retain the particulate matter NAAQS, which were last strengthened in 2012. The EPA stated that it is reconsidering the previous administration's December 2020 decision to retain existing standards because available scientific evidence and technical information indicate that the current standards may not be adequate to protect public health and welfare, as required by the Clean Air Act. While some particulate matter is emitted directly from sources such as construction sites, unpaved roads, fields, smokestacks or fires, most particles form in the atmosphere as a result of complex reactions of chemicals such as sulfur dioxide and nitrogen oxides, which are pollutants emitted from power plants and other sources.

On January 6, 2023, the EPA announced a planned rulemaking under which the primary (health-based) NAAQS for particulate matter would be strengthened from its current level of 12 micrograms per cubic meter to between 9 and 10 micrograms per cubic meter. Under the rulemaking, the EPA is also proposing revisions to the Air Quality Index and monitoring requirements for particulate matter NAAQS, with a focus on communities with environmental justice concerns (i.e., accounting for the proximity of populations at increased risk of particulate matter-related health effects to sources of air pollution). There can be no assurance that the final regulations to be adopted after public comment will reflect the currently proposed standards or as to the timing of the adoption and implementation thereof.

Mercury and Air Toxics Standards. The Clean Air Act provides for a comprehensive program for the control of hazardous air pollutants, including mercury. On February 16, 2012, the EPA finalized a rule, the Mercury and Air Toxics Standards (the "**MATS**"), 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 MATS rule was amended in 2013 and 2014. 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.

The MATS had a minimal impact on the City. IPP, which has coal-fired power plants, did not have to install control technology, and the EPA has deemed the IPP units as low-emitting units. IPP is subject to periodic testing, work practice standards and recordkeeping requirements as a result of the MATS rule. On July 17, 2020, the EPA finalized revisions to the electronic reporting requirements for MATS that revised and streamlined reporting and provided enhanced access to MATS data, without imposing new monitoring requirements. In April 2023, the EPA published a proposed rule that would modify regulation of coal- and oil-fired power plants, including further restricting their emissions and changing emissions monitoring requirements. The proposed rule is not yet final and there can be no assurance as to the timing of release or the substance of the final rule.

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. The final rule for steam electric power generation point sources was published on August 31, 2020.

On March 29, 2023, the EPA announced a proposed rulemaking to strengthen discharge limits for flue gas desulfurization wastewater, bottom ash transport water, and combustion residual leachate, which are common types of discharges from steam electric power generating facilities (i.e., coal-fired power plants). The proposed regulation would also establish a new set of definitions for various legacy wastewaters, which may be present in surface impoundments prior to more stringent limitations in a discharge permit going into effect. There can be no assurance that the final regulations to be adopted after public comment will reflect the currently proposed standards or as to the timing of the adoption and implementation thereof.

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 individual 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 GHG emissions from electric generating facilities. Absent legislative action by the U.S. Congress, the EPA has authority to regulate carbon dioxide and other GHG emissions under the Clean Air Act, and any future administrations could promulgate new rules or rules that repeal, revise and/or replace rules that are 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 Electric System 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

Resource adequacy requirements apply to the Electric System and are intended to ensure that the Electric System has contracted for sufficient amounts of capacity to meet its customers' needs. To the extent that the Electric System fails to procure sufficient capacity resources to meet its loads, it is subject to payment of CAISO procurement costs of replacement capacity. To the extent that a shortfall cannot be attributed to the Electric System specifically, the costs will be spread as part of market uplift charges. These risks apply in the same manner to all load-serving entities. Because of the increased integration of renewable energy sources, the CAISO is contemplating what could be significant changes to the resource adequacy framework, with the potential for impacts on market participant costs. It is still too early to assess the potential impacts on the Electric System. The CPUC has ongoing dockets that could also result in changes to resource adequacy and CAISO market requirements. However, the details of such changes remain to be established.

In 2006, the CAISO filed with 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 a 15% reserve margin on LSEs that are not CPUC jurisdictional entities, such as the City.

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

State Legislation Affecting the Power Supply

A number of bills affecting the electric utility industry have been introduced or enacted by the State Legislature in recent years. In general, these bills reflect California climate policy developments by regulating GHG emissions and providing for greater investment in energy efficiency and environmentally friendly generation and storage alternatives, principally through more stringent RPS requirements and more aggressive emissions reduction programs to combat the effects of climate change. Legislation enacted in recent years has also focused on addressing issues relating to wildfire risks. Set forth below is a brief summary of certain of these bills and regulatory proceedings.

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 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 maintained 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, 60% by December 31, 2030 and sets a goal of 100% "clean energy" by the year 2045. Simultaneously with the signing of SB 100, the Governor signed an executive order that directs the State to achieve carbon neutrality by 2045 and net negative GHG emissions thereafter. The goal of carbon neutrality by 2045 is in addition to existing Statewide targets of reducing GHG emissions. The State expects to achieve carbon reductions through sequestration in forests, soils and other natural landscapes.

In December 2020, the CEC adopted regulations to update its RPS enforcement procedures for local, publicly owned electric utilities, including to update regulations amended by both SB 350 and SB 100, among other enacted bills. This includes implementing a provision relating to the long-term procurement of renewable resources which requires, beginning January 1, 2021, that at least 65% of renewable procurement must be for a duration of 10 years or more. The regulations implement the new RPS procurement requirements for the compliance periods between 2021 and 2030, establish soft procurement targets for the intervening years of the compliance periods to demonstrate reasonable progress in meeting the RPS procurement target for the compliance periods and establish three-year compliance periods beginning after 2030. The regulations also define requirements for 10-year procurement contracts for purposes of satisfying the long-term procurement requirement. The City will need to include the increased requirements in its future IRP.

Senate Bill 1020. Senate Bill 1020 ("**SB 1020**"), the Clean Energy, Jobs, and Affordability Act of 2022, was signed into law by the State Governor in September 2022 and became effective on January 1, 2023. SB 1020 revises SB 100's policy on eligible renewable energy resources and zero-carbon resources supply,

and establishes that it is the policy of the State that eligible renewable energy resources and zero-carbon resources supply: (i) 90% of all retail sales of electricity to California end-use customers by December 31, 2035; (ii) 95% of all retail sales of electricity to California end-use customers by December 31, 2040; (iii) 100% of all retail sales of electricity to California end-use customers by December 31, 2045; and (iv) 100% of electricity procured to serve all State agencies by December 31, 2035.

Assembly Bill 1279. In September 2022, the State Governor signed into law Assembly Bill 1279 ("**AB 1279**"), which becomes effective on January 1, 2023 and establishes additional GHG emission reduction goals. AB 1279 declares the policy of the State both to achieve net-zero GHG emissions as soon as possible, but no later than 2045, and to achieve and maintain net negative GHG emissions thereafter, and to ensure that by 2045, Statewide anthropogenic GHG emissions are reduced to at least 85% below the 1990 levels. Under AB 1279, "net zero GHG emissions" means emissions of GHGs to the atmosphere are balanced by removals of GHG emissions over a period of time. AB 1279 directed CARB to ensure that its scoping plan identifies and recommends measures to achieve these policy goals. The State Legislative Analyst's Office is required to conduct an independent assessment of progress towards the bill's objectives every two years and to make its findings available to the public.

Assembly Bill 32 – Global Warming Solutions Act of 2006. Assembly Bill 32 ("**AB 32**"), which the State Governor signed into law in 2006, required 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 GHG emissions are reduced to 40% below 1990 levels by 2030.

AB 32 tasked the California Air Resources Board ("**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 GHGs per year. In 2015, the program expanded to cover emissions from transportation fuels, natural gas, propane and other fossil fuels. Aggregate emissions limitations continually decline under the Program.

The Program requires electric utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. CARB provides a free allocation of GHG allowances to each electric utility to mitigate retail rate impacts. Thereafter, utilities are 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. However, the City could be adversely affected in the future if the GHG emissions of its resource portfolio are in excess of the allowances administratively allocated to it and the City is required to purchase compliance instruments on the market to cover its emissions.

The City is required to consign 100% of its allowances and then purchase allowances to meet its compliance obligation. Under AB 398, CARB was directed to include cost containment provisions to keep allowance prices from rising too high and pushing business expansion outside of the state (referred to as "leakage"). Other components of the law that required clarification included the banking provisions and the specific GHG revenue spending requirement for revenues generated from the sale of excess allowances. Amendments to the cap-and-trade regulations to reflect the requirements of AB 398 were adopted by CARB and went into effect on April 1, 2019. The Electric System will continue to monitor the outcome and impacts of future 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% 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. IPP is expected to be repowered to replace the coal units with combined cycle natural gas units by July 1, 2025. The City did not renew its IPP Power Purchase Contract, the term of which ends 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.

Energy Procurement and Efficiency Reporting. Senate Bill 1037 ("**SB 1037**") was signed into law by the State Governor in September 2005. It requires the City, prior to procuring new energy generation resources, to acquire all available energy efficiency, demand reduction and renewable resources that are cost effective, reliable and feasible. SB 1037 also requires the City to report annually to its customers and to the State its investment in energy efficiency and demand reduction programs. The City is complying with these reporting requirements.

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 in 2017 and 2021, which the City did.

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 MW 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 MWs, the City approved and adopted the second energy storage procurement target of six MWs 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 of ES. 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. During the term of the contract, the program contractor (Ice Energy) successfully installed 111 "Ice Bear" thermal energy storage devices on customer sites throughout the City and commissioned a total of 3.126 MWs. Towards the end of the contract term in 2019, Ice Energy filed a petition for bankruptcy. The bankruptcy case was closed in 2022 and the court disbursed a portion of Ice Energy's available funds to the City based on the claim that the City had filed under the bankruptcy proceeding. Thule Energy Storage acquired all of Ice Energy's assets and intellectual property through Ice Energy's bankruptcy proceeding. On May 17, 2022, City Council approved the Thule Energy Storage Service Agreement, which will provide preventative maintenance and optional as-needed repairs for a 5-year term to the commissioned "Ice Bear" units.

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—AES – 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 and serves 17 gas fired power generation units. On May 10, 2016, the State Governor signed Senate Bill 380, 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 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.

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 began 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. Such utilities were 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. SB 901, signed into law in September 2018 and discussed below under the subcaption "—Legislation Relating to Wildfires"), requires certain of these biomass contracts to have their term extended five years past the original expiration date.

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, certain 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 it 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.

See the caption "THE ELECTRIC SYSTEM—Renewable Resources—Roseburg Forest Products" for a discussion of an SB 859-compliant power purchase agreement. Due to the specific requirements of SB 859, the available facilities that satisfy the requirements of the law are limited.

Senate Bill 1109. Senate Bill 1109 ("**SB 1109**"), signed into law by the State Governor on September 16, 2022 (and effective on January 1, 2023), modifies SB 859, requiring publicly owned utilities that serve more than 100,000 customers to procure, by December 1, 2023, through financial commitments of 5 to 15 years, their proportionate shares (based on the ratio of the utility's peak demand to the total Statewide peak demand), of 125 MW of cumulative rated capacity from existing bioenergy projects that generate energy from: (a) a byproduct of sustainable forestry management; and (b) high fire-hazard zones. However, such modified requirements under SB 1109 do not apply if the utility, either directly or through a joint powers authority, entered into the five-year financial commitments as previously required pursuant to SB 859 and those commitments included: (1) a contract with a facility operator that was, on June 1, 2022, in bankruptcy; or (2) a contract for a project that does not deliver energy to the utility. SB 1109 will not impose additional requirements on the City because the City entered into the five-year financial commitments as previously required pursuant to SB 859. SB 1109 also modified SB 901's contract extension requirement, instead requiring utilities with certain biomass contracts that expire before December 31, 2028, to seek to extend their term five years past the expiration date operative in 2022. These contract extension requirements, similarly, do not apply to the City under SB 1109.

Legislation Relating to Wildfires. Senate Bill 1028 ("**SB 1028**"), which was signed into law by the State Governor in September 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 and if so, to present for board approval wildfire mitigation measures that the utility intends to undertake to minimize the risk. 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 (a "**WMP**"), which is to be submitted to a newly created Wildfire Safety Advisory Board (the "**WSAB**"). SB 901 further requires utilities to present their WMPs 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 their WMPs. 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.

Under Assembly Bill 1054 ("**AB 1054**"), which was signed into law in July 2019, the WSAB is required to provide comments and an advisory opinion to each publicly owned utility regarding the content and sufficiency of its plan and to make recommendations on the mitigation of wildfire risks. AB 1054 requires each publicly owned utility to comprehensively revise its WMP at least once every three years.

The City Council made the WMP 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 WMP, which was originally 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.

The City's 2023 WMP was developed by the RPU Wildfire Working Group, with concurrence from the City's Fire Department, for the purpose of establishing structured protocols to reduce and mitigate the risk of Electric System infrastructure causing a wildfire. The 2023 WMP complies with the requirements of SB 901. RPU contracted with Chloeta Fire, LLC ("**Chloeta**") in March 2023 for an independent evaluation of the 2023 WMP, which evaluation was completed in April 2023. Chloeta's evaluation concluded that the 2023 WMP meets the requirements of SB 901 (codified at California Public Utilities Code Section 8387).

On July 18, 2023, the City Council approved the City's for submittal to the WSAP in accordance with SB 901.

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. See the caption "THE ELECTRIC SYSTEM—Renewable Resources—Roseburg Forest Products" for a discussion of an SB 859-compliant power purchase agreement.

A number of significant wildfires have occurred in California during the last several years. Under the doctrine of inverse condemnation (a legal concept that entitles property owners to just compensation if their property is damaged by a public use), State courts have imposed liability on utilities in legal actions brought by property holders for damages caused by the utility's infrastructure. Thus, if the facilities of a utility, such as its electric distribution and transmission lines, are determined to be the substantial cause of a fire, and the doctrine of inverse condemnation applies, the utility could be liable for damages without having been found negligent. In August 2019, in its decision in the case of *City of Oroville v. Superior Court of Butte County* (2019) 7 Cal.5th 1091, 446 P.3d 304, involving damages related to sewage overflows from a city sewer system, the State Supreme Court held that to succeed on an inverse condemnation claim, a property owner must demonstrate that the property damage was the probable result or necessary effect of an inherent risk associated with the design, construction or maintenance of the relevant public improvement. SB 1028, SB 901 and AB 1054 do not address the 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, and 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) issues relating to 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 impacting a utility and/or significant load customers; (t) climate change, natural disasters or other physical calamities, including, but not limited to, earthquakes, floods and wildfires, and potential liabilities of electric utilities in connection therewith; (u) changes to the climate; (v) pandemics and other health emergencies; and (w) adverse impacts to the market for insurance relating to recent wildfires and other calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risks. 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 Official 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 2024A 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 the 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 Official Statement, should be considered by prospective investors in evaluating the 2024A 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 2024A 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 2024A Bonds.

The 2024A Bonds Are Limited Obligations

The City's General Fund is not liable for the payment of debt service on the 2024A Bonds, nor is the credit or taxing power of the City pledged to the payment of debt service on the 2024A Bonds. No owner of any 2024A 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 2024A 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 2024A Bonds under the Resolution.

Factors that can adversely affect the availability of Net Operating Revenues include, among other matters, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on certain types of electrical energy generation). The realization of future Net Operating Revenues is also subject to, among other things, the capabilities of management of the City, the ability of the City to provide electric service to its customers, the ability of the City to establish, maintain and collect charges for electric service to its customers and the ability of the City to establish, maintain and collect rates and charges sufficient to pay debt service on the 2024A Bonds.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the 2024A 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 2024A 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 2024A Bonds, but the 2024A Bond Reserve Requirement is $0. Consequently, no amounts have been deposited into such debt service reserve account. The owners of the 2024A 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 2024A 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, pandemics, 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 such as sabotage and attempted destruction of power generation and transmission facilities, as discussed under the caption "—Security of the Electric System" below) 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 2024A Bonds remain outstanding. If one or a combination of such factors lead to increased retail rates for electric energy, such increases 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 Official 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 2024A Bonds. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS—Rate Covenant."

Rate Regulation

The authority of the City to impose and collect rates and charges for electricity that it sells and delivers 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 on the Electric System, 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.

The City is located in a seismically active region of Southern California. Three major active earthquake faults are located within 20 miles of Electric System facilities, including the San Andreas and San Joaquin faults, and many transmission facilities that supply the Electric System cross such faults. Earthquakes pose potential significant risks to the Electric System and could result in electricity supply shortages and disruptions to transmission and distribution systems. Another potential hazard related to earthquakes is soil liquefaction, which occurs when solids take on properties of a liquid. In the event of a liquefaction event, affected Electric System facilities could fail or sustain significant damage. 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—Decommissioning 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 2024A Bonds, the City has agreed to comply with the applicable requirements of the Code and agreed 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 2024A Bonds thereunder. Interest on the 2024A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such 2024A Bonds as a result of acts or omissions of the City in violation of this or other covenants in the Resolution. The 2024A 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 issue and incur Additional Bonds and Parity Debt payable from Net Operating Revenues on a parity with the 2024A Bonds, subject to the terms and conditions set forth therein. The issuance and incurrence of Additional Bonds and Parity Debt could result in reduced Net Operating Revenues available to pay the 2024A Bonds. The City has covenanted to maintain coverage of debt service on the 2024A Bonds, Additional Bonds and Parity Debt as further described under the caption

"SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS—Additional Bonds and Parity Debt."

Limited Recourse on Default

If the City defaults on its obligation to pay the 2024A Bonds, Bondholders have the right to declare the total unpaid principal amount of the 2024A Bonds and all Parity Debt, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the City will have sufficient funds to pay such accelerated amounts from Net Operating Revenues.

Rate Covenant Not a Guarantee

The City's ability to pay the 2024A Bonds depends on its ability to generate Net Operating Revenues at the levels required by the Resolution. Although the City has covenanted in the Resolution to impose rates and charges as more particularly described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024A BONDS—Rate Covenant," and although the City expects that sufficient Gross Operating Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Operating Revenues in amounts that are sufficient to pay the 2024A Bonds.

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As GHG 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.

The City has developed a wildfire mitigation plan in accordance with SB 901, as discussed under the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—State Legislation Affecting the Power Supply—Legislation Relating to Wildfires."

The City's existing Economic Prosperity Plan and Climate Action Plan (the "**CAP**"), which was adopted in 2016, evaluated the impact of climate change through 2020 and established a roadmap by which the City could measure GHG emissions, assist residents in adapting to the effects of climate change and increase the City's resilience to the effects of climate change. The CAP also sought to ensure that the City's climate change response supported economic development in the City, including by encouraging investments in green technology.

The City is currently in the process of evaluating and updating the CAP as part of the upcoming General Plan update that is expected to begin in [early 2024]. The City's Community and Economic Development Department is taking the lead on the CAP update, with support from the City's Office of Sustainability. The updated CAP is expected to implement actions to reduce GHG emissions and measure progress with respect thereto, with one goal expected to be achieving carbon neutrality by 2040. There can be no assurance as to when the updated CAP will be adopted, or as to the ultimate content thereof.

See also the caption "THE ELECTRIC SYSTEM—Electric System Strategic Plan" for a detailed discussion of certain sustainability efforts and achievements of the Electric System.

Security of the Electric System

The security of the Electric System is maintained through a combination of regular inspections by RPU 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.

In recent years, acts of sabotage and attempts to destroy power generation and transmission facilities have occurred throughout the United States, in particular in the Pacific Northwest and in certain Eastern Seaboard states. To date, there have been no such attacks on the City's Electric System facilities. In addition, 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 2024A Bonds.

Cyber Security

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. In recent years, there have been significant cyber security incidents affecting municipal agencies, including a ransomware attacks targeting the San Bernardino County Sheriff's Department and the Los Angeles Unified School District, 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, an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal and an attack on a water treatment facility in Oldsmar, Florida.

The City's Information Technology Department provides advisory support for the City's electronic system cyber security. This includes audits and recommended improvements to facility hardware and software to keep up to date with the latest cyber security best practices. The City uses multiple layers of security systems to safeguard against cyber-attacks. These systems are deployed at the perimeter as well as at end points of the City's network. The City's multi-level cyber protection scheme includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection, intrusion detection, log monitoring and other security measures. One of the systems is artificial-intelligence based, which analyzes the behavior of users/devices on the network and takes corrective action if any anomaly is detected. The City's network is scanned by third party consultants on a regular basis. The City's Information Technology Department also conducts security awareness training for employees and maintains cloud-based backup storage for its digital files.

See the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Federal Policy on Cyber Security."

To date, the City has not experienced a successful attack against its network and servers. However, there can be no assurance that a future attack or attempted attack would not result in disruption of Electric System operations. The City expects that any such disruptions would be temporary in nature due to its backup/restore procedures and disaster recovery planning.

COVID-19 Outbreak

The spread of the novel strains of coronavirus collectively called SARS-CoV-2, which cause the disease known as COVID-19 ("**COVID-19**"), and local, State and federal actions in response thereto, impacted

the City and the County and their operations and finances beginning in early 2020. The World Health Organization declared the COVID-19 outbreak to be a pandemic and, on March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, 2020, the President declared a national emergency, freeing up federal assistance to state and local governments.

On March 27, 2020, the President signed the $2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act, which delivered, among other things, $150 billion in financial aid to states and local governments to provide emergency reimbursement to those most significantly impacted by COVID-19. On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (the "**ARP Act**"), a $1.9 trillion economic stimulus package that was designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic.

As discussed under the caption "THE ELECTRIC SYSTEM—Electric Rates and Charges," the City delayed implementation of a 3% electric service rate increase that was scheduled to go into effect on January 1, 2021. The rate increase instead went into effect on July 1, 2021, and rate increases which occurred after such date were not delayed or rescheduled.

The Governor suspended utility service shutoffs and the collection (although not the imposition) of late fees and penalties for residential customers through December 31, 2021. The City does not assess late fees or penalties for delinquent Electric System accounts and was not significantly affected by this suspension. The City had an allowance for doubtful accounts as of June 30, 2023 of $2.5 million, and, on August 1, 2022, re-instituted its standard collection procedures which were in place prior to the pandemic. See the caption "THE ELECTRIC SYSTEM—Billings and Collections."

In 2021, the State Legislature established the California Arrearage Payment Program ("**CAPP**") to provide financial assistance to State energy utility customers to reduce past due energy bill balances during the COVID-19 pandemic. Administered by the State Department of Community Services and Development, CAPP dedicated $1 billion in ARP Act funding to address delinquent electric utility balances of 60 days or more incurred from March 4, 2020 through June 15, 2021. CAPP implementation was divided into four distinct phases. The City received funding of approximately $9.2 million for residential customers and $1.9 million for commercial customers in December 2021 under CAPP. The benefits were delivered to customers through a bill credit on a rolling basis.

A second round of CAPP funding (referred to as CAPP 2.0) was announced by the State Legislature in May 2022. CAPP 2.0 extended the COVID-19 relief period from June 16, 2021 to December 31, 2021 for residential customers. The City did not participate in CAPP 2.0.

The City continues to actively monitor public health indicators, tax collections, payment delinquencies, revenues and expenditures so that further impacts of the COVID-19 pandemic can be anticipated. The pandemic, or future pandemics, could impact the City and its residents in one or more of the following ways, among others: (i) fluctuations in financial markets and contraction in available liquidity; (ii) job losses and declines in business activity, which could affect homeowners' employment and ability to pay for utility services; (iii) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession; (iv) the failure of governmental measures to stabilize the financial sector or introduce fiscal stimulus to counteract negative economic impacts; (v) cancellations of public events; and (vi) disruption of the local economy and potential declines in property values, which could affect homeowners' disposable income.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2024A Bonds or, if a secondary market exists, that any 2024A 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.

Taxpayer Protection and Government Accountability Act Initiative

On February 1, 2023, the California Secretary of State announced that a ballot initiative, designated as Initiative 1935 and self-titled by its sponsors as the "Taxpayer Protection and Government Accountability Act," had received the required number of signatures to appear on the November 5, 2024 ballot.

If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIIIA, XIIIC and XIIID of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. See the caption "CONSTITUTIONAL LIMITATIONS." The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

Among other things:

- Initiative 1935 would amend Article XIIIC to state that every levy, charge or exaction of any kind imposed by local law is either a "tax" or an "exempt charge," and would amend the definition of "tax" added to Article XIIIC by Proposition 26 to state that "every levy, charge, or exaction of any kind imposed by a local law that is not an exempt charge" constitutes a tax. Initiative 1935 narrows the definition of "exempt charge" to mean a "reasonable charge 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 *actual costs* [as opposed to the reasonable costs] of providing the service or product to the payor." "Exempt charges" also encompass existing exceptions from the definition of "tax" added to Article XIIIC by Proposition 26. "Actual costs" is defined in Initiative 1935 to mean "the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor … where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost less all other sources of revenue including but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product." Initiative 1935 would retain an exemption from the definition of "tax" for assessments, fees or charges which are subject to Article XIIID.

- Initiative 1935 would amend Article XIIIC to state that only the governing body of a local government, or an elector acting pursuant to the initiative power, has the authority to impose an exempt charge, and that exempt charges must be imposed by an ordinance specifying the type of exempt charge and the amount or rate of the exempt charge to be imposed, and passed by the governing body, other than for certain exempt charges imposed for a specific health care service. In addition, Initiative 1935 would amend Article XIIIC to prohibit the submission to or approval by the electors of a charter city of any amendment to a municipal charter which provides for the imposition, extension or increase of a tax or exempt charge.

- Initiative 1935 would amend Article XIIIC to require the title, summary and ballot label or questions for a measure providing for the imposition of a tax to include: (a) the type and amount or rate of the tax; (b) the duration of the tax; and (c) the proposed use of the revenue derived from the tax; and (d) if the proposed tax is a general tax, the phrase "for general government use." In addition, no advisory measure may appear on the same ballot that would indicate that the revenue from the general tax will, could or should be used for specific purposes.

- Initiative 1935 would amend Article XIIIC to require that any special tax, whether proposed by the governing body or by an elector, be approved by a two-thirds vote of the electorate.

- Initiative 1935 would amend Article XIIIC to state that the local government bears the burden of proving by *clear and convincing evidence* (as opposed to a preponderance of the evidence) that: (a) a levy,

charge or exaction is an exempt charge and not a tax; and (b) the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor.

- Initiative 1935 would amend Article XIIIC to state that any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements thereof is void 12 months after the effective date of Initiative 1935, if adopted, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

The City cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the City cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State, the County, the City or the Electric System.

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 California Court of Appeal, Second District, 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 that adversely affects the payment of the 2024A 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 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 the Electric System to increase revenues. See the caption "RISK FACTORS—Taxpayer Protection and Government Accountability Act Initiative."

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, 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 herein, interest (and original issue discount) on the 2024A 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. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Code, generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) on the 2024A Bonds might be taken into account in determining adjusted financial statement

income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

In the further opinion of Bond Counsel, interest (and original issue discount) on the 2024A 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 (and original issue discount) on the 2024A 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 2024A Bonds to assure that interest (and original issue discount) on the 2024A 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 (and original issue discount) on the 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2024A Bonds. The City has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2024A Bond (the first price at which a substantial amount of the 2024A Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2024A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2024A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the 2024A Bond Owner will increase the 2024A Bond Owner's basis in the 2024A Bond.

The amount by which a 2024A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2024A 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 2024A Bond Owner's basis in the applicable 2024A Bond (and the amount of tax-exempt interest received with respect to the 2024A 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 2024A Bond Owner realizing a taxable gain when a 2024A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2024A Bond to the Owner. Purchasers of the 2024A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (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 2024A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2024A Bonds might be affected as a result of such an audit of the 2024A 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 2024A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the 2024A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2024A 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 2024A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2024A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2024A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2024A 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 2024A 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 2024A 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. Bond Counsel's engagement with respect to the 2024A Bonds terminates upon their issuance and Bond Counsel disclaims any obligation to update the matters set forth in its opinion. The Resolution and the Tax Certificate relating to the initial issuance of the 2024A 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 (and original issue discount) for federal income tax purposes with respect to any 2024A 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 (and original issue discount) on the 2024A Bonds is excluded from gross income for federal income tax purposes provided that the City continues to comply with certain requirements of the Code, the ownership of the 2024A Bonds and the accrual or receipt of interest (and original issue discount) on the 2024A 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 2024A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2024A Bonds.

Should interest (and original issue discount) on the 2024A Bonds become includable in gross income for federal income tax purposes, the 2024A 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 valid, legal and binding nature of the 2024A Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix E, and such legal opinion will be attached to each 2024A Bond. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by the City Attorney. Norton Rose Fulbright US LLP is acting as counsel to the Underwriters.

The payment of the fees and expenses of Bond Counsel, Disclosure Counsel and the Underwriters' counsel is contingent on the successful issuance of the 2024A Bonds.

LITIGATION

At the time of the issuance of the 2024A 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 2024A Bonds or the power and authority of the City to issue the 2024A Bonds; (ii) seeking to restrain or enjoin the collection of revenues pledged to pay the 2024A Bonds; or (iii) that, if determined adversely to the City, would affect the ability of the City to pay debt service on the 2024A 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 2024A Bonds.

FINANCIAL STATEMENTS

The financial statements of the City's Electric System for Fiscal Year [2021-22] (the "**Financial Statements**") included in Appendix B to this Official 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, [2022], 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 rating of "[__]" to the 2024A Bonds. Fitch Ratings, Inc. ("**Fitch**" and, together with S&P, the "**Rating Agencies**" or, individually, a "**Rating Agency**") is expected to assign the rating of [__]" to the 2024A Bonds.

A rating is not a recommendation to buy, sell or hold securities. Future events could have an adverse impact on the ratings of the 2024A Bonds, and there is no assurance that any credit rating given to the 2024A 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, nor can there be any assurance that the criteria required to achieve a rating on the 2024A Bonds will not change during the period that the 2024A Bonds remain outstanding. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2024A Bonds. Such ratings reflect only the views of the respective Rating Agencies (which views could change at any time), 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 Official 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 2024A Bonds with EMMA. See the caption "CONTINUING DISCLOSURE" and Appendix D. Notwithstanding such covenant, information relating to rating changes on the 2024A 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 2024A Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating with respect to the 2024A Bonds.

In providing a rating on the 2024A Bonds, the Rating Agencies may have performed independent calculations of coverage ratios using their 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.

UNDERWRITING

The 2024A Bonds will be purchased by J.P. Morgan Securities LLC, as representative (the "**Representative**") of itself, Barclays Capital Inc., Samuel A. Ramirez & Co., Inc. and Siebert Williams Shank & Co., LLC (collectively, the "**Underwriters**"), pursuant to a purchase contract, dated the date hereof (the

"**Purchase Contract**"), by and among the City and the Underwriters. Under the Purchase Contract, the Underwriters have agreed to purchase all, but not less than all, of the 2024A Bonds for an aggregate purchase price of $____ (representing the principal amount of the 2024A Bonds, plus/less a net original issue premium/discount of $____, and less an Underwriters' discount of $_____). The Purchase Contract provides that the Underwriters will purchase all of the 2024A Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

Under certain circumstances, the initial public offering yields stated on the page immediately following the cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2024A Bonds to certain dealers (including dealers depositing the 2024A Bonds into investment trusts), dealer banks, banks acting as agent and others at yields higher than said public offering yields.

J.P. Morgan Securities LLC has entered into negotiated dealer agreements (each, a "**Dealer Agreement**") with each of Charles Schwab & Co., Inc. ("**CS&Co.**") and LPL Financial LLC ("**LPL**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2024A Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any 2024A Bonds that such firm sells.

The Underwriters and their respective 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 Underwriters and their respective 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 Underwriters and their 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 Underwriters and their respective 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 issuance of the 2024A 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 Official 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

In connection with the issuance of the 2024A Bonds, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of Owners and beneficial owners of the 2024A Bonds to

provide certain financial information and operating data relating to the Electric System (the "**Annual Report**") by not later than each March 31 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 Underwriters in complying with Rule 15c2-12 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.

[TO BE UPDATED] 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) the City's biennial budget for 2018-2020 in connection with the City of Riverside Variable Rate Refunding Certificates of Participation (Riverside Renaissance Projects) Series 2008; (3) a notice of successor trustee for a prior City debt obligation; and (4) certain Fiscal Year 2018-19 operating data in connection with an issuance of pension obligation bonds by the City. In addition, the City did not link certain Fiscal Year 2017-18 information with respect to Bonds of the 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 Official Statement and should be read in their entirety. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

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

CITY OF RIVERSIDE, CALIFORNIA

By:_____
Assistant City Manager/Chief Financial Officer/Treasurer

By:_____
Utilities General Manager

APPENDIX A

CITY AND COUNTY OF RIVERSIDE – ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is presented as general background data. The 2024A Bonds are payable solely from Net Operating Revenues of the City's Electric System as described in the Official Statement. The taxing power of the City, the County, the State or any political subdivision thereof is not pledged to the payment of the 2024A Bonds.

The information set forth herein has been obtained from third party sources that are believed to be reliable, but such information is not guaranteed by the City as to accuracy or completeness. Although reasonable efforts have been made to include up-to-date information in this Appendix, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein. In particular, certain of the tables in this Appendix include data for periods prior to the outbreak of COVID-19 and may not reflect current information. Neither the delivery of this Official Statement nor any sale of the securities offered hereby shall under any circumstances create any implication that there has been no change in any information contained in this Appendix since the date of the Official Statement.

General

The City of Riverside (the "**City**") is the county seat of Riverside County (the "**County**") and is located in the western portion of the County about 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. As of 2023, the population of the City was estimated to be 313,676. 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 2023, the County had a population estimated 2,439,234 and San Bernardino County had a population estimated at 2,182,056. With a population of over 4.6 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 225 sworn firefighters operating out of over a dozen 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 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, the Riverside Metropolitan Museum, the Cheech Marin Center for Chicano Art, 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, 2023, the population of the City was estimated to be 313,676. The following table presents historical 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
2020	316,307	2,418,185
2021	309,598	2,418,727
2022	314,818	2,430,976
2023	313,676	2,439,234

Sources: 1950-2010 and 2020 U.S. Census; 2011-2023 California Department of Finance (Demographic Research Unit).

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, 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 March 2023. This compares with an unadjusted unemployment rate of 4.8 percent for California and 3.6 percent for the nation during the same period. The unemployment rate was 4.6 percent in the County and 4.5 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 2018 Through 2022)

	2018	*2019*	*2020*	*2021*	*2022*
Civilian Labor Force[(1)]	2,045,200	2,075,200	2,095,800	2,125,300	2,160,600
Employment	1,957,500	1,991,200	1,888,900	1,968,700	2,071,200
Unemployment	87,700	84,000	206,900	156,600	89,400
Unemployment Rate	4.3%	4.0%	9.9%	7.4%	4.1%
Wage and Salary Employment:[(2)]					
Agriculture	14,500	15,400	14,100	13,700	13,900
Mining and Logging	1,200	1,200	1,300	1,400	1,600
Construction	105,200	107,200	104,900	110,100	115,200
Manufacturing	100,400	101,300	96,000	96,100	99,600
Wholesale Trade	66,100	67,700	65,600	67,400	69,700
Retail Trade	181,200	180,700	168,800	177,000	180,600
Transportation, Warehousing and Utilities	132,100	146,600	172,500	198,800	214,200
Information	11,400	11,500	9,600	9,700	10,200
Finance and Insurance	25,300	24,800	24,600	24,400	24,600
Real Estate and Rental and Leasing	19,300	20,200	19,500	20,700	22,200
Professional and Business Services	151,400	157,900	154,800	169,400	179,100
Educational and Health Services	239,500	250,300	248,800	254,300	266,400
Leisure and Hospitality	170,600	175,900	141,300	160,200	179,600
Other Services	45,800	46,200	40,200	43,600	47,900
Federal Government	20,700	21,100	22,100	21,100	20,900
State Government	30,600	31,100	31,300	30,400	28,300
Local Government	205,900	209,000	194,600	190,500	200,300
Total All Industries	1,521,100	1,568,100	1,509,900	1,588,800	1,674,200

(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 – TEN LARGEST EMPLOYERS
As of June 30, 2022

Employer Name	*Number of Employees*	*% of Total City-wide Employment*
County of Riverside	24,290	20.1%
March Air Force Reserve	9,600	8.0
University of California	8,593	7.1
Kaiser Permanente	5,846	4.8
Riverside Unified School District	5,003	4.1
City of Riverside	2,336	1.9
Riverside Community Hospital	2,200	1.8
Riverside Community College District	2,100	1.7
Alvord Unified School District	1,898	1.6
California Baptist University	1,442	1.1
Total	63,308	52.3%

Source: City of Riverside (as presented in the City's Fiscal Year 2022 audited financial statements).

COUNTY OF RIVERSIDE – LARGEST EMPLOYERS
(LISTED ALPHABETICALLY)
As of March 2023

Employer Name	*Location*	*Industry*
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Agua Caliente Casino Resort Spa	Rancho Mirage	Casinos
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service
Citrus Club	La Quinta	Clubs
Coachella Valley USD	Thermal	School Districts
Collins Aerospace	Riverside	Aircraft Components-Manufacturers
Corona City Hall	Corona	City Hall
Corona Regional Medical Ctr	Corona	Hospitals
Department-Corrections-Rehab	Norco	State Govt-Correctional Institutions
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Health	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
J Ginger Masonry	Riverside	Masonry Contractors
Kaiser Permanente Riverside MD	Riverside	Hospitals
Riverside Community Hospital	Riverside	Hospitals
Riverside County Public Health	Riverside	Government Offices-County
Riverside University Health	Moreno Valley	Hospitals
Southwest Healthcare System	Murrieta	Hospitals
Spa Resort Casino	Palm Springs	Casinos
Stagecoach Motor Inn	Banning	Hotels & Motels
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	Internet & Catalog Shopping
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale

Source: California Employment Development Dept., America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd Edition.

Taxable Retail Sales

The following table provides a summary of taxable retail sales in the City from 2018-2022.

TAXABLE SALES
City of Riverside
2018-2022
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2018	10,021	$5,783,569
2019	10,257	5,811,062
2020	11,073	5,606,823
2021	10,232	7,073,303
2022	10,556	7,728,472

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022.

The following table provides a summary of taxable retail sales in the County from 2018-2022.

TAXABLE SALES
County of Riverside
2018-2022
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2018	61,433	$38,919,498
2019	64,063	40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	61,908,344

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022.

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 2018 Through 2022
(Valuation in Thousands of Dollars)

	2018	*2019*	*2020*	*2021*	*2022*
Permit Valuation					
New Single-family	$ 42,412	$ 35,621	$ 76,746	$ 81,057	$ 148,281
New Multi-family	57,047	61,488	20,059	37,332	16,242
Res. Alterations/Additions	10,426	8,154	6,182	4,411	18,212
Total Residential	$ 109,885	$ 105,264	$ 102,988	$ 122,800	$ 182,736
New Commercial/Industrial	$ 96,668	$ 53,083	$ 4,612	$ 0	$ 62,533
New Other	13,055	4,323	17,103	6,537	24,510
Com. Alterations/Additions	63,581	74,407	50,537	3,585	58,343
Total Nonresidential	$ 173,304	$ 131,813	$ 72,251	$ 10,022	$ 145,387
New Dwelling Units					
Single Family	171	163	271	290	579
Multiple Family	504	328	214	367	153
TOTAL	675	491	485	707	732

Source: City of Riverside Community Development Department.

COUNTY OF RIVERSIDE
BUILDING PERMIT ACTIVITY
For Calendar Years 2018 Through 2022
(Valuation in Thousands of Dollars)

	2018	*2019*	*2020*	*2021*	*2022*
Permit Valuation					
New Single-family	$ 2,200,021	$ 1,834,822	$ 2,315,365	$ 2,013,159	$ 2,429,329
New Multi-family	232,707	282,465	93,149	149,081	339,474
Res. Alterations/Additions	125,353	158,118	110,789	100,402	152,309
Total Residential	$ 2,558,081	$ 2,275,405	$ 2,519,303	$ 2,262,642	$ 2,921,113
New Commercial/Industrial	$ 1,233,304	$ 805,908	$ 539,130	$ 792,812	$ 727,504
New Other	410,606	179,861	233,710	460,224	449,357
Com. Alterations/Additions	315,771	300,087	380,938	290,962	524,757
Total Nonresidential	$ 1,959,681	$ 1,285,856	$ 1,153,778	$ 1,543,998	$ 1,701,618
New Dwelling Units					
Single Family	7,540	6,563	8,443	7,360	8,863
Multiple Family	1,628	1,798	723	1,126	2,861
TOTAL	9,168	8,361	9,166	8,486	11,724

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, County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, 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, [2022]

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.

"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 give such 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 will 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 will 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 2024A 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 will 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 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).

TWENTY-FIRST SUPPLEMENTAL RESOLUTION

DEFINITIONS

All terms which are defined in the Master Resolution will, unless otherwise defined herein, have the same meanings, respectively, in the Twenty-First Supplemental Resolution. Unless the context otherwise requires, the terms defined in the Twenty-First Supplemental Resolution will, for all purposes of the Twenty-First 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 Twenty-First Supplemental Resolution, all terms used therein have the meanings assigned to such terms by the Law.

[TO COME FROM BOND COUNSEL]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2024A Bonds, the City 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 Electric Revenue Bonds, Issue of 2024A (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. [___], adopted by the City Council of the Issuer on [November 7, 2023] (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 or Chief Financial Officer/Treasurer 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 Official Statement relating to the Bonds dated January __, 2024.

''Participating Underwriter" shall mean J.P. Morgan Securities LLC, Barclays Capital Inc., Samuel A. Ramirez & Co., Inc. and Siebert Williams Shank & Co., LLC, as the original underwriters of the Bonds.

"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 each March 31 following the end of the Issuer's fiscal year (which presently ends on June 30), commencing with the report for the fiscal year ended June 30, 2023, 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 that 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 that 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

January __, 2024

CITY OF RIVERSIDE

By: _____
Assistant City Manager/Chief Financial Officer/
Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Riverside

Name of Issue: Electric Revenue Bonds, Issue of 2024A

Date of Issuance: January __, 2024

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 January __, 2024. The City anticipates that the Annual Report will be filed by _____.

Dated:_____

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon issuance of the 2024A Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

January __, 2024

City of Riverside
Riverside, California

Re: City of Riverside Electric Revenue Bonds, Issue of 2024A

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Riverside (the "City") in connection with the issuance of the above-captioned bonds (the "Bonds") and have examined a certified copy of the record of the proceedings of the City of Riverside (the "City") relative to the remarketing of the Bonds. The Bonds are being issued 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. ____, the twenty-first supplemental resolution, which provides for the issuance of the 2024A Bonds (the "Twenty-First Supplemental Resolution" and, together with the Master Resolution, the "Resolution"), which was adopted by the City Council on November 7, 2023.

Capitalized terms which are used herein and not defined have the meanings which are given to such terms in the Resolution.

In rendering our opinions, we have examined the Charter, the Ordinance, the Resolution, certain certificates dated the date hereof 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 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 issuance of the Bonds on the date hereof.

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, but subject to the limitations of the Resolution, we are of the opinion, as of the date hereof and under existing law, that:

1. The Bonds constitute the valid and binding special revenue obligations of the City.

2. The Resolution was duly adopted at meetings of the City Council of the City.

3. 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.

4. 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 (and original issue discount) 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; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) on the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated prepayment price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable 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 Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), 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 Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

7. Interest (and original issue discount) 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 as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the City and are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest (and original issue discount) 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 (and original issue discount) 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.

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 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 Bonds 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.

We express no opinion herein as to the accuracy, completeness or sufficiency of any official statement, Official 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.

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 ("**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities ("**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.