



## Report to City Council

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**TO:** Mayor and City Council  
Mayor and City Council Acting in its Capacity as  
Chairman and Members of the Board of Directors of  
the Moreno Valley Public Financing Authority (MVPFA)

**FROM:** Melissa Walker, Public Works Director/City Engineer

**AGENDA DATE:** May 5, 2026

**TITLE:** AUTHORIZATION TO FINANCE THE 2026 ELECTRIC  
SYSTEM REVENUE BONDS, SERIES 2026A (REPORT  
OF: PUBLIC WORKS) (ALL DISTRICTS)

**TITLE SUMMARY:** Authorization To Refund the Moreno Valley Public  
Financing Authority Lease Revenue Bonds, Series 2019  
(Taxable); Lease Revenue Bonds, Series 2021 (Taxable);  
2021 Equipment Purchase/Streetlight Refinancing (Taxable)  
and Finance The Electric System Revenue Bonds, Series  
2026A

**DISTRICT:** All Districts

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### Recommendation(s)

That the City Council:

1. Adopt Resolution Number PFA 2026-\_\_\_\_, A Resolution of the Moreno Valley Public Financing Authority authorizing the execution and delivery of certain documents in connection with the issuance of the Moreno Valley Public Financing Authority of not to exceed \$150,000,000 aggregate principal amount of Electric System Revenue Bonds, Series 2026A; authorizing execution and delivery of an installment purchase agreement, bond purchase agreement, indenture of trust and escrow agreements; approving the form of Official Statement; and authorizing the execution of documents and the taking of all necessary actions relating to the financing;

2. Adopt Resolution Number 2026-\_\_\_\_, A Resolution of the City Council of the City of Moreno Valley approving the issuance by the Moreno Valley Public Financing Authority of not to exceed \$150,000,000 aggregate principal amount of Electric System Revenue Bonds, Series 2026A; authorizing execution and delivery of an installment purchase agreement, continuing disclosure certificate, bond purchase agreement and escrow agreements; approving the form of Official Statement; and authorizing the execution of documents and the taking of all necessary actions relating to the financing;
3. Approve the necessary budget adjustments to allow the recording of the issuance of the bonds and related debt service required for Fiscal Year (FY) 2025/26 and FY 2026/27;
4. Authorize the necessary additions and budget adjustments to the FY 2025/26 and FY 2026/27 Capital Improvement Plan (CIP) and authorize the appropriation of up to \$100,000,000 for this refinancing and new project. The proposed bond funded projects were included in the Capital Improvement Program approved by the City Council on June 3, 2025;
5. Approve amended City Policy 3.11 Fund Balance and Financial Reserves Policy, which includes policy updates to MVU reserve funds as previously approved by Council. Waive certain debt management policy requirements related to minimum net present value threshold requirements due to removal of debt from the General Fund; and
6. Authorize the City Manager to execute amendments to agreements with CLP Engineering, LLC, CLP Operations & Maintenance, Inc., and related agreements for the Electric System Revenue Bonds, Series 2026A within the City Council-approved annual budgeted amounts, including the authority to authorize the associated purchase orders in accordance with the terms of the agreement, subject to the approval of the City Attorney.

## **SUMMARY**

To support the expansion and enhancement of the Moreno Valley Electric Utility's infrastructure, staff recommends issuing the Electric System Revenue Bonds, Series 2026A. Proceeds would refund the 2019 and 2021 Lease Revenue Bonds (Taxable) and the 2021 Streetlight Refinancing (Taxable) previously issued by the Moreno Valley Public Financing Authority (the "Authority"), while also funding additional infrastructure and capital improvements.

## **DISCUSSION**

Following the establishment of Moreno Valley Utility (MVU) and the beginning of operations by the Electric System, for several years, ENCO Utility Services (ENCO) served as the primary service provider for technical, operational, and customer-facing functions of the Electric System. Beginning in 2018, the City began planning to focus on long-term operational independence, internal capacity building, and improved customer service delivery. In 2023, the Electric System underwent a significant organizational shift, formally restructuring into five distinct operational groups: Power Supply, Customer Service, Finance, Engineering & Operations and Public Purpose. This transition enhanced operational agility, clarified accountability, and equipped the City to more

effectively manage the increasing complexity of municipal utility operations. In 2025, MVU contracted with CLP Operations & Maintenance, Inc., CLP Engineering, LLC, and ESC Partners to replace the ENCO service model with a specialized, multi-vendor approach. Under this structure, CLP Operations & Maintenance, Inc. provides comprehensive operations services including emergency response, system maintenance, inspections, and distribution system enhancements; CLP Engineering, LLC delivers engineering services such as customer and distribution engineering, substation engineering, and system planning; and ESC Partners provides customer service functions including call center operations, billing, payment processing, and accounts receivable administration.

MVU's Five-Year Strategic Energy Plan (2025–2030) outlines a path to ensure regulatory compliance, enhance Electric System reliability, and maintain long-term affordability for its customers. Built on the foundation of MVU's 2025 Integrated Resource Plan (IRP), the Five-Year Strategic Plan aligns MVU's energy procurement, portfolio development, and operational oversight with California's clean energy mandates and the City's projected growth. The efforts identified by the IRP and MVU's strategic planning make investments in increasing internal resources critical to the success of the Electric System. MVU has transitioned from an externally managed procurement model to a performance-driven, staff-led framework.

The 2026 bond-funded projects focus on practical, system-supporting investments: battery storage at multiple sites, rooftop solar and storage, storage for electrical equipment, and utility operational facilities. These are not speculative projects. They are intended to improve reliability, operational capability, energy flexibility, and long-term cost control. In other words, the bond proceeds are being directed toward assets that support both system performance and financial sustainability.

The Electric System Revenue Bonds, Series 2026A are proposed to fund the design, acquisition, and construction of capital improvements to the City of Moreno Valley's electric system, while also refinancing existing debt. The Moreno Valley Public Financing Authority previously issued the 2019 and 2021 Lease Revenue Bonds and the 2021 Streetlight Refinancing to support capital improvements and the acquisition of the City's streetlight system; these obligations became callable in early 2026, creating an opportunity for refinancing. The 2026A Bonds would replace the outstanding debt with a consolidated financing secured by electric utility revenues, streamlining obligations and providing additional capacity to support future infrastructure and capital improvements.

Because interest rates will fluctuate up until the proposed day the bonds are sold, City staff recommends a not-to-exceed amount for the 2026 Bonds of \$150,000,000 and a not-to-exceed interest rate of 5.25% per annum and a not to exceed underwriter's discount of 0.60% of aggregate principal amount of the 2026 Bonds to accommodate any changes in investor structuring preferences and/or bond market conditions. It is anticipated that the 2026 Bonds will be structured with insurance and a debt service reserve fund surety policy.

Pursuant to the Installment Purchase Agreement, the City is obligated to pay the Series 2026A Installment Payments as the purchase price for certain capital improvements. The obligation of the City to make the Series 2026A Installment Payments is a special

obligation of the City solely from the Electric System Revenues and other funds described in the Installment Purchase Agreement and does not constitute a debt of the City. The primary benefit of this structure is that it enables the City to no longer pledge assets to lease financing since the bonds are secured by the Electric System Revenue Fund. The proposed 2026 Bonds are expected to price mid-May and close mid-June.

Attached to the report are the required Resolutions and legal documents necessary to complete the issuance of the 2026 Bonds, including the Preliminary Official Statement that will be used by the underwriter to market the 2026 Bonds to potential investors.

## **ALTERNATIVES**

1. Adopt Resolutions 2026-\_\_ and PFA 2026-\_\_ and authorize the issuance of the 2024 Bonds and authorize staff to make the necessary revisions to the budget to account for these issuance activities. *This alternative is recommended since this action will result in the ability to fund much-needed infrastructure for the Electric Utility.*

2. Do not adopt the resolution and provide staff with additional direction. *This alternative is not recommended as it will result in the loss of the opportunity to fund much-needed infrastructure for the Electric Utility.*

## **FISCAL IMPACT**

All refinancing-related costs will be paid from the 2026 Bond proceeds.

## **NOTIFICATION**

Publishing of this Agenda.

## **PREPARATION OF STAFF REPORT**

Prepared By:  
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## **CITY COUNCIL GOALS**

## **CITY COUNCIL STRATEGIC PRIORITIES**

- 1. Economic Development**
- 2. Public Safety**

- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

## Report Approval Details

Document Title:	STAFFREPORT_PW_ADMIN_MVU BOND 2026.docx
Attachments:	<ul style="list-style-type: none"> <li>- BPA - Moreno Valley PFA Electric System Revenue Bonds 2026A.docx</li> <li>- City Resolution_2026_ Moreno Valley 2026 Electric Revenue Bonds v6.docx</li> <li>- Authority_Resolution_PFA_2026_Moreno Valley 2026 Electric Revenue Bonds v6.docx</li> <li>- 2019 Bonds Escrow Agreement (Moreno Valley 2026 Electric Revenue Bonds) Fieldman.docx</li> <li>- 2021 Bonds Escrow Agreement (Moreno Valley 2026 Electric Revenue Bonds), 4901_9550_3761_2.docx</li> <li>- Preliminary Official Statement (Moreno Valley 2026 Electric Revenue Bonds)-v5.docx</li> <li>- Installment Purchase Agreement (Moreno Valley 2026 Electric Revenue Bonds) v5.docx</li> <li>- Indenture (Moreno Valley 2026 Electric Revenue Bonds) v6.docx</li> <li>- Continuing Disclosure Certificate (Moreno Valley 2026 Electric Revenue Bonds), 4903_2807_4148_2.docx</li> <li>- 3.11 Fund Balance and Financial Reserves Policy.docx</li> </ul>
Final Approval Date:	Apr 30, 2026

This report and all of its attachments were approved and signed as outlined below:

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