

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2026

NEW ISSUE – BOOK-ENTRY ONLY

**RATING: S&P: “_____”
See the caption “RATING”**

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 2026A 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 2026A Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” with respect to tax consequences relating to the 2026A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

\$ _____*

**MORENO VALLEY PUBLIC FINANCING AUTHORITY
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A**

Dated: Date of Delivery

Due: May 1, as shown on inside cover

The Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A are being issued by the Authority pursuant to an Indenture of Trust, dated as of _____ 1, 2026, by and between the Authority and Wilmington Trust, National Association, as trustee, and will be payable from the sources described herein. The 2026A Bonds are being issued to provide funds to: (i) finance the design, acquisition and construction of certain capital improvements to the Electric System of the City of Moreno Valley, a member of the Authority; (ii) refund certain outstanding bonds of the Authority; (iii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2026A Bonds when due, (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund for the 2026A Bonds; and (iv) pay the costs of issuing the 2026A Bonds, all as more fully described herein.

Interest due on the 2026A Bonds is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2026, until the maturity thereof. The 2026A Bonds are being issued in fully registered book-entry form and initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive certificates representing their interest in the 2026A Bonds. Individual purchases will be in principal amounts of \$5,000 and integral multiples thereof. Payments of principal of and interest on the 2026A Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the 2026A Bonds.

The 2026A Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity as described in this Official Statement.

The 2026A Bonds are limited obligations of the Authority. The 2026A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2026A Installment Payments received by the Authority from the City pursuant to an Installment Purchase Agreement, dated as of _____ 1, 2026, by and between the City and the Authority. The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from Net Electric System Revenues of the City’s Electric System. The City has covenanted not to incur additional obligations payable from Net Electric System Revenues senior to the Series 2026A Installment Payments. The City may incur additional obligations payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement.

[The scheduled payment of the principal of and interest on the 2026A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2026A Bonds by _____.]

[INSURER LOGO]

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2026A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2026A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY IN CONTRAVENTION OF ANY STATE OF CALIFORNIA CONSTITUTIONAL OR STATUTORY PROVISION.

THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2026A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET ELECTRIC SYSTEM REVENUES OF THE CITY AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

This cover page contains certain information for quick reference only. It is not a complete summary of the 2026A Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover of this Official Statement shall have the meanings ascribed thereto herein.

MATURITY SCHEDULE – See Inside Cover Page

The 2026A Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is also acting

* Preliminary, subject to change.

as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. It is anticipated that the 2026A Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about _____, 2026.

[Stifel Logo]

Dated: _____, 2026

DRAFT

MATURITY SCHEDULE

\$ _____ *

**MORENO VALLEY PUBLIC FINANCING AUTHORITY
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A**

<i>Maturity Date (May 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>	<i>Yield</i>	<i>CUSIP†</i>
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\$ _____ % Term Bonds Due May 1, 20__, Price _____%, Yield _____%, CUSIP _____

\$ _____ % Term Bonds Due May 1, 20__, Price _____%, Yield _____%, 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 Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OR SALE OF THE 2026A BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY, THE CITY OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE DESCRIBED ON THE COVER PAGE OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE 2026A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE 2026A BONDS.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. 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 this information.

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

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Net Electric System Revenues, expenditures and other financial items; (b) statements of the plans and objectives of the City for future operations of the Electric System; (c) statements of future economic performance of the Electric System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement regarding the City's financial position, business strategy, capital resources and plans and objectives for future operations of the Electric System, are Forward-Looking Statements. Although such expectations reflected in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Statements of important factors (collectively, the "Cautionary Statements") that could cause actual results to differ materially from expectations of the City are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the Authority or the City or person acting on behalf of the Authority or the City are expressly qualified in their entirety by the Cautionary Statements.

This Official Statement is submitted in connection with the sale of the 2026A Bonds and may not be reproduced or be used, as a whole or in part, for any other purpose.

In connection with the offering of the 2026A Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the 2026A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2026A Bonds to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the cover page of this Official Statement, and the Underwriters may change those public offering prices from time to time.

THE 2026A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), IN RELIANCE UPON AN EXEMPTION CONTAINED IN THE ACT. THE 2026A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

[_____ ("____") makes no representation regarding the 2026A Bonds or the advisability of investing in the 2026A Bonds. In addition, _____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding _____ supplied by _____ and presented under the heading "BOND INSURANCE" and Appendix F—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

A wide variety of other information, including financial information, concerning the City is available from publications and website of City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted.

CITY OF MORENO VALLEY

MAYOR AND MEMBERS OF THE CITY COUNCIL

Ulises Cabrera, Mayor
Erlan Gonzalez, Mayor Pro Tem, District 3
Elena Baca-Santa Cruz, Councilmember, District 1
Ed A. Delgado, Councilmember, District 2
Cheylynda Barnard, Councilmember, District 4

MORENO VALLEY PUBLIC FINANCING AUTHORITY

Ulises Cabrera, Chair
Erlan Gonzalez, Vice Chair
Elena Baca-Santa Cruz, Boardmember
Ed A. Delgado, Councilmember, Boardmember
Cheylynda Barnard, Councilmember, Boardmember

STAFF

Brian Mohan, City Manager/Authority Executive Director
Steve Quintanilla, City Attorney
M. Patricia Rodriguez, City Clerk/Authority Secretary
Launa Jimenez, Assistant City Manager (Administration)
Sean Kelleher, Assistant City Manager (Development)
Felicia London, Chief Financial Officer/City Treasurer
Melissa Walker, Director of Public Works/City Engineer
Jason Niccoli, Electric Utility Division Manager

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

Fieldman Rolapp & Associates, Inc.
Irvine, California

Trustee

Wilmington Trust, National Association
Costa Mesa, California

Verification Agent

Causey Public Finance LLC
Denver, Colorado

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**MORENO VALLEY PUBLIC FINANCING AUTHORITY
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A**

INTRODUCTION

General

This Official Statement provides information concerning the issuance of the Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A (the “2026A Bonds”) pursuant to an Indenture of Trust, dated as of _____ 1, 2026 (the “Indenture”), by and between the Moreno Valley Public Financing Authority (the “Authority”) and Wilmington Trust, National Association, as trustee (the “Trustee”). See the caption “THE 2026A BONDS.”

Purposes of the 2026A Bonds

The 2026A Bonds are being issued to provide funds to: (i) finance the design, acquisition and construction of certain capital improvements to the Electric System of the City of Moreno Valley, a member of the Authority, as described under the caption “PLAN OF FINANCE —The Series 2026A Project;”(ii) refund certain outstanding bonds of the Authority, as described under the caption “PLAN OF FINANCE—The Refunding Plan;” (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2026A Bonds when due, (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund for the 2026A Bonds; and (iv) pay the costs of issuing the 2026A Bonds, all as more fully described herein. See the caption “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE.”

Authority for Issuance

The 2026A Bonds are being issued under the Indenture and the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “State”).

Sources of Payment for the 2026A Bonds

The 2026A Bonds are limited obligations of the Authority. The 2026A Bonds are payable solely from Authority Revenues and certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments (the “Series 2026A Installment Payments”) received from the City pursuant to an Installment Purchase Agreement, dated as of _____ 1, 2026 (the “Installment Purchase Agreement”), by and between the City and the Authority. See the caption “SECURITY FOR THE 2026A BONDS.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2026A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2026A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY IN CONTRAVENTION OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.

* Preliminary, subject to change.

Sources of Payment for the Series 2026A Installment Payments

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 described in the Installment Purchase Agreement. The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from the Electric System Revenues and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the City or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the City has agreed and covenanted that all Electric System Revenues (as such term is defined in the Installment Purchase Agreement), will be received by the City in trust thereunder and will be deposited when and as received in the Electric System Revenue Fund, which fund the City has agreed and covenanted to maintain so long as any Series 2026A Installment Payments remain unpaid.

All amounts on deposit in the Electric System Revenue Fund have been irrevocably pledged to the payment of the Series 2026A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the Electric System Revenue Fund for the payment of the Series 2026A Installment Payments and all other parity Contracts and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The City will, from the moneys in the Electric System Revenue Fund, pay all Maintenance and Operation Costs of the Electric System (as such term is defined in the Installment Purchase Agreement), including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Electric System, the payment of which is not then immediately required. All remaining moneys in the Electric System Revenue Fund (the “Net Electric System Revenues”) will be set aside by the City as set forth in the Installment Purchase Agreement to pay the Series 2026A Installment Payments and other parity Contracts and Bonds. See the caption “SECURITY FOR THE 2026A BONDS.”

Reserve Fund

A Reserve Fund for the 2026A Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. The Reserve Requirement for the 2026A Bonds is \$_____. [_____ (the “Insurer”) will issue, simultaneously with the issuance of the 2026A Bonds, a municipal bond debt service reserve insurance policy (the “Reserve Surety Policy”) in the principal amount of \$_____ for deposit in the Reserve Fund to satisfy the Reserve Requirement.] See the caption “SECURITY FOR THE 2026A BONDS—Reserve Fund.”

Bond Insurance

[Payment of principal of and interest on the 2026A Bonds will be insured by a municipal bond insurance policy (the “Policy”) to be issued by the Insurer concurrently with the issuance of the 2026A Bonds. See the caption “BOND INSURANCE.”]

Additional Parity Obligations

The City has covenanted not to incur additional obligations payable from Net Electric System Revenues senior to the Series 2026A Installment Payments. The City may incur additional obligations on a parity with the Series 2026A Installment Payments, subject to the terms and conditions described under the caption

“SECURITY FOR THE 2026A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations.”

The City and the Electric System

The City is located in western Riverside County (the “County”), approximately 66 miles east of Los Angeles and 100 miles north of San Diego, California. The City had a population of approximately 210,823 as of January 1, 2025 and covers approximately 51.7 square miles. The City was incorporated on December 3, 1984 and is a general law city operating under a council/manager form of government. The City provides or contracts for many municipal services for its residents, including libraries, parks, recreation, street and storm drain maintenance and electric utility services. The City contracts with the Riverside County Sheriff’s Department for law enforcement services and with the County for fire protection services, which services are provided by the California Department of Forestry and Fire Protection. Water and sewer service is provided by Eastern Municipal Water District and Box Springs Mutual Water Company. Further information concerning the City is set forth under the caption “THE CITY OF MORENO VALLEY.”

The City owns and operates a retail electric system which serves portions of the City. The City is not the sole provider of retail electric service within the City. For the Fiscal Year ended June 30, 2025, the Electric System had 9,192 metered customers while the Southern California Edison (“SCE”), an investor owned utility, serves the remaining customers within the City. The Electric System’s power supply requirements are met through long-term power purchase agreements and purchase through the California Independent System Operator (“CAISO”) centralized markets. For the Fiscal Year ended June 30, 2025, the Electric System purchased a total of 225,586 megawatt hours (“MWh”) of electricity for delivery to customers throughout the Electric System’s service area. Further information concerning the Electric System is set forth under the caption “THE ELECTRIC SYSTEM.”

The Authority

The Authority is a public body that is duly organized and existing under the Joint Exercise of Powers Agreement, dated as of October 28, 1997 (the “JPA Agreement”), by and between the City and the Community Redevelopment Agency of the City of Moreno Valley (the “Agency”), and under the Constitution and laws of the State. The Authority was formed for the purpose of assisting the City in the financing and refinancing of public capital improvements by exercising the powers referred to in the JPA Agreement, including the power to issue bonds to pay the costs of public improvements. Neither the City nor the Agency is responsible for repayment of the obligations of the other. The members of the Board of Directors of the Authority are the members of the City Council of the City. The Authority has no employees and all staff work is done by City staff or by consultants to the Authority. The Authority has acted as a conduit issuer for the City for a variety of financings.

Professionals Involved in the Offering

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee with respect to the 2026A Bonds. The 2026A Bonds will be issued subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Irvine, California. The City’s financial statements for the fiscal year ended June 30, 2025 included as Appendix A hereto have been audited by Rogers, Anderson, Malody & Scott, LLP (the “Auditor”). See APPENDIX A—“ ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF MORENO VALLEY” herein. The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement.

Other Information About this Official Statement

There follows in this Official Statement (and attached appendices) a brief description of the 2026A Bonds, the security for the 2026A Bonds, the City, the Authority and certain other information relevant to the issuance of the 2026A Bonds. The descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document.

All capitalized terms used herein and not normally capitalized have the meanings assigned to them in the Indenture and the Installment Purchase Agreement, the summaries of which are included in Appendix B, unless otherwise stated in this Official Statement.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

PLAN OF FINANCE

2026A Project

A portion of the proceeds of the 2026A Bonds and certain other City funds will be applied to finance the design and construction of certain transmission and distribution facilities for the City's Electric System (the "2026A Project"). The 2026A Project consists of the following projects:

Project Title	Estimated Cost
Corporate Yard Battery Energy Storage System	\$ 20,000,000
Industrial Building Rooftop Solar and Storage—Building 1	20,750,000
Energy Storage at City Hall Campus	15,262,500
Moreno Valley Substation Battery Storage	18,000,000
MVU Warehousing Facilities for Storing Electrical Equipment	12,000,000
Moreno Valley Substation Battery Storage	1,025,000
Utility Field Office	13,015,000
Total	\$ 100,052,000

The City may substitute a component of the 2026A Project or add a component to the 2026A Project upon delivery of an opinion of Bond Counsel stating, in substance, that such substitution or addition, as applicable will not, in and of itself, adversely affect the exclusion of interest on the 2026A Bonds from federal income taxation and from state income taxation.

The Refunding Plan

A portion of the proceeds of the 2026A Bonds and certain other City funds will be applied to cause the refunding of the Authority's outstanding Lease Revenue Bonds, Series 2019 (Taxable) (the "2019 Bonds") and Lease Revenue Bonds, Series 2021 (Taxable) (the "2021 Bonds") and to prepay the City's obligations under an Amended and Restated Equipment Lease/Purchase Agreement, dated as of August 10, 2021, between Banc of America Leasing & Capital, LLC (together with its successors, assigns and transferees), as lessor, and the City, as lessee (the "2021 Equipment Lease").

ESTIMATED SOURCES AND USES OF FUNDS

The following is an estimate of the sources and uses of 2026A Bond proceeds.

Sources⁽¹⁾

Principal Amount of 2026A Bonds
[Plus/Less] [Net] Original Issue [Premium/Discount]
TOTAL

Uses⁽¹⁾

Deposit to Acquisition Fund
Deposit to Escrow Fund for Series 2019 Bonds
Deposit to Escrow Fund for Series 2021 Bonds
Prepayment of 2021 Equipment Lease
Underwriters' Discount
Deposit to Costs of Issuance Fund⁽²⁾
TOTAL

⁽¹⁾ Amounts rounded to the nearest dollar.

⁽²⁾ Includes fees for Trustee and Municipal Advisor, legal fees, premiums for the Policy and the Reserve Surety Policy, printing costs, rating agency fees and other costs of delivery.

THE 2026A BONDS

Terms of the 2026A Bonds

The 2026A Bonds will be issued in the aggregate principal amount of \$_____ * and will be dated as of the date of issuance. Interest on the 2026A Bonds is payable by check or draft of the Trustee mailed by first class mail on May 1 and November 1 of each year, commencing November 1, 2026 (each an "Interest Payment Date"). Interest on the 2026A Bonds is payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of \$1,000,000 or more in principal amount, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any 2026A Bond will be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2026A Bonds will be payable in lawful money of the United States of America.

Interest on the 2026A Bonds will accrue at the rates per annum and will mature on the dates set forth on the inside front cover page of this Official Statement. Interest on the 2026A Bonds will be computed based on a year consisting of 360 days and twelve 30-day months. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof.

Principal of the 2026A Bonds is payable in lawful money of the United States of America at the Office of the Trustee in Costa Mesa, California.

* Preliminary, subject to change.

Redemption of 2026A Bonds

Optional Redemption. The 2026A Bonds with stated maturities on or after May 1, 20__ are subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a written request to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the sole convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after May 1, 20__, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Extraordinary Redemption from Insurance or Eminent Domain Proceeds. The 2026A Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the City in a written request to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in the Indenture and the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2026A Bonds with stated maturities on May 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (May 1)</i>	<i>Principal Amount</i>
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* Final Maturity.

The 2026A Bonds with stated maturities on May 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (May 1)</i>	<i>Principal Amount</i>
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* Final Maturity.

Notice of Redemption

Notice of redemption will be mailed by first class mail not less than 20 days before any Redemption Date, to the respective Owners of any 2026A Bonds designated for redemption at their addresses appearing on the Registration Books and to the Securities Depositories and the Information Services; provided, however, that

so long as the 2026A Bonds are registered in the name of the Nominee, notices of redemption shall be provided in such manner as complies with the requirements of DTC, and, provided further, that such notice may be cancelled by the Authority upon written request delivered to the Trustee not less than 5 days prior to such Redemption Date. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2026A Bonds of any such maturity are to be redeemed, the serial numbers of the 2026A Bonds of such maturity to be redeemed by giving the individual number of each 2026A Bond or by stating that all 2026A Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2026A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said 2026A Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2026A Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will require that such 2026A Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2026A Bond. Notice of redemption of 2026A Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of 2026A Bonds, such notice may state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2026A Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such 2026A Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Selection of 2026A Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the 2026A Bonds, the Trustee will select the 2026A Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of \$5,000 in accordance with the Indenture. The Trustee will promptly notify the Authority in writing of the numbers of the 2026A Bonds or portions thereof so selected for redemption.

Partial Redemption of Bonds

Upon surrender of any 2026A Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2026A Bond or 2026A Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2026A Bonds surrendered and of the same series, interest rate and maturity.

Effect of Redemption of Bonds

Notice of redemption having been duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2026A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2026A Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2026A Bonds so called for redemption will cease to accrue, said 2026A Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2026A Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee will, upon surrender for payment of any of the 2026A Bonds to be redeemed on their Redemption Dates, pay such 2026A Bonds at the Redemption Price.

All 2026A Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

Book-Entry Only System

One fully-registered 2026A Bond for each maturity will be issued in the principal amount of such 2026A Bond. Such 2026A Bonds will be registered in the name of Cede & Co. and will be deposited with DTC.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2026A Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The City cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the 2026A Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D hereto for additional information concerning DTC.

Transfers and Exchanges Upon Termination of Book-Entry Only System

Any 2026A Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2026A Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee is not required to register the transfer of any 2026A Bond during the period in which the Trustee is selecting 2026A Bonds for redemption and any 2026A Bond that has been selected for redemption.

Whenever any 2026A Bond or 2026A Bonds is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new 2026A Bond or 2026A Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee will require the 2026A Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2026A Bonds, the Trustee will cancel and destroy the 2026A Bonds it has received.

The 2026A Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee is not required to exchange any 2026A Bond during the period in which the Trustee is selecting 2026A Bonds for redemption and any 2026A Bond that has been selected for redemption. The Trustee will require the 2026A Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2026A Bonds, the Trustee will cancel and destroy the 2026A Bonds it has received.

Debt Service Schedule

Set forth below is a table of the annual Series 2026A Installment Payments and principal of and interest on the 2015A Electric System Bonds.

**CITY OF MORENO VALLEY
Debt Service Schedule**

<i>June 30</i>	<i>2026A Bonds</i>		<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	

TOTAL

SECURITY FOR THE 2026A BONDS

General

Pursuant to the Indenture, the Authority, for good and valuable consideration, has unconditionally assigned and pledged to the Trustee without recourse all of its rights to receive the Authority Revenues and to enforce the Installment Purchase Agreement upon an event of default thereunder for the benefit of the Owners of the 2026A Bonds, for the purpose of securing: (a) the payment of the principal of and the interest and premium on the 2026A Bonds under the terms of the Indenture; and (b) all of the rights, title, and interest of the Authority in the Installment Purchase Agreement, including all rights of the Authority to receive payments thereunder and all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including

enforcement of payment obligations and rate covenants contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the 2026A Bonds, subject to the terms of the Indenture, and excepting therefrom any rights to indemnification or to receive notices thereunder.

The 2026A Bonds are limited obligations of the Authority. The 2026A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2026A Installment Payments received from the City pursuant to the Installment Purchase Agreement. See the caption “—Revenue Pledge Securing the Series 2026A Installment Payments.”

The 2026A Bonds do not constitute a charge against the general credit of the Authority. The 2026A Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the Installment Purchase Agreement and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the 2026A Bonds. The Authority has no taxing power. The 2026A Bonds do not constitute a debt, liability or obligation of the State or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State constitutional or statutory provision.

Revenue Pledge Securing the Series 2026A Installment Payments

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 described in the Installment Purchase Agreement. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2026A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET ELECTRIC SYSTEM REVENUES OF THE CITY AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the City has agreed and covenanted that the Electric System Revenues shall be deposited when and as received in a special fund designated as the “Electric System Revenue Fund” which fund has been established and which fund the City has agreed and covenanted to maintain and to hold separate and apart from other funds so long as the Series 2026A Installment Payments remain unpaid.

All amounts on deposit in the Electric System Revenue Fund and the Rate Stabilization Fund have been irrevocably pledged to the payment of the Series 2026A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the Electric System Revenue Fund and the Rate Stabilization Fund for the payment of the Series 2026A Installment Payments and all other parity Contracts and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The City will, from the moneys in the Electric System Revenue Fund, pay all Operation and Maintenance Costs of the Electric System (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs of the Electric System, the payment of which is not then immediately required) as such Electric System Operation and Maintenance Costs become due and payable. The Net Electric System Revenues will be set aside by the City as set forth in the Installment Purchase Agreement to pay the Series 2026A Installment Payments and parity Contracts and Bonds.

Electric System Revenues. Electric System Revenues are defined under the Installment Purchase Agreement to include all income, rents, rates, fees, charges and other moneys derived from or attributable to the ownership or operation of the Electric System calculated in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing, all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the sale, furnishing and supplying of electric generation, transmission and distribution through the facilities of or in the conduct or operation of the business of the Electric System; plus all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City under any contract for the sale of power, energy, transmission or other services from the Electric System or any part thereof or any contractual arrangement with respect to the use of the Electric System or any part thereof or the services, output or capacity thereof; connection charges or similar charges related to the Electric System; plus payments received by the City in connection with any commodity swaps related to the Electric System, including Commodity Swaps; the earnings on and income derived from the investment of the amounts described above, and from investment of amounts in the Electric System Revenue Fund; plus the earnings on and income derived from investment of the City reserves allocated to the Electric System; plus all amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund during any Fiscal Year in accordance with the Installment Purchase Agreement. Electric System Revenues do not include in all cases any amounts transferred from the Electric System Revenue Fund to the Rate Stabilization Fund during any Fiscal Year in accordance with the Installment Purchase Agreement, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City and any proceeds of taxes restricted by law to be used by the City to pay obligations of the City other than Bonds or Contracts. In addition, Electric System Revenues do not include revenues with respect to any electric generation or transmission facilities of the City which are not a part of the Electric System as determined in accordance with the Installment Purchase Agreement. See the definition of Electric System set forth in Appendix B— “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” hereto for a description of the ability of the Board of the City to elect to include or exclude generation or transmission facilities in the Electric System.

Rate Covenant Securing the Series 2026A Installment Payments

To the fullest extent permitted by law, the City has covenanted in the Installment Purchase Agreement to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Energy Service provided by the Electric System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Electric System Revenues equal to one hundred twenty-five percent (125%) of Debt Service payable in such Fiscal Year.

The City may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Electric System from such reduced rates and charges will at all times be sufficient to meet the requirements described in the prior paragraph.

Failure to produce Net Electric System Revenues to equal one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the City complies with the covenant described above. Such failure may, however, affect the ability of the City to issue Bonds or incur Contracts payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments.

[For purposes of the covenant set forth above, any Policy Costs due and owing shall be treated as Operations and Maintenance Costs of the Electric System.]

Limitations on Parity and Superior Obligations; Subordinate Obligations

Additional Obligations Superior to Series 2026A Installment Payments. The City has covenanted in the Installment Purchase Agreement that it will not, so long as any Series 2026A Installment Payments are

outstanding, issue or incur any obligations payable from the Revenues superior to the Series 2026A Installment Payments.

Additional Obligations on a Parity with Series 2026A Installment Payments. The City may at any time execute any Contract or issue any Bonds, as the case may be, in accordance with the Installment Purchase Agreement; provided:

(i) The Net Electric System Revenues for either the most recent audited Fiscal Year or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the City and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the City, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such audited Fiscal Year or such twelve month period, as applicable; and

(ii) At the option of the City:

(1) the Net Electric System Revenues for either the most recent audited Fiscal Year or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of the execution of such Contract or the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such audited Fiscal Year or such twelve month period to increases or decreases in rates and charges for the Energy Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the City, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such audited Fiscal Year or such twelve month period plus the Debt Service which would have been payable on any Contracts executed or Bonds issued since the end of such audited Fiscal Year or such twelve month period assuming such Contracts had been executed or Bonds had been issued at the beginning of such audited Fiscal Year or such twelve month period, plus the Debt Service which would have been payable had such Contract been executed or Bonds been issued at the beginning of such audited Fiscal Year or such twelve month period, as applicable; or

(2) the estimated Net Electric System Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project previously financed or being financed from the proceeds of Bond or Contracts, as evidenced by an Engineer's Report on file with the City, plus (after giving effect to the completion of all such uncompleted Parity Projects and the Net Electric System Revenues to be derived from such Parity Projects) an allowance for estimated Net Electric System Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed for the Energy Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by an Engineer's Report on file with the City, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect, in either case, to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract that was first executed or the Bonds that were first issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

Notwithstanding the foregoing, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding in an amount in excess of 10%.

For purposes of calculations set forth above with respect to the issuance of Bonds or the execution of Contracts, any Policy Costs due and owing shall be treated as Operations and Maintenance Costs of the Electric System.

Subordinate Obligations. Nothing in the Installment Purchase Agreement prohibits the City from issuing bonds, notes or other obligations payable from Net Electric System Revenues subordinate to Bonds or Contracts.

Reserve Fund

[The Insurer will issue, simultaneously with the initial issuance of the 2026A Bonds, the Reserve Surety Policy in the amount of \$_____ (equal to the Reserve Requirement) for deposit in the Reserve Fund, effective as of the date of issuance of the 2026A Bonds. Under the terms of the Reserve Surety Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled payments of principal of and interest on the 2026A Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Authority.

See Appendix B—” DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” under the caption “THE INDENTURE—REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST—Reserve Fund” for further information with respect to the Reserve Surety Policy.]

Rate Stabilization Fund

There is continued under the Installment Purchase Agreement a special fund designated as the “Rate Stabilization Fund” to be held by the City in trust thereunder, which fund the City has pledged to the payment of the Series 2026A Installment Payments under the Installment Purchase Agreement and has agreed and covenanted to maintain and to hold separate and apart from other funds so long as any Series 2026A Installment Payments remain unpaid. On the date of the issuance of the 2026A Bonds, no moneys will be on deposit in the Rate Stabilization Fund. Money transferred by the City from the Electric System Revenue Fund to the Rate Stabilization Fund in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Electric System Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the 2026A Bonds are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application in accordance with the Installment Purchase Agreement. Amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund pursuant to the Installment Purchase Agreement during or within 270 days after a Fiscal Year, may be taken into account as Electric System Revenues for purposes of the calculations described under the captions “—Rate Covenant” and “—Additional Indebtedness” in such Fiscal Year.

Under certain circumstances, moneys received in one Fiscal Year may be required or permitted by GAAP to be recorded as revenue in a subsequent Fiscal Year, regardless of whether such moneys have been deposited in the Rate Stabilization Fund. See APPENDIX A—“ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE CITY OF MORENO VALLEY.”

BOND INSURANCE

[TO COME]

THE CITY OF MORENO VALLEY

General

The City is located in western Riverside County (the “County”), approximately 66 miles east of Los Angeles and 100 miles north of San Diego, California. The City had a population of approximately 210,823 as of January 1, 2025 and covers approximately 51.7 square miles. The City was incorporated on December 3, 1984 and is a general law city operating under a council/manager form of government. Further information concerning the City is set forth below.

The City had approximately 536 full and part-time employees as of June 30, 2025, of which approximately 23 were assigned to the Electric System. City employees (full-time) are represented by three labor associations: the Moreno Valley City Employees Association (the “MVCEA”), which represented approximately 186 employees as of June 30, 2025, the Moreno Valley Management Association (the “MVMA”), which represented approximately 42 employees as of June 30, 2025, and the Moreno Valley Confidential Management Employee Association (the “MVCMEA”) which represented approximately 19 employees as of June 30, 2025. Relations between the City and the MVCEA, MVMA and MVCMEA are governed by memoranda of understanding that expire on June 30, 2027. A total of approximately 38 management and confidential employees are exempt from collective bargaining. Salaries for exempt employees are set by the City Council. The City has never experienced a strike, slowdown or work stoppage.

The City provides or contracts for many municipal services for its residents, including libraries, parks, recreation, street and storm drain maintenance and electric utility services. The City contracts with the Riverside County Sheriff’s Department for law enforcement services and with the County for fire protection services, which services are provided by the California Department of Forestry and Fire Protection. Water and sewer service is provided by Eastern Municipal Water District and Box Springs Mutual Water Company.

Government and Administration

The City operates under a council-manager form of government. Councilmembers are elected by district for four-year alternating terms and the Mayor is elected at large, serving a two-year term. The City Manager, appointed by the City Council, serves as the City’s chief administrative officer and is responsible for overseeing the daily operations of City departments and efficient management of all City business. Functions of the City Manager’s Office include coordination of the implementation of City Council policies and programs; providing overall direction to the departments that administer City programs and services; coordinating intergovernmental relations and legislative advocacy; and administration of the City’s communications, media relations and public information programs.

Brian Mohan has served as the City Manager since December 28, 2024. Mr. Mohan began working for the City in July 2017, initially serving as the Financial Resources Division Manager, later the Assistant City Manager/Chief Financial Officer/City Treasurer, and most recently as the Assistant City Manager (Administration). Mr. Mohan’s 26-year career in local government has included senior management positions with the San Bernardino County Employees Retirement Association and the City of Rialto. Mr. Mohan has a Bachelor of Science degree in Business and Administration from California State University, San Bernardino.

Other key personnel responsible for management of the City include the Assistant City Manager’ and the Chief Financial Officer/City Treasurer. In addition, the City Attorney provides legal services to the City and the Authority and the City Clerk provides clerk services to the City and the Authority.

Launa Jimenez serves as the Assistant City Manager (Administration). Ms. Jimenez began working for the City in February 2005, working her way up the ranks to her most recent position. Prior to becoming the Assistant City Manager (Administration), Ms. Jimenez served as the Chief Financial Officer/City Treasurer and the Financial Resources Division Manager, as well as in various other roles related to capital improvement and

transportation projects. Prior to joining the City, Ms. Jimenez worked for the City of Fontana. Ms. Jimenez has a Bachelor of Arts degree in Public Administration from California State University, San Bernardino.

Sean Kelleher serves as the Assistant City Manager (Development). Mr. Kelleher earned his Bachelor's in Urban and Regional Planning from Cal Poly Pomona and his Master's in Business Administration from the University of Redlands. Mr. Kelleher has been in public service for over 22 years previously serving in the cities of Highland, Redlands, and Riverside, where he has worked on various transformative programs and projects. In 2019, he made the move to Moreno Valley and has served in various roles including Senior Planner, Planning Official, and most recently Community Development Director.

Felicia London serves as the Chief Financial Officer/City Treasurer. Ms. London currently serves as Chief Financial Officer/City Treasurer for the City of Moreno Valley. In this capacity, she oversees the Financial and Management Services (FMS) department, which comprises Financial Operations, Purchasing & Sustainability, Special Districts, Financial Resources, Grants, and Payroll Divisions. Since joining the City in 2010, she has held several key leadership roles, advancing through positions such as Public Safety Contracts Administrator, Purchasing Manager, Special Districts Division Manager, and Deputy Finance Director. Prior to her tenure with Moreno Valley, she worked for the City of Rialto and the County of Riverside. Felicia holds a Bachelor's in finance and a master's in public administration from California State University, San Bernardino. She is a 30+ year Moreno Valley resident that has two sons and brings over 27 years of dedication to public service and financial leadership.

Jason Niccoli serves as the Electric Utility Division Manager. He oversees electric utility operations, including engineering, power supply, finance, customer service and compliance, and is responsible for budget development, infrastructure planning, and coordination with developers and stakeholders. Mr. Niccoli brings nearly 20 years of engineering experience, including over 15 years within publicly owned electric utilities, with a focus on transmission, distribution, and system planning. Prior to Moreno Valley, he served as Principal Engineer at Pasadena Water and Power, managing major capital improvement programs and infrastructure projects. His experience also includes roles at Bear Valley Electric Service and Riverside Public Utilities, supporting system design, compliance, and utility planning. Mr. Niccoli holds a Bachelor of Science in Electrical Engineering from the University of California, Riverside, and is a licensed Professional Electrical Engineer in California.

Melissa Walker serves as the Director of Public Works and City Engineer. Ms. Walker began working for the City in December 2021, initially serving as the Engineering Division Manager and most recently as Director of Public Works/City Engineer. Ms. Walker's 37-year career in local government has included senior management positions with the San Bernardino County Department of Public Works. Ms. Walker has a Bachelor of Science in Civil Engineering from the University of California, Berkeley, and a Master's in Public Administration from California State University, San Bernardino.

Steve Quintanilla, President and owner of the Law Offices of Quintanilla & Associates, has served as contract Interim City Attorney and contract Interim General Legal Counsel for the City's affiliated agencies in 2014-2015, and recently from March 2020 until being appointed City Attorney on a permanent basis in August 2023. Mr. Quintanilla has been an attorney for more than 25 years in private practice, specializing in municipal law. He graduated with a juris doctorate from the University of California, Los Angeles School of Law.

M. Patricia Rodriguez serves as the City Clerk/Authority Secretary. Ms. Rodriguez has over 29 years of experience in government. She began her career in law enforcement in 1997, where she held various positions and played a key role as one of the founding members of the Menifee Police Department. Seven years ago, Ms. Rodriguez transitioned to the City Clerk's Office, where she continued to contribute to the effectiveness and efficiency of local government operations. She holds a Bachelor of Arts in Public Administration from California State University, San Bernardino and California Baptist University. Throughout her career, she has remained committed to public service and continues to work toward supporting and enhancing the local community.

Budget Procedure

The City currently operates on a two-year operating budget cycle. The current budget was approved on May 6, 2025 and governs the period beginning on July 1, 2025 for Fiscal Years 2025-26 and 2026-27. The budget includes all funding sources of the City, including the General Fund, Community Services District and the Successor Agency of the former Redevelopment Agency. The City's budget process is described below.

At such time as the City Manager determines, each department head must furnish to the City Manager an estimate of revenues and expenditures for the applicable department for the ensuing two Fiscal Years, detailed in such a manner as may be prescribed by the City Manager. In preparing the proposed budget, the City Manager reviews the estimates, holds conferences regarding the estimates with the respective department heads, and revises the estimates as the City Manager deems appropriate. The City Council has directed staff to develop a balanced budget.

Prior to June 30 of every second Fiscal Year, the City Manager submits to the City Council a proposed budget for the next two-year period commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30 of the applicable Fiscal Year, public hearings are conducted to obtain public comments and the budget is legally enacted through the passage of a resolution. The budget is subject to amendment throughout the two-year period to reflect actual financial performance.

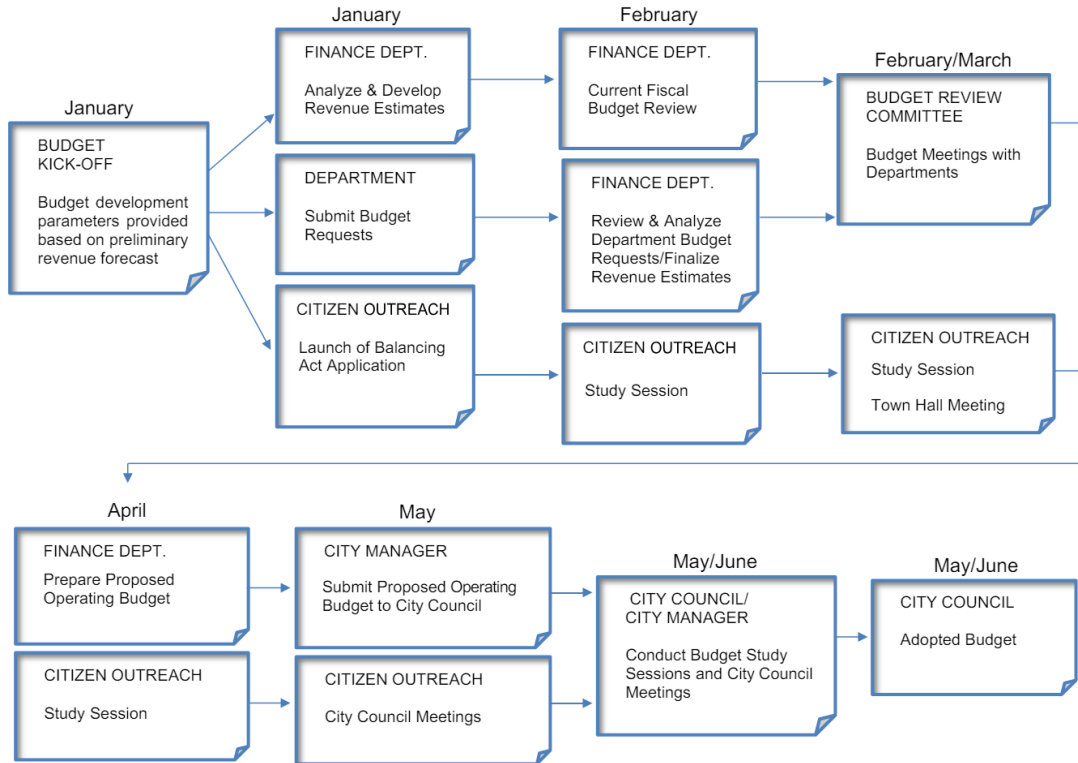
From the effective date of the budget, the amounts stated as proposed expenditures become appropriated to the several departments, offices, and agencies for the objects and purposes named. The City Manager is authorized to transfer budgeted amounts between line items within a department or activity, and between departments and programs within the same fund, provided that the total appropriation does not exceed the budgeted amount. All other transfers or amendments require City Council approval. The City Manager and affected department heads are mutually responsible for controlling expenditures within budgeted appropriations. All appropriations lapse at the end of the Fiscal Year to the extent that they have not been expended or lawfully encumbered. At a public meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by three affirmative votes of members of the City Council. The City Manager proposes interim changes, if any, to the City Council quarterly throughout the two-year budget cycle.

The Electric System rates are not subject to the requirements under Article XIID of the California Constitution. See the caption "CONSTITUTIONAL LIMITATIONS."

A summary of the actions taken during the budgetary process is set forth below:

CITY OF MORENO VALLEY BUDGET PROCESS

City of Moreno Valley - Budget Process Flow Chart



Source: City.

The City conducts its annual financial audit between August and November each year, and such audit is typically received by the City Council by December of such year. In recognition of its financial reporting excellence, the Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for over 25 consecutive years.

Retirement Contributions

Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by GASB Statement No. 68 (“GASB 68”). 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.

The City participates in a Miscellaneous plan to fund pension benefits for employees. The City's pension plan is administered by CalPERS. CalPERS administers an agent multiple-employer public employee defined benefit pension plan for all of the City's full-time and certain part-time employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council.

City employees are subject to different benefit levels based on their hire date. Current benefit provisions for City employees are set forth below as of June 30, 2025.

**CITY OF MORENO VALLEY
CALPERS PENSION PLANS – SUMMARY OF BENEFIT PROVISIONS**

	<i>Employees Hired Before December 23, 2011</i>	<i>Employees Hired between December 23, 2011 and December 31, 2012</i>	<i>Employees Hired after December 31, 2012 (Not Previously CalPERS members)</i>
Benefit Formula	2.7% @ age 55	2.0% @ age 55	2.0% @ age 62
Benefit Vesting	5 years of service	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Minimum Retirement Age	50-55	50-55	52-62
Monthly Benefits as % of Eligible Compensation	2.0% - 2.7%	1.426% - 2.418%	1.0% - 2.5%
Employee Normal Cost	8.00% ⁽¹⁾	7.00% ⁽¹⁾	7.75% ⁽¹⁾
Employer Normal Cost Rate	19.85%	19.85%	19.85%

⁽¹⁾ These employees are required to make the full employee contribution.
Source: City.

Contributions to the City's pension plan consist of contributions from plan participants (i.e., employees) and contributions by the City.

City employees who were hired on and after January 1, 2013 and who were not previously CalPERS members receive benefits based on a 2.0% 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 for such employees. 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 capped pensionable income as noted below. Amounts are set annually, subject to Consumer Price Index increases, and retroactive benefit increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

**CITY OF MORENO VALLEY
PENSIONABLE INCOME CAPS FOR CALENDAR YEAR 2026
(AB 340 AND NON-AB 340 EMPLOYEES)**

	<i>Employees Hired Before January 1, 2013 (Non-AB 340 Employees)</i>	<i>Employees Hired On or After January 1, 2013 (AB 340 Employees)</i>
Maximum Pensionable Income	\$360,000	\$191,679
Maximum Pensionable Income if also Participating in Social Security	N/A	\$159,733

Source: City.

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

The City is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. 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: (i) 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 (ii) the employer unfunded accrued liability contribution amount, which funds pension benefits that were previously earned by current and former employees (billed monthly).

For the Fiscal Year ending June 30, 2025, required employer normal cost rates as a percentage of payroll were 12.11% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012. For the Fiscal Year ending June 30, 2026, required employer normal cost rates as a percentage of payroll are 11.55% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012. For the Fiscal Year ending June 30, 2027, required employer normal cost rates as a percentage of payroll will be 11.26% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012.

For the Fiscal Year ending June 30, 2025, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous plan was \$7,988,536, of which \$471,070 was attributable to the Electric System. For the Fiscal Year ending June 30, 2026, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous plan is \$8,659,463, of which approximately \$510,633 is attributable to the Electric System. For the Fiscal Year ending June 30, 2027, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous plan will be \$8,851,947, of which approximately \$521,984 is expected to be attributable to the Electric System.

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 equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The 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 2013 through 2024 report investment gains (and losses) of approximately 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, (6.1%), 5.8% and 9.3%, respectively. CalPERS preliminary earnings report for Fiscal Year 2024-25 reported investment gains of approximately 11.6%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

The announcement on July 12, 2021 that CalPERS achieved investment returns of 21.3% in Fiscal Year 2021 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.

The tables below are derived from the Actuarial Valuation as of June 30, 2024 for the Miscellaneous Plan of the City of Moreno Valley (the “2024 Report”) and show the required and projected employer contributions (before cost sharing) for the next six fiscal years, as well as the historical funded status of the City’s Miscellaneous pension plan. Projected results reflect the adopted changes to the discount rate described in the 2024 Report. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over time as new employees are hired into AB 340 or other lower cost benefit tiers.

The following projections assumed the investment return for Fiscal Year 2024-25 would be 6.8%. However, CalPERS announced preliminary investment returns of 11.6% for Fiscal Year 2024-25. As a result, the actual contribution requirements for the Fiscal Years 2026-27 and the following years shown below can be expected to differ from such projections.

<i>Fiscal Year</i>	<i>Required Contribution</i>		<i>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)</i>			
	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>	<i>2030-31</i>	<i>2031-32</i>
Normal Cost %	11.26%	11.0%	10.7%	10.5%	10.3%	10.0%
UAL Payment	\$8,851,947	\$9,179,000	\$9,967,000	\$10,084,000	\$10,177,000	\$9,389,000
Total as a % of Payroll*	38.44%	38.4%	39.7%	39.0%	38.2%	35.1%
Projected Payroll	\$32,566,993	\$33,478,869	\$34,416,277	\$35,379,933	\$36,370,570	\$37,388,947

* Illustrative only and based on the projected payroll shown.
Source: CalPERS’ 2024 Report.

The table below is derived from the 2024 Report and shows the funded status of the City's Miscellaneous pension plan as of the valuation dates shown.

Valuation Date	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
6/30/2020	\$238,198,412	\$155,038,558	\$83,159,854	65.1%	\$24,020,218
6/30/2021	251,638,371	189,639,861	61,998,510	75.4	21,136,753
6/30/2022	264,504,100	174,120,660	90,383,440	65.8	23,129,051
6/30/2023	275,339,043	183,627,232	91,711,811	66.7	24,653,083
6/30/2024	292,730,406	200,075,113	92,655,293	68.3	29,977,700

Source: CalPERS' 2024 Report.

Portions of the above disclosures 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.

The City's Miscellaneous plan had a total net pension liability of approximately \$81,162,669 for Fiscal Year 2024-25 (as of the measurement date of June 30, 2024). The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts.

For the Fiscal Year ending June 30, 2025, the City incurred Miscellaneous plan pension expenses of \$11,206,430.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2024-25 is shown below.

**CITY OF MORENO VALLEY
ACTUARIAL ASSUMPTIONS FOR CALPERS PENSION PLAN**

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
<i>Actuarial Assumptions:</i>	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Salary Increases	Varies by entry age and service, depending on age, service and type of employment
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses; includes projected inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds

⁽¹⁾ The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a 2017 CalPERS actuarial experience study for the period 1997 to 2015.

Source: City of Moreno Valley.

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

**CITY OF MORENO VALLEY
CHANGES IN CALPERS PENSION PLANS NET PENSION LIABILITY**

	<i>Increase / (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2023 (Measurement Date)	\$ 270,687,477	\$ 183,675,263	\$ 87,012,214
Balance at June 30, 2024 (Measurement Date)	<u>281,331,139</u>	<u>200,168,470</u>	<u>81,162,669</u>
Net Changes for period from July 1, 2023 through June 30, 2024	\$ 10,643,662	\$ 16,493,207	\$ (5,849,545)

Source: City of Moreno Valley.

The table below presents the net pension liability of the City's pension plans, calculated using the discount rate applicable to Fiscal Year 2024-25 (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 Fiscal Year 2024-25 rate:

CITY OF MORENO VALLEY
SENSITIVITY OF THE CALPERS PENSION PLANS NET PENSION LIABILITY
TO CHANGES IN THE DISCOUNT RATE

	<i>Discount Rate – 1%</i> <i>(5.90%)</i>	<i>Applicable Discount</i> <i>Rate (6.90%)</i>	<i>Discount Rate + 1%</i> <i>(7.90%)</i>
<i>Plan’s Net Pension Liability/(Asset)</i>	\$117,875,449	\$81,162,669	\$50,790,094

Source: City.

For additional information relating to the City’s plan, see Note 8 to the City’s audited financial statements set forth in Appendix A.

Other Post-Employment Benefits

The City provides post-employment health care benefits to qualified retired employees. Employees are eligible for such benefits if they were hired prior to September 30, 2011 and retire directly from the City at or after age 50 with at least five years of CalPERS membership. Employees hired after September 30, 2011 are not eligible for such benefits; the City no longer offers such benefits to employees hired after September 30, 2011. The City administers a single-employer defined benefit post-employment healthcare plan (the “OPEB Plan”). Benefits vary by hire date and employment status (Management or Non-Management), and continue to surviving spouses. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

At June 30, 2024 (the census date), the following employees were covered by the benefit terms:

<i>Category</i>	<i>Count</i>
Active employees	364
Inactive employees or beneficiaries currently receiving benefit payments	189
Inactive employees entitled to but not yet receiving benefit payment	76

Source: City of Moreno Valley.

The City funds benefits under the OPEB Plan based on an Actuarially Determined Contribution (the “ADC”). For the year ended June 30, 2025, the City’s ADC contribution rate was 11.42% of covered employee payroll. Employees do not contribute to the plan, but instead pay the difference between the benefit that they receive and the monthly premium for that benefit.

GASB has issued two pronouncements, known as GASB 74 and GASB 75, related to funding and accounting for the OPEB Plan. Under these pronouncements, OPEB Plan benefits are intended to be accounted for in a manner that is similar to the accounting treatment of pensions under GASB 68. See the caption “— Retirement Contributions.” Under GASB 74 and 75, unfunded OPEB Plan benefits will be recognized on the City’s financial statements and the City is required to use the Entry Age actuarial cost method when calculating OPEB Plan liabilities. In addition, a 20-year municipal bond rate is used to discount unfunded OPEB Plan payments and the long-term rate of return on plan investments is used to discount benefits that are projected to be paid by plan assets.

The City retained Precision Actuarial Inc. (the “Actuarial Consultant”) to calculate the City’s post-employment benefits funding status. In a report for the Fiscal Year ended June 30, 2025 (the “Report”), the Actuarial Consultant concluded that, as of June 30, 2025, the City’s unfunded actuarial accrued liability (asset)

for postemployment benefits was \$(853,300). The Actuarial Consultant also concluded that the City's ADC is \$1,090,184.

The City is not required to fund the amortization of the unfunded actuarial liability. Prior to June 2009, the City's policy was to pay for OPEB Plan costs as they are incurred. In June 2009, the City Council approved the establishment of an irrevocable trust to fund OPEB Plan benefits (the "OPEB Trust") with the California Employers' Retiree Benefit Trust, an agent multiple-employer plan that is administered by CalPERS, and approved and authorized an agreement with CalPERS to administer the OPEB Trust on its behalf. As of June 30, 2025, the City held \$19,479,974 in the OPEB Trust. Based on the most recent actuarial valuation, the actuarial unfunded liability of the OPEB Plan was estimated to be approximately \$(853,300) using a methodology that is compliant with GASB 75.

Changes in the total liability for the City's OPEB Plan for Fiscal Year 2024-25 were as follows.

**CITY OF MORENO VALLEY
CHANGES IN OPEB PLAN LIABILITY**

	<i>Increase / (Decrease)</i>		
	<i>Total OPEB Plan Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Plan Liability / (Asset)</i>
Balance at June 30, 2024	\$ 19,850,831	\$ 16,430,996	\$ 3,419,835
Net Changes for period from July 1, 2024 through June 30, 2025	<u>(1,224,157)</u>	<u>3,048,978</u>	<u>(4,273,135)</u>
Balance at June 30, 2025	\$ 18,626,674	\$ 19,479,974	\$ (853,300)

Source: City of Moreno Valley.

The following table presents the net liability of the OPEB Plan, calculated using the discount rate applicable to Fiscal Year 2024-25 (6.40%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.40%) or 1 percentage point higher (7.40%) than the current rate:

**CITY OF MORENO VALLEY
SENSITIVITY OF THE OPEB PLAN TOTAL LIABILITY
TO CHANGES IN THE DISCOUNT RATE**

	<i>Discount Rate – 1% (5.40%)</i>	<i>Current Discount Rate (6.40%)</i>	<i>Discount Rate + 1% (7.40%)</i>
Plan's Total Liability/(Asset)	\$1,059,679	\$(853,300)	\$(2,489,085)

Source: City.

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 OPEB Plan 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 Plan benefits will have a material adverse effect on the ability of the City make the Series 2026A Installment Payments.

For additional information relating to the City's OPEB Plan, see Note 9 to the City's audited financial statements set forth in Appendix A.

Risk Management

The City is exposed to various risks of loss, including tort claims, theft, damage, or destruction of assets, employment practices liability, automobile liability and damage, errors and omissions, and employee injuries. To manage these exposures, the City maintains internal service funds to account for and finance its risk management activities. These funds provide coverage up to \$300,000 per workers' compensation claim and \$250,000 per general liability claim. For claims exceeding these self-insured retention levels, the City has obtained additional insurance coverage through Public Entity Risk Management Authority ("PERMA") and Public Risk Innovation Solutions and Management ("PRISM").

The City is a member of PERMA, which it joined in July 2009 (having previously been a member from December 1986 through June 1996). PERMA is a member-directed joint powers authority that provides comprehensive risk management services to public entities. Its purpose is to develop and administer programs for pooling self-insured losses, purchasing excess insurance or reinsurance, and securing group-purchased insurance for property, liability, and other coverages, including cyber liability. Through its participation in PERMA, the City benefits from risk sharing, professional claims administration, and access to broader insurance markets. Additionally, the City engages AdminSure to administer workers' compensation claims and participates in a separate excess workers' compensation program through PRISM's risk pool.

The City records accrued liabilities for claims outstanding as of fiscal year-end. As of June 30, 2025, accrued liabilities for general liability claims totaled \$3,330,446 based on actuarial estimates. The City's contribution for estimated claims within its self-insured layer increased from \$1,221,890 for claims incurred during fiscal year 2024–25 to \$1,407,871 for claims incurred during fiscal year 2025–26, reflecting updated actuarial valuations. During the past three fiscal years, no settlements have exceeded the City's insurance coverage limits.

Partnering with AdminSure, a third-party claims administrator, the City maintains a self-insured retention of \$300,000 per occurrence for workers' compensation claims. Excess workers' compensation coverage, up to statutory limits, is provided through a pooled program administered by Public Risk Innovation Solutions and Management ("PRISM"). Over the past three fiscal years, no settlements or judgments have exceeded the limits of either the pooled or insured coverage, and there has been no significant reduction in coverage compared to the prior year.

For additional information regarding the City's risk management and self-insurance programs, refer to Note 11 of the City's audited financial statements included in Appendix A.

THE ELECTRIC SYSTEM

General

The City owns and operates a retail electric system which serves portions of the City. The City is not the sole provider of retail electric service within the City. For the Fiscal Year ended June 30, 2025, the Electric System had 9,192 metered customers while the Southern California Edison ("SCE"), an investor owned utility, serves the remaining customers within the City. The Electric System's power supply requirements are met through long-term power purchase agreements, in system solar generation and purchase through the California Independent System Operator ("CAISO") centralized markets. For the Fiscal Year ended June 30, 2025, the Electric System purchased a total of 225,586 megawatt hours ("MWh") of electricity for delivery to customers throughout the Electric System's service area.

The City established the Moreno Valley Utility ("MVU") in 2001 for the purpose of operating a retail electric system in order to provide electric service to residents and businesses within a portion of the City. MVU first provided electric service to customers in 2004 in the Promontory Park subdivision of the City in 2004. The service area of the Electric System currently consists of approximately 34 square miles (representing

approximately 64% of the area within the City) generally located within the southern and eastern portions of the City. The central and south east areas of the city are expanding most rapidly with approximately 17,000 housing units and more than 42 million sqft of commercial space currently either in construction or in development review.

MVU offers a comprehensive range of services, including customer support, meter reading, billing operations, emergency response, and additional utility functions for newly developed commercial and residential areas. The Electric System operated by MVU is composed of a subterranean 12-kilovolt (“kV”) distribution network and supported by three substations and five interconnection points with SCE. MVU operates three substations, which function as hubs where high-voltage electricity is stepped down to lower voltages suitable for distribution to homes and businesses and help regulate voltage levels and provide points for managing the flow of electricity across the grid. The Moreno Valley Substation serves the southern - central portion of the City and the Kitching Substation serves the western and southern portions of the City.

No Other Outstanding Electric System Obligations

The City does not currently have any other obligations payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments. However, the Installment Purchase Agreement permits the City to issue and incur additional parity Contracts and Bonds payable Net Electric System Revenues on a parity with the Series 2026A Installment Payments, subject to the terms and conditions set forth therein and as further described under the caption “SECURITY FOR THE 2026A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations.”

Description of the Electric System

General. The Electric System’s infrastructure, composed entirely of a subterranean 12 kV distribution network, supported by three substations and five interconnection points with SCE, with a peak load of 64 Megawatts (“MW”) for Fiscal Year 2025 and capacity for 119 MW delivery electricity to more than 9,600 Moreno Valley residential and commercial customers. Major Electric System facilities are described below.

Substations. MVU operates three substations, which function as hubs where high-voltage electricity is stepped down to lower voltages suitable for distribution to homes and businesses and help regulate voltage levels and provide points for managing the flow of electricity across the grid. The Moreno Valley Substation serves the southern-central portion of the City and the Kitching Substation serves the western and southern portions of the City. These two substation are equipped with two transformers which step the voltage from 115kV to 12kV.

MVU also operates the MoVal South Substation, which is a 35kV substation currently not in service, in the southern portion of the City. The MoVal South Substation converts a single 35kV circuit into four circuits at 12kV The City has already purchased a parcel that will serve as an additional low-profile substation site in Edgemont, on Day St north of Cottonwood Ave.

Circuits and Interconnections. A total of 14 circuits distribute electricity to Electric System customers, with six circuits connected to each substation. The Electric System also includes two addition 12kV interconnection points with SCE, which serve the western portion of the City. The City has three available idle circuits at Moval South Substitution which are interconnected with circuits from Kitching Substitution and can be reconfigured to serve load there.

Conductor Length. The Electric System’s primary conductors total approximately 169 miles, which allows the Electric System to deliver power across the City. The Electric System’s secondary conductors total approximately 244 miles and distribute power from transformers to individual Electric System customers as the final stage of the delivery of electricity.

Transformers. The Electric System includes approximately 939 installed transformers which are distributed strategically throughout the grid to step down 12kV electricity to usable levels for residential and commercial customers. 52 transformers are kept in inventory to address emergencies or replacements, ensuring quick response times and minimal disruption to service.

Underground Structures. The Electric System includes approximately 1,969 underground structures, including vaults, manholes and pull boxes, which reduce the need for excessively long cable pulls, which can be difficult due to friction and weight. Keeping each cable pull to a manageable length ensures that cable is not damaged during the cable pulling process, preventing future outages down the line due to cable failure and also protects critical electrical components, ensure system reliability, and facilitate efficient maintenance access.

Switches. The Electric System includes approximately 211 installed switches ensure control and sectionalization of the electrical grid, allowing for flexible management and isolation of faults. Eight additional switches in inventory are available to address emergencies or support future expansions.

Customer Meters. As of June 30, 2025, the Electric System had 9,192 customer meters tracking energy usage, providing critical data for accurate billing and real-time monitoring.

Streetlights: Approximately 11,500 installed streetlights illuminate the City’s streets, enhancing public safety and community visibility during nighttime. An additional 40 streetlights are kept in inventory to ensure timely replacements or new installations as needed.

Additional Components. The Electric System utilizes 26 capacitor banks to maintain voltage stability for the Electric System, which are essential for protection and preventing voltage fluctuations.

Power Supply

Sources of Supply. The electricity supplied to customers of the Electric System is currently obtained from the following sources:

- (1) energy purchases through the CAISO centralized markets (see the caption “—Open Market Purchases”); and
- (2) long-term power purchase agreements for renewable energy (see the caption “—Power Purchase Contracts”).
- (3) Generated from MVU owned solar panels
- (4) Purchased from MVU customer owned generation

Use of Supply. As of June 30, 2025, the total number of meters in the Electric System was 9,192. For the Fiscal Year ended June 30, 2025, the overall average net cost of purchased power was approximately \$0.046 cents per kilowatt-hour (“kWh”) inclusive of transmission costs.

The various power supply resources available to the Electric System during the Fiscal Year ended June 30, 2025 are described below. During the Fiscal Year ended June 30, 2025, the City purchased a total of 225,586 MWh of electricity for delivery to customers of the Electric System. The following table sets forth the amounts in MWh and percentages of electricity obtained by the City for customers of the Electric System during the Fiscal Year ended June 30, 2025.

**CITY OF MORENO VALLEY
ANNUAL ELECTRICITY SUPPLY
Fiscal Year Ended June 30, 2025**

Resource	Cost/kWh ⁽¹⁾	MWh	Percentage
Renewable Resources	\$.050	128,485	57%
Open Market Purchase	<u>.040</u>	<u>97,101</u>	<u>43</u>
Total	\$.046	225,586	100%

⁽¹⁾ Includes transmission costs.
Source: City of Moreno Valley.

The peak demand for the Electric System for the fiscal year ended June 30, 2025 was 64 MW. The historic Electric System peak demand of 64 MW was set on September 6, 2024. The following table sets forth the total purchases of power (MWh) and the peak demand (MW) during the last five Fiscal Years for Electric System customers.

**CITY OF MORENO VALLEY
TOTAL ENERGY PURCHASED AND PEAK DEMAND**

	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
Renewable Resources (MWh)	80,613	65,703	61,616	101,590	128,485
Open Market Purchase (MWh)	142,234	160,116	173,363	121,412	97,101
System Native Load (MWh)	222,846	225,819	234,979	223,002	225,586
System Peak Demand (MW)	53	51	59	56	64

Source: City of Moreno Valley.

Open Market Purchases

To meet the Electric System’s daily electricity demand, the City procures power for the Electric System through its designated scheduling coordinator and market agent, Tenaska. Operating within the CAISO balancing authority, the Electric System must continuously balance its forecasted loads with available generation resources to maintain grid reliability and regulatory compliance. CAISO functions as the independent grid operator for the majority of the State, managing the flow of electricity across high-voltage transmission lines and operating a real-time wholesale energy market that allows load-serving entities to buy and sell energy efficiently. Because the City does not own sufficient dispatchable generation to serve its entire load at all hours, participation in the CAISO market is essential. Through Tenaska, the City submits daily and hourly load forecasts and energy schedules, and purchases spot market power to cover any real-time imbalances between projected demand and actual usage. Tenaska’s use of advanced analytics and market expertise ensures that the City can secure a reliable energy supply on a cost-effective basis while adapting to rapidly changing load conditions, weather patterns, and market volatility. This market-based procurement approach is foundational to MVU’s operational strategy and directly supports its efforts in regulatory compliance, long-term planning, and resource adequacy.

CAISO operates the state’s electricity markets, which the City participates in to meet its energy needs. The City engages in CAISO’s day-ahead and real-time markets and secures Resource Adequacy (“RA”) capacity to meet forecasted demand, ensuring local reliability and avoiding penalties.

Power Purchase Contracts

General. In an effort to increase the share of renewable energy sources in the City’s power portfolio, the City has entered into power purchase agreements 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 MVU with respect to such standards and MVU’s compliance with its plan, see the caption “—Renewables” below. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS—State Legislation and Regulatory Proceedings—*California Renewables Portfolio Standard.*”

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**CITY OF MORENO VALLEY
LONG-TERM POWER PURCHASE AGREEMENTS**

Supplier	Effective Date	Location	Energy Type	Term (Years)	MW/ Month	Price per Mwh
RE Astoria 2	7/23/2014	Kern County	Solar	20	2	\$63.00
Whitney Point	4/17/2015	Fresno County	Solar	20	4.5	\$58.75
Antelope Expansion 3A	11/14/2017	Los Angeles County	Solar	20	15	\$36.87
Gaskell West	6/30/2020	Kern County	Solar	20	16	\$26.95
Golden Fields	7/29/2025	Kern County	Solar	15	6	\$46.00

Source: City of Moreno Valley.

[DESCRIPTIONS OF POWER PURCHASE AGREEMENTS TO COME]

Renewables

General. Principal among the State’s existing clean energy and climate change programs focused on the energy sector are the California Global Warming Solutions Act of 2006 (more commonly known as “AB 32”), which currently requires reductions in the State’s GHG emissions to 40% below 1990 levels by 2030, and the Renewables Portfolio Standard (“RPS”), which establishes increasingly stringent renewable energy procurement requirements, with current law requiring all California utilities to meet a 60% RPS requirement by 2030. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS—State Legislation and Regulatory Proceedings.”

RPS Compliance. Initial State legislative efforts established an RPS requiring 20% of all retail electricity retail sales to come from renewable energy generation by 2017. Since then, legislative and executive branch initiatives have raised that standard several times. Senate Bill X1-2, chaptered in 2011 (“SBX 1-2”), required each local, publicly-owned electric utility (“POU”) to adopt and implement a renewable energy resource procurement plan and established procurement targets for three compliance periods to be implemented by the procurement plan, culminating in the procurement of eligible renewable energy resources sufficient to provide 33% of retail sales by December 31, 2020. Senate Bill 350 (“SB 350”), enacted in 2015, established an RPS target of 50% by December 31, 2030 for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POU’s, including interim targets of (i) 40% by the end of the 2021-2024 compliance period, (ii) 45% by the end of the 2025-2027 compliance period and (iii) 50% by the end of the 2028-2030 compliance period. Current law, enacted by Senate Bill 100, the 100 Percent Clean Energy Act of 2018, accelerates the State’s RPS target established by SB 350 and requires all California utilities to meet a 60% RPS requirement by 2030. SB 100 requires retail electric sellers and POU’s to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kWhs of those products sold to retail end-use customers achieve (i) 44% of retail sales by December 31, 2024; (ii) 52% of retail sales by December 31, 2027; and (iii) 60% of retail sales by December 1, 2030. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS—State Legislation and Regulatory Proceedings—*California Renewables Portfolio Standard*” for a discussion of this legislation.

MVU met the requirements for the most-recent compliance period ending December 31, 2024 through existing long-term renewable power purchase agreements and strategic market purchases to fill any gaps in specific compliance years. The purchase energy consisted of a variety of resources, primarily solar. In 2025, MVU’s existing solar also cover its RPS obligation. From 2026 through 2030, MVU plans to strategically invest in RPS eligible power purchase agreement such that the RPS obligation is met through power purchase agreement. From 2030 through 2045, MVU plans to consider least cost options between power purchase agreements and resource construction to meet the RPS requirements. MVU’s policy is to purchase 105% of its

RPS obligation, to ensure it is always in compliance, and to meet up to 10% of its RPS obligation using credits that have been unbundled from their generation source. (Portfolio Content Category 3).

Current Energy Mix – Power Content Label. California State law requires retail electricity suppliers, such as MVU, to disclose annually certain information about the energy resources used to generate the electricity supplied to customers, through a “Power Content Label,” a tabular summary of the resources that comprise the relating electricity supplier’s power supply portfolio. The table below sets forth the Electric System’s estimated mix of power resources used to generate the electricity sold to customers for 2024.

**CITY MORENO VALLEY
GENERATION MIX PERCENTAGES
(2024)**

<u>Electricity Sources</u>	<u>City of Moreno Valley Power Mix Percentage</u>
RPS Eligible Renewables ⁽¹⁾	52.00%
Biomass and Biogas	0.00
Geothermal	0.00
Eligible Hydroelectric	0.00
Solar	52.00
Wind	0.00
Large Hydroelectric	0.00
Nuclear	0.00
Emerging Technologies	0.00
Other	0.00
Natural Gas	0.00
Coal & Petroleum	0.00
Unspecified Sources of Power (primarily fossil fuels) ⁽²⁾	48.00
Total	<u>100.0%</u>
Percentage of Retail Sales Covered by Retired Unbundled RECs ⁽¹⁾	15.0%

⁽¹⁾ Does not reflect compliance with the RPS, which measures the use of tracking instruments called Renewable Energy Credits (“RECs”) over the course of multi-year compliance periods. RECs that are purchased separately from the renewable energy (“Unbundled RECs”) can be used for RPS compliance, but they do not factor into the power mixes or GHG emissions intensities. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS – State Legislation and Regulatory Proceedings – California Renewables Portfolio Standard” and “– RPS Compliance.”

⁽²⁾ Unspecified power is electricity purchased from a genericized pool on the open market.

Source: City of Moreno Valley.

Five-Year Strategic Energy Plan

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 (the “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. Key targeted actions in the Five-Year Strategic Plan include:

- Procure short-term RPS and RA power purchase agreements to meet immediate system and regulatory needs.
- Procure 100,000 MWh long-term power purchase agreement in 2026 to provide energy and RPS and RA attributes to meet system and regulatory needs.

- Secure a contract to begin managing congestion revenue rights to benefit the Electric System.
- Begin the process of receiving RPS renewable energy credits for rooftop solar.
- Begin developing agreements and partnerships with developers to install and maintain rooftop solar for MVU.
- Develop internal renewable energy matrices to better evaluate renewable energy resources and their corresponding attributes as the market and regulations change.
- Explore financing opportunities for long-term power agreement payments.
- Develop and implement the power supply risk management strategy.
- Secure the next phase of scheduling coordination and market operations contract

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 establishment of the Power Supply Division and the addition of dedicated in-house expertise have yielded savings and strengthened institutional oversight. MVU has added two additional full-time staff positions to enhance the work that began with the addition of the Power Supply Manager position and the creation of the Power Supply Division within MVU.

In addition to the investment in the Power Supply Division and staff, the Utility Business Plan prioritizes the following over the next five years:

- Internalizing energy procurement and compliance functions;
- Securing long-term renewable and RA-eligible resources;
- Deploying battery energy storage to enhance flexibility and peak support;
- Meeting system, local, and flexible RA requirements through portfolio diversification;
- Aligning new resource additions with RPS milestones and SB 100 targets;
- Managing rate impacts through planning, grants, and market participation.

Through disciplined execution of this plan, MVU will ensure a reliable, sustainable, and financially resilient power supply, serving the evolving needs of its customers while meeting all regulatory obligations.

- Target resources with bundled RA attributes to improve year-ahead and month-ahead compliance.
- Begin phased procurement aligned with IRP timelines to meet 2030 RPS and RA benchmarks.
- Engage in joint procurement with regional POU’s or JPA structures to reduce costs and improve buying power.

Operations and Maintenance

Following the establishment of 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. The first significant step in the City’s internalization plan for the Electric System came in late 2022 with the deployment of the Oracle Customer Cloud Service billing system, which centralized utility billing, account management, and customer interface functions under the City’s direct control and enabled the City to reduce dependence on ENCO and support future in-house operations. Simultaneously, MVU began building technical capacity by hiring engineers with prior utility experience to support infrastructure projects, customer growth, and utility systems planning.

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. Each group was assigned a dedicated, newly hired manager, marking a transition from a centralized, Division Manager-led model to a distributed leadership structure grounded in subject matter

expertise. This transition enhanced operational agility, clarified accountability, and equipped the City to more effectively manage the increasing complexity of municipal utility operations.

In 2024 and 2025, organization of the Electric System reflects a hybrid model of City staff supported by contractual services, with preparations to absorb additional responsibilities from ENCO, including: Engineering & Service Planning, certain Operations & Field Services and certain Customer Service Functions. Management roles in all five core groups are currently filled by City staff, and to support this further transition, the City is in the process of hiring additional full-time staff across these disciplines. Contracted support is expected to continue to play a key role in delivering engineering, customer service, and field operations services throughout 2025 and 2026, with the City entering into three separate contracts for outside consultants to provide such services for the Electric System following the termination of the ENCO contract. In 2024 the City entered into a contract with Hometown Hub to provide customer service support for Electric System customers through June 30, 2029. In 2025, the City entered into a contract with CLP Engineering, LLC to provide engineering services for the Electric System, such as design, engineering and related consulting services for new and existing Electric System facilities, through June 30, 2027. Also in 2025, the City entered into a contract with CLIP Operations & Maintenance, Inc., to provide certain electric vehicle operational charging services for the Electric System through June 30, 2028.

By 2027, the City intends to continue the transition to a fully internally managed service model by bringing on core operational functions and the City envisions:

- Full in-house engineering and planning, including SCADA support and system design.
- Expanded operations with city-employed field crews and a dedicated Operations Manager.
- On-site customer service team handling billing and inquiries.
- Enhanced financial oversight, including oversight of credit and collections.
- Deployed Power Supply functions in resource planning and settlements analysis.
- New roles supporting IT, power dispatch, and energy trading.
- This structure reflects MVU’s goal of becoming a self-sufficient utility that can scale with the City’s ongoing growth and development pressures.

Customers and Electric Sales

The following tables set forth the number of metered customers and the total energy sold during the periods shown.

**CITY OF MORENO VALLEY
NUMBER OF METERED CUSTOMERS**

	<i>Fiscal Year</i>				
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
Residential	6,349	6,679	6,937	7,082	7,744
Commercial	656	669	793	1,025	1,218
Industrial	8	8	7	7	7
Agriculture	2	3	3	3	3
Municipal	142	146	152	155	169
Public Lighting	<u>41</u>	<u>44</u>	<u>48</u>	<u>49</u>	<u>51</u>
Total - all classes	7,198	7,549	7,940	8,321	9,192

Source: City of Moreno Valley.

**CITY OF MORENO VALLEY
ENERGY SOLD
(MWh)**

	<i>Fiscal Year</i>				
	2021	2022	2023	2024	2025
Residential	49,112	48,495	44,813	44,280	47,649
Commercial	141,475	149,726	144,591	153,490	162,523
Industrial	14,328	14,267	13,543	13,038	15,256
Agriculture	377	383	1,134	922	756
Municipal	3,612	4,223	3,866	4,320	4,296
Public Lighting	<u>941</u>	<u>960</u>	<u>860</u>	<u>1,173</u>	<u>1,052</u>
Total MWh Sold	209,844	218,054	208,807	217,223	231,532

Source: City of Moreno Valley

Customer Concentration

The Electric System’s 5 largest customers provided approximately 30% of Electric System Revenues for the Fiscal Year ended June 30, 2025. No other customer of the Electric System provided more than 3% of Electric System Revenues for the Fiscal Year ended June 30, 2025. The top ten customers of the Electric System provided approximately 41% of Electric System Revenue for the Fiscal Year ended June 30, 2025.

Billings and Collections

General. Monthly bills are due and payable upon presentation and will be considered past due if payment is not received by the City within 15 days after the bill is sent to the customer. Deposit requests are due and payable when request for service is made. When a deposit is billed, it will be considered past due if payment is not received by the City within 15 days after the deposit request is sent to the customer. Customers who fail to pay their bills within this time period are subject to service disconnection.

An applicant for electric service who previously has been an Electric System customer and whose electric service has been discontinued by the City during the last 1) months of that prior service because of nonpayment of bills, may be required to re-establish credit. A customer who fails to pay bills before they become past due and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the amount established by the City. A deposit may be required regardless of whether or not service has been discontinued for such nonpayment.

Uncollectible Accounts. Over the past five Fiscal Years, an average of approximately \$329,026.20 of the City’s total billings were uncollectible, reflecting an average annual write-off rate of approximately 0.5%. The following table shows the historical results of the Electric System’s accounts receivable and collection efforts:

**CITY OF MORENO VALLEY
HISTORY OF BILLINGS AND COLLECTIONS
(Dollars in Thousands)**

<i>Fiscal Year</i>	<i>Billings</i>	<i>Payments</i>	<i>Write-Off as % of Billing</i>	<i>Net Write-Off</i>	<i>Delinquent Receivable Balance</i>
2025 ⁽¹⁾	\$63,039,437.81	\$63,458,750.87	1%	\$894,627.04	\$(1,313,940.10)
2024	56,149,952.60	55,159,180.64	1%	706,637.37	284,134.59
2023	45,933,887.03	44,106,169.86	0%	43,866.61	1,783,850.56
2022	45,401,020.51	42,614,414.85	0%	--	2,786,605.66
2021	38,634,395.11	36,743,585.28	0%	--	1,890,809.83

⁽¹⁾ Negative delinquent receivable balance includes collections of prior year delinquencies due to the City beginning to collect amounts which were delinquent due to the COVID-19 pandemic in Fiscal Year 2024-25.

Source: City of Moreno Valley.

Electric System Rates and Charges

General. The City is obligated under the Installment Purchase Agreement to establish rates and collect charges in an amount sufficient to meet Operations and Maintenance Expenses of the Electric System and Debt Service requirements, with specified requirements as to priority and coverage. Electric rates are established by the City Council. Electric rates are not subject to general regulatory jurisdiction of the CPUC or by any other State agency. The State’s Public Utilities Code contains certain provisions affecting all municipal utilities such as the Electric System, including provisions for a public benefits charge. At this time, neither the CPUC nor any regulatory authority of the State nor FERC approves the City’s retail electric rates.

Although 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 Electric System, to consider certain ratemaking standards and to make certain determinations in connection therewith. To the best of its knowledge, the City is operating in compliance with PURPA.

Historically, the City aligned its rates with the electric rates charged by SCE due to the requirements under the ENCO management contract. However, this historical approach limited the City’s ability to align rates with the actual cost of providing service. The City most recently adopted rates and charges for the Electric System in December 2025, with an effective date of January 1, 2026, and transitioned to a cost-of-service-based rate model that more accurately reflects the underlying costs of generating, transmitting, distributing, and maintaining the electric system, while retaining the core benefits of public power. The new rates effective January 1, 2026 provide an average rate reduction of 26% across the Electric Sytem’s rate classification compared to SCE’s rates. See the caption “—Operations and Maintenance.”

Electric System bills generally include a Basic Charge, an Energy Charge, a Public Purpose Charge, a California Energy Resources Charge and the City’s utility user’s tax. The Base Charge is a fixed base charge for providing a meter and associated services, such as meter reading and customer services. The Energy Charge is charged per kWh of electricity used on a tiered structure based on the time of year and time of day of service. The Public Purpose Charge recovers the costs for administering State-mandated programs such as discounts and energy efficiency programs. The California Energy Resource Charge, which is also referred to as the State Energy Surcharge, is a pass-through fee collected by the State for research into alternative sources of renewable

energy. Finally, the Utility Users Tax is a 5.75% charge on utility activity that is assessed on energy, water, sewer, cable, wireless and telephone charges.

At present, the Electric System has 20 rate schedules in effect. The City provides no free electric service. The 20 rate schedules are as follows:

<i>Rate Schedule</i>	<i>Description</i>
A	Residential Service
B	General Service
C	Large General Service
P1	Pumping and Agricultural Service (Connected Load Basis)
SL	Street Lighting Service (MVU Owned System)
SL2	Street Lighting Service (Customer Owned and Maintained System))
SL3	Street Lighting Service (Customer Owned System (Metered))
TC1	Traffic Control Service
TOU-LGS	Time of Use—Large General Service
NEM	Net Energy Metering
NEM 2.0	Net Energy Metering Successor Rate
SBP	Solar Billing Pan NEM 2.0 Successor Rate
ED	Economic Development Rate
ED 2.0	Economic Development Rate
ED-LH	Economic Development—Local Hiring Incentive
ED-BR	Economic Development—Business Retention Rate
EV Public	Electric Vehicle Public Charing
WTR	Wireless Technology Rate
CR	Net Compensation Rate
VNEM	Virtual Net Energy Metering

Source: City of Moreno Valley.

Historical Average Billing Rates. The table below sets forth the average billing rate per kWh of the various customer classes during the last five fiscal years.

**CITY OF MORENO VALLEY
AVERAGE BILLING RATE
(Cents Per kWh With Demand Included)**

	<i>Fiscal Year</i>				
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
Residential	\$0.21	\$0.24	\$0.32	\$0.32	\$0.39
Commercial	0.17	0.18	0.20	0.21	0.23
Industrial	0.16	0.18	0.19	0.19	0.22
Agriculture	0.30	0.33	0.24	0.28	0.35
Municipal	0.20	0.21	0.23	0.23	0.28
Public Lighting	0.40	0.42	0.52	0.42	0.49
Average - All Classes Combined	0.18	0.20	0.23	0.23	0.27

Source: City of Moreno Valley.

Comparison of Electric System Rates to Surrounding Providers by Customer Class. The table below sets forth a comparison of the latest Electric System rates per kWh (in Fiscal Year 2025) to the current charges of other energy providers in the vicinity of the Electric System, including Southern California Edison. The table represents the cost for each respective provider⁽¹⁾:

	<i>Residential</i>	<i>Commercial</i>	<i>Industrial</i>
Moreno Valley Utility	\$.35/kWhr	\$.30/kWhr	\$.28/kWhr
Southern California Edison	\$.43/kWhr	\$.35/kWhr	\$.33/kWhr
Riverside Public Utilities	\$.29/kWhr	\$.33/kWhr	\$.20/kWhr
Banning	\$.43/kWhr	\$.41/kWhr	\$.34/kWhr
San Diego Gas and Electric	\$.56/kWhr	\$.51/kWhr	\$.43/kWhr

⁽¹⁾ In order to display this table as a true cost comparison, public purpose charges, utility users tax and other regional expenses were included so that this table represents a true cost comparison between agencies.
Source: City of Moreno Valley.

Historical Revenues

The following table sets forth such electric sales during the periods shown.

**CITY OF MORENO VALLEY
REVENUES FROM SALES OF ELECTRICITY
(Demand Included)⁽¹⁾**

	<i>Fiscal Year</i>				
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
Residential	\$ 10,204,693	\$ 11,853,337	\$ 14,464,757	\$ 14,085,974	\$ 18,631,331
Commercial	24,521,100	27,626,781	28,698,299	32,378,200	38,046,653
Industrial	2,293,203	2,497,603	2,523,970	2,528,105	3,354,511
Agriculture	113,245	125,617	276,313	261,112	262,369
Municipal	709,927	873,254	895,374	1,001,749	1,197,175
Public Lighting	<u>375,132</u>	<u>405,782</u>	<u>448,953</u>	<u>490,839</u>	<u>518,131</u>
Total	\$ 38,217,300	\$ 43,382,373	\$ 47,307,665	\$ 50,745,978	\$ 62,010,170

⁽¹⁾ Does not include Public Purpose Charges for administering State-mandated programs such as discounts and energy efficiency programs. See the caption “—Electric System Rates and Charges.”
Source: City of Moreno Valley.

Future Electric System Improvements

As described in the Official Statement under the caption “THE PROJECT,” the City expects to finance approximately \$100 million of capital projects for the Electric System from a portion of the proceeds of the 2026A Bonds.

Including the 2026A Project expected to be financed from a portion of the 2026A Bonds, the City projects spending approximately \$237,909,275 on Electric System capital improvements and additions in the current and next four Fiscal Years. Such capital improvements include upgrades to existing substations and meters, and other capital projects to improve reliability. The City anticipates paying for the cost of such improvements and additions from the proceeds of the 2026A Bonds and a combination of Net Electric System Revenues and existing Electric System reserves. The City can make no assurance that such additional capital improvements will be undertaken. Other than amounts associated with the 2026A Project, a portion of which will be financed from proceeds of the 2026A Bonds, the projections under the caption “ELECTRIC SYSTEM FINANCIAL AND OPERATING INFORMATION—Projected Electric System Operating Results and Debt

Service Coverage” do not reflect any costs associated with such potential capital improvements as such costs are expected to be capitalized rather than paid as Operation and Maintenance Costs of the Electric System.

ELECTRIC SYSTEM FINANCIAL AND OPERATING INFORMATION

Financial Statements

Included herein as Appendix A is the Annual Comprehensive Financial Report of the City for the Fiscal Year ended June 30, 2025, together with the report thereon dated December 5, 2025 of Rogers, Anderson, Malody & Scott, LLP (the “Auditor”). The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 5, 2025.

The summary operating results contained under the caption “—Historic Operating Results and Debt Service Coverage” are derived from the City’s audited financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto. See the caption “SECURITY FOR THE 2026A BONDS—Revenue Pledge Securing the Series 2026A Installment Payments” and “—Rate Stabilization Fund” for a discussion of the recognition of certain revenues and operation and maintenance expenses under GAAP.

Significant Accounting Policies

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles and the standards established by the Governmental Accounting Standards Board (“GASB”). On a quarterly basis, a report is prepared for the City Council and City staff which reviews fiscal performance to date against the budget. Combined financial statements of the City and its component units are produced following the close of each Fiscal Year.

The City Council employs an independent certified public accountant who examines at least annually the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable, after the end of the Fiscal Year, a final audit and report is submitted by the independent accountant to the City Council.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City’s government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. The City’s enterprise fund is the Electric Fund. This fund is used to account for the operations of the City electric utility, with its basic purpose to purchase and distribute electricity to customers in the City’s newly developed areas under the “Greenfield” concept. The City began serving its first customers in February 2004.

The City’s governmental fund (including the General Fund) financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, under which revenues are recognized as soon as they are both measurable and available (i.e. collectible within the current period or soon enough thereafter to pay liabilities of the current period), and expenditures are recorded when a liability is incurred.

Information on the remaining governmental funds of the City as of June 30, 2025 is set forth in Appendix A.

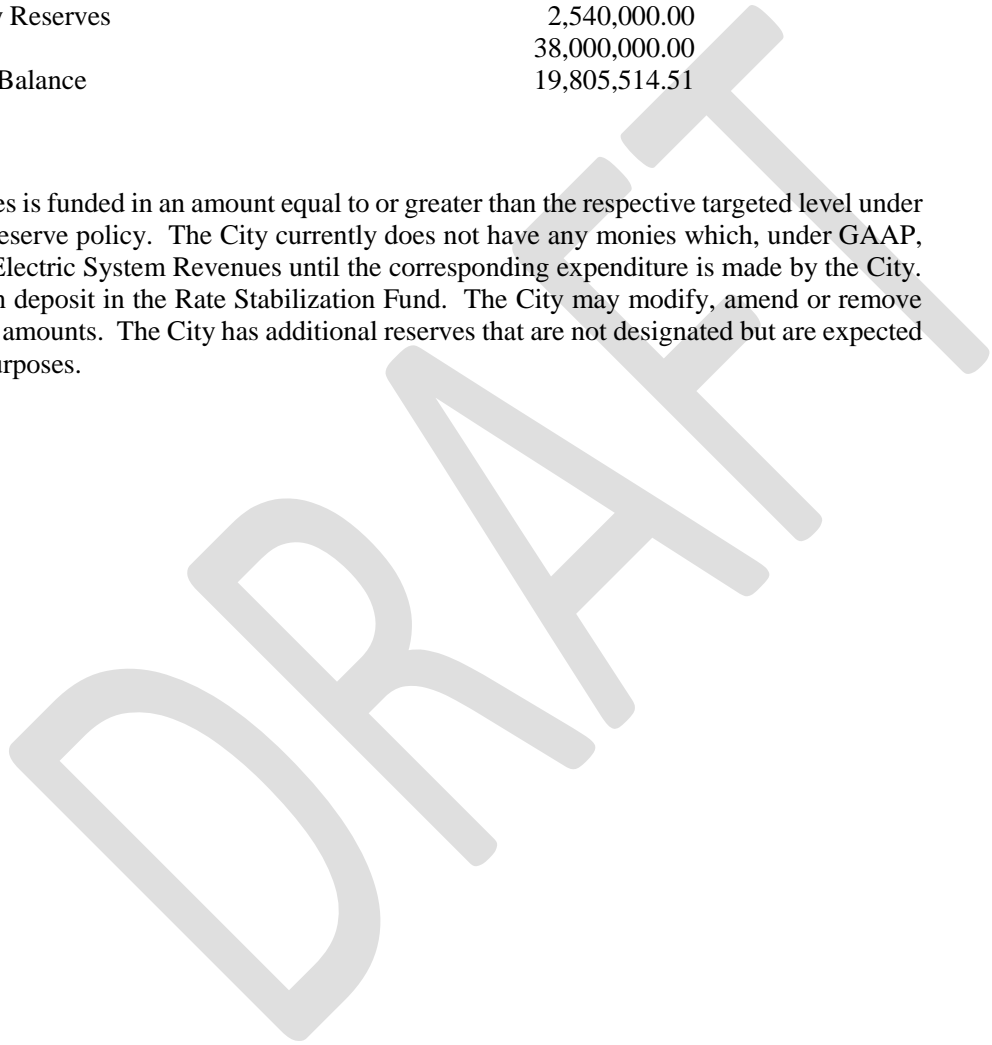
Electric System Reserves

The City has established unrestricted funds to use current Electric System Revenues to satisfy future spending plans. The following table shows the Electric System’s unrestricted funds and the respective balances as of June 30, 2025 with respect to its Electric System:

	<i>Balance as of June 30, 2025</i>
Operating Reserves	\$15,900,000.00
System Emergency Reserves	2,540,000.00
Capital Reserves	38,000,000.00
Unrestricted Fund Balance	19,805,514.51

Source: City of Moreno Valley

Each of these reserves is funded in an amount equal to or greater than the respective targeted level under the current Electric System reserve policy. The City currently does not have any monies which, under GAAP, would not be recognized as Electric System Revenues until the corresponding expenditure is made by the City. Such monies are currently on deposit in the Rate Stabilization Fund. The City may modify, amend or remove the use of such funds and the amounts. The City has additional reserves that are not designated but are expected to be applied toward other purposes.



Historic Electric System Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Electric System for Fiscal Years 2020-21 through 2024-25. These results have been derived from the City’s Financial Statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Auditor.

CITY OF MORENO VALLEY HISTORICAL ELECTRIC SYSTEM OPERATING RESULTS Fiscal Years Ending June 30

	2021	2022	2023	2024	2025
REVENUES					
Sales and service charges ⁽¹⁾	\$ 39,507,049	\$ 45,339,827	\$ 49,580,869	\$ 52,621,285	\$ 65,086,891
Interest revenue ⁽²⁾	380,035	(1,654,123)	910,770	3,181,854	5,536,661
Miscellaneous ⁽³⁾	<u>266,864</u>	<u>223,827</u>	<u>1,584,151</u>	<u>1,294,187</u>	<u>315,249</u>
Total Revenues	\$ 40,153,948	\$ 43,909,531	\$ 52,075,790	\$ 57,097,326	\$ 70,938,801
OPERATION AND MAINTENANCE COSTS					
Costs of Services ⁽⁴⁾	\$ 1,113,996	\$ 1,480,239	\$ 2,071,181	\$ 2,341,810	\$ 3,205,303
Electricity purchased ⁽⁵⁾	13,933,432	14,787,174	16,385,619	13,037,523	12,565,597
Services and supplies ⁽⁶⁾	7,293,035	7,447,410	9,370,977	10,212,238	15,947,737
Distribution share ⁽⁷⁾	<u>5,171,840</u>	<u>6,910,049</u>	<u>8,432,647</u>	<u>8,601,920</u>	<u>10,575,590</u>
Total Operation and Maintenance Costs	\$ 27,512,303	\$ 30,624,872	\$ 36,260,424	\$ 34,193,491	\$ 42,294,227
NET ELECTRIC SYSTEM REVENUES	\$ 12,641,645	\$ 13,284,659	\$ 15,815,366	\$ 22,903,835	\$ 28,644,574
Debt Service on Lease Revenue Bonds ⁽⁸⁾	\$ 931,198	\$ 3,717,015	\$ 3,713,501	\$ 3,686,306	\$ 3,683,968
NET ELECTRIC SYSTEM REVENUES AVAILABLE FOR OTHER PURPOSES	\$ 11,710,447	\$ 9,567,644	\$ 12,101,865	\$ 19,217,529	\$ 24,960,606

⁽¹⁾ Represents revenues received by the City from the sale of electricity to customers of the Electric System and other service charges. Includes Public Purpose Charges for administering State-mandated programs such as discounts and energy efficiency programs. See the captions “THE ELECTRIC SYSTEM—Customers and Electric Sales,” “—Electric System Rates and Charges” and “—Historical Revenues.”

⁽²⁾ Includes changes in fair market value of investments.

⁽³⁾ Miscellaneous revenues include meter fees and other miscellaneous revenues of the Electric System. Increases in Fiscal Years 2023-23 and 2023-24 due to increased development within the City.

⁽⁴⁾ Represents salaries and benefits for City employees allocable to the Electric System.

⁽⁵⁾ See the captions “THE ELECTRIC SYSTEM—Power Supply,” “—Open Market Purchases” and “Power Purchase Contracts.”

⁽⁶⁾ Represents all administrative and operational costs of the Electric System other than salaries and benefits and the costs of purchasing electricity, including payments to internal service funds of the City to pay portions of shared costs attributable to the Electric System.

⁽⁷⁾ Represents the costs of the prior ENCO contract for management of the Electric System. See the caption “THE ELECTRIC SYSTEM—Operations and Maintenance.”

⁽⁸⁾ Represents lease payments made by the City in connection with the 2019 Bonds and the 2021 Bonds and under the 2021 Equipment Lease. See the caption “PLAN OF FINANCE—The Refunding Plan.” Also represents a portion of the lease payments made by the City in connection with the Authority’s Lease Revenue Refunding Bonds Series 2013, Lease Revenue Refunding Bonds Series 2014 and Lease Revenue Refunding Bonds, Series 2024A. Such payments are payable from the City’s General Fund, and are not secured by a pledge of Electric System Revenues; however, the City historically has made such lease payments from net revenues of the Electric System.

Source: City of Moreno Valley

Electric System Outlook

Revenue and Expense Dynamics. As described under the caption “—Electric System Rates and Charges,” the City historically aligned its rates with the electric rates charged by SCE under a rate-parity philosophy under the ENCO contract and the City’s transition to a cost-of-service-based rate model for the Electric System provided an average rate reduction of 26% across the Electric System’s rate classification compared to SCE’s rates effective January 1, 2026. In connection with the changes in rates, following a 15% planned revenue reduction in Fiscal Year 2025-26, the City anticipates steady revenue growth fueled by new load additions, solar billing design, increases to the City’s fixed infrastructure charges and energy arbitrage with battery storage.

New Load Additions. Large commercial and industrial customers, electric vehicle infrastructure, and new housing developments are expected to add substantial load growth, contributing to rising volumetric revenue through Fiscal Year 2029-30. With expected load growth exceeding 3% annually, driven by new residential subdivisions, industrial corridors, and transportation electrification, the City expects to invest in scalable, dispatchable, and renewable-integrated infrastructure, including expanded battery storage, grid automation upgrades, and targeted substation and feeder enhancements to support growing Distributed Energy Resource interconnections.

Solar Billing Design. The City’s solar billing plan uses Time-of-Use (“TOU”) based rates which ensure cost recovery and revenue stability, even as more customers install rooftop solar. While retail energy sales may slightly decline, net income is expected to increase, as TOU rate designs align better with grid service costs.

Fixed Infrastructure Charges. The Electric System rates adopted in December 2025 and effective January 1, 2026 include an increase to the fixed infrastructure charge, which is intended to ensure the City recovers non-energy-related infrastructure costs (e.g., cables, transformers, interconnection) regardless of customer consumption behavior, enhancing financial resilience as customer-side generation grows.

Energy Arbitrage With Battery Storage. As the City deploys more grid-scale storage, it will purchase energy during low-cost, off-peak hours and discharge during high-cost periods, with the goal of the arbitrage strategy to be a reduction in gross kWh procurement but an increase of the margin on kWh sold, allowing the City to pass solar overproduction savings on to all customers.

Expense Evolution and Strategic Reductions. Several expense categories are expected to improve the Electric System’s financial efficiency over time.

Contractor Cost Reduction. The shift from contracted engineering, operations, and customer service functions to full-time staff is expected to reduce Maintenance and Operations Costs associated with contractor spending by more than \$8 million annually beginning in Fiscal Year 2025-26, with such reductions expected to be sustained through 2030.

Resource Adequacy Cost Savings. Battery storage installations are expected to offset peak capacity obligations and enhance the Electric System’s position in the Resource Adequacy market. This is expected to lower RA costs significantly, beginning in Fiscal Year 2026-27 as new storage assets come online.

Energy Procurement Optimization. Battery assets are also expected to reduce the City’s exposure to the market during high-cost periods, allowing the City to decrease wholesale energy purchases on a per customer basis while maintaining retail service reliability. The avoided energy purchases are expected to have long-term downward pressure on total energy costs.

Stable Non-Discretionary Costs. Core support services (legal, software, insurance, utilities, etc.) are forecasted to increase moderately, largely due to inflation and service scale. Such costs are a relatively small portion of the City’s budget for Maintenance and Operations Cost and are being managed proactively.

Projected Electric System Operating Results and Debt Service Coverage

The City projected Electric System operating results for Fiscal Years 2025-26 through 2029-30 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the City's estimate of projected financial results based on a variety of assumptions, including those described under the caption "—Electric System Outlook" and assumptions set forth in the footnotes to the chart below. All of such assumptions are material in the development of the City's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

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CITY OF MORENO VALLEY
PROJECTED ELECTRIC SYSTEM OPERATING RESULTS AND DEBT SERVICE COVERAGE
Fiscal Years Ending June 30

	2026 ⁽¹⁾	2027	2028	2029	2030
REVENUES					
Sales and service charges ⁽²⁾	\$ 61,221,273	\$ 63,670,124	\$ 66,216,929	\$ 68,865,606	\$ 71,620,230
Interest revenue	3,867,161	3,867,161	3,867,161	3,867,161	3,867,161
Miscellaneous ⁽³⁾	<u>1,329,005</u>	<u>1,367,169</u>	<u>1,367,169</u>	<u>252,706</u>	<u>260,287</u>
Total Revenues	\$ 66,417,439	\$ 68,904,454	\$ 71,451,259	\$ 72,985,473	\$ 75,747,678
OPERATION AND MAINTENANCE COSTS					
Costs of Services ⁽⁴⁾	\$ 3,286,279	\$ 5,334,867	\$ 5,494,913	\$ 5,659,761	\$ 5,829,554
Electricity purchased ⁽⁵⁾	12,097,124	13,064,894	14,110,085	15,238,892	16,458,004
Services and supplies ⁽⁶⁾	20,912,860	23,912,860	25,825,889	27,891,960	30,123,317
Distribution share ⁽⁷⁾	<u>7,108,863</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Operation and Maintenance Costs	\$ 43,405,126	\$ 42,312,621	\$ 45,430,888	\$ 48,790,613	\$ 52,410,874
NET ELECTRIC SYSTEM REVENUES	\$ 23,012,313	\$ 26,591,833	\$ 26,020,371	\$ 24,194,860	\$ 23,336,804
DEBT SERVICE⁽⁸⁾					
2026 Bonds ⁽⁹⁾	--	<u>\$ 7,686,004</u>	<u>\$ 8,815,250</u>	<u>\$ 8,813,000</u>	<u>\$ 8,810,500</u>
Total Debt Service	--	\$ 7,686,004	\$ 8,815,250	\$ 8,813,000	\$ 8,810,500
DEBT SERVICE COVERAGE⁽⁹⁾	--	3.46x	2.95x	2.75x	2.65x
NET ELECTRIC SYSTEM REVENUES AVAILABLE FOR OTHER PURPOSES	\$ 19,343,713	\$ 18,905,828	\$ 17,205,121	\$ 15,381,860	\$ 14,526,304

⁽¹⁾ Based on estimated actual results for Fiscal Year 2025-26.

⁽²⁾ Represents revenues received by the City from the sale of electricity to customers of the Electric System and other service charges. Includes public purpose charges for administering State-mandated programs such as discounts and energy efficiency programs. See the captions "THE ELECTRIC SYSTEM—Customers and Electric Sales," "—Electric System Rates and Charges." Projected to increase approximately 4.00% annually beginning in Fiscal Year 2026-27 based on annual 1.00% rate increases and annual customer growth of 3.00% annually.

⁽³⁾ Miscellaneous revenues include meter fees and other miscellaneous revenues of the Electric System. Projected amounts for Fiscal Years 2026-27 and 2027-28 based on average meter fee revenues in Fiscal Years 2022-23 and 2023-24 and ongoing development within the City. Meter fees projected to return to historical averages in Fiscal Year 2028-29 and increase by 3.00% in Fiscal Year 2029-30.

⁽⁴⁾ Represents salaries and benefits for City employees allocable to the Electric System. Projected to increase in Fiscal Year 2026-27 based on the addition of 15 staff members in Fiscal Year 2026-27 and salary and benefits costs are projected to increase 3.00% annually thereafter.

⁽⁵⁾ See the captions "THE ELECTRIC SYSTEM—Power Supply," "—Open Market Purchases" and "Power Purchase Contracts." Projected to increase 8.00% annually beginning in Fiscal Year 2026-27.

⁽⁶⁾ Represents all administrative and operational costs of the Electric System other than salaries and benefits and the costs of purchasing electricity, including payments to internal service funds of the City to pay portions of shared costs attributable to the Electric System. Projected to increase by \$3,000,000 in Fiscal Year 2026-27 based on the implementation of new management contracts for the Electric System effective January 2026 and to increase 8.00% annually thereafter.

⁽⁷⁾ Represents the costs of the prior ENCO contract for management of the Electric System, which ended in January 2026. See the caption "THE ELECTRIC SYSTEM—Operations and Maintenance."

⁽⁸⁾ Does not include lease payments made by the City in connection with the 2019 Bonds and the 2021 Bonds and under the 2021 Equipment Lease, which totaled approximately \$3.7 million in Fiscal Year 2025-26. See the caption "PLAN OF FINANCE—The Refunding Plan." Also does not include a portion of the lease payments made by the City in connection with the Authority's Lease Revenue Refunding Bonds, Series 2024 in the amount of approximately \$250,000 annually. Such payments are payable from the City's General Fund, and are not secured by a pledge of Electric System Revenues; however, the City historically has made such lease payments from net revenues of the Electric System.

⁽⁹⁾ Preliminary, subject to change.

Source: City of Moreno Valley

THE AUTHORITY

The Authority is a public body that is duly organized and existing under the Joint Exercise of Powers Agreement, dated as of October 28, 1997 (the “JPA Agreement”), by and between the City and the Community Redevelopment Agency of the City of Moreno Valley (the “Agency”), and under the Constitution and laws of the State. The Authority was formed for the purpose of assisting the City in the financing and refinancing of public capital improvements by exercising the powers referred to in the JPA Agreement, including the power to issue bonds to pay the costs of public improvements. Neither the City nor the Agency is responsible for repayment of the obligations of the other. The members of the Board of Directors of the Authority are the members of the City Council of the City. The Authority has no employees and all staff work is done by City staff or by consultants to the Authority. The Authority has acted as a conduit issuer for the City for a variety of financings.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS

General

The following discussion of legislative, regulatory and other factors affecting the electric utility industry should be considered when evaluating the Electric System and considering an investment in the 2026 Bonds. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. The electric industry has historically been subject to continuing legislative and administrative reform. The City cannot predict at this time whether any additional legislation or rules will be enacted which will affect the Electric System’s finances or operations, but the impacts could be significant. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the 2026A Bonds should obtain and review such information. Such information is not incorporated herein by reference.

The election of new administrations, including the President of the United States, could also impact substantially the current environmental standards and regulations and other matters described herein. For example, upon taking office in January 2025, President Trump issued a series of executive orders affecting executive actions and policies implemented by the prior administration. One such executive order revoked a number of executive actions taken by the Biden administration, including revoking certain executive orders of the Biden administration relating to climate change and clean energy, requiring federal agencies to review all federal government actions taken pursuant to the revoked orders and to take necessary steps to rescind, replace or amend such actions. In addition, the President issued a separate executive order directing the heads of all federal agencies to review all agency actions affecting the development of domestic energy resources, such as oil, natural gas, coal, hydropower, biofuels, critical mineral, and nuclear energy, and within 30 days of identifying any agency action that unduly burdens the production of domestic energy resources, to develop and begin action plans to rescind or revise the agency actions. Further, the agencies were directed to notify the Attorney General so that appropriate action may be taken in any pending litigation, including the request of a stay, related to the identified agency action. A number of legislative, regulatory and other actions have been taken by federal agencies pursuant to such executive orders. Certain of these actions have been the subject of judicial challenges. The ultimate outcome of these and any other executive orders that the President may issue, or other actions Congress or any federal agencies may take, relating to federal energy policy is not yet known. See also “—Federal Energy and Environmental Policies and Legislation—*Inflation Reduction Act*” and “—Changing Laws and Requirements Generally.”

Federal Energy and Environmental Policies and Legislation

Energy Policy Act of 2005. Although the City is exempt from most federal rate regulation pursuant to Section 201(f) of the Federal Power Act (see “THE ELECTRIC SYSTEM—Electric System Rates and Charges”), EPAct 2005 imposed specific exceptions. In particular, 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 ("CFTC") also has jurisdiction to prohibit certain types of market manipulation or deceptive 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 ("ERO") to establish and enforce, under FERC supervision, mandatory Reliability Standards to increase system reliability and minimize blackouts. The Reliability Standards apply to users, owners and operators of the Bulk-Power System, as more specifically set forth in each Reliability Standard. In February 2006, FERC issued Order 672, which certified NERC as the ERO. Many Reliability Standards have since been approved by FERC. Such Reliability Standards pertain not only to the planning, operations, and maintenance of Bulk-Power System facilities, but also to cyber and physical security of systems that could affect the reliable operation of the electric grid. The Reliability Standards are frequently being amended to address emerging reliability issues.

The ERO or the entities to which NERC has delegated enforcement authority through an agreement approved by FERC ("Regional Entities") may enforce the Reliability Standards, subject to FERC oversight, or FERC may independently enforce them. Potential monetary sanctions include fines in excess of \$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 authorizes 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, as defined above). Order No. 888 also requires "non-jurisdictional utilities" (which, by definition, does include the City) that purchase transmission services from a jurisdictional utility under an open access tariff and that owns or controls 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 itself. Section 211A of the 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 their 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 that 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 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 states 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.

On May 13, 2024, FERC issued Order 1920 to reform the planning of the nation's transmission system as well as the allocation of costs for new transmission projects. Order 1920, among other things, requires public utility (jurisdictional) transmission providers to conduct and periodically update long-term regional transmission planning to anticipate future needs, consider a broad set of benefits when planning new facilities, identify opportunities to modify in-kind replacement of existing transmission facilities to increase their transfer capability, propose methods of cost allocation to pay for selected long-term regional transmission facilities, and increase transparency regarding local transmission planning information. Order 1920 expands the role of states throughout the process of planning, selecting and determining how to pay for new transmission facilities. On November 21, 2024, FERC issued Order No. 1920-A, revising its original Order 1920 in response to numerous requests for rehearing and clarification. The revisions to Order 1920 provide state regulators with a larger role in the long-term regional transmission planning process, particularly in shaping scenario development and cost allocation, by requiring transmission providers to include state input about how future scenarios in the long-term regional transmission planning will be developed and to include any state-agreed cost allocation proposals in their compliance plans. The revised rule also eliminates the requirement for transmission planners to use several recommended economic and reliability costs factors when evaluating potential long-term transmission projects.

The City is monitoring developments at FERC that impact Orders 1000 and 1920 to evaluate any implications of such orders with respect to regional transmission planning and the operations of the Electric System.

Federal Policy on Cybersecurity. In February 2013, then-President Obama issued Executive Order 13636 "Improving Critical Infrastructure Cybersecurity" (the "Cybersecurity Order"). Among other things, the Cybersecurity Order called for improved information sharing and processing of security clearances for owners and operators of critical infrastructure. The Cybersecurity Order further required the Secretary of Commerce to direct the National Institute of Standards and Technology ("NIST") to lead the development of a framework ("Framework") to reduce cyber risks to critical infrastructure. The voluntary Framework continues to be updated and improved as industry provides feedback on implementation. The City will continue to monitor developments in order to help ensure that the Framework continues to recognize the existing cybersecurity efforts in the electric sector, and does not undermine them by creating duplicative or inconsistent processes.

Regulatory Actions 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 and 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 regulations under the Clean Air Act that would establish greenhouse gas emission limits, based on pollution control technology or lower-carbon fuels, for new gas plants, existing gas plants, and existing coal plants, as specified. In February 2024, the EPA announced that it would remove the elements that would have applied to existing natural gas-fired power plants from the final version of the rule. Instead, the EPA stated that it would commence a new rulemaking process that would apply to existing

natural gas-fired plants and regulate additional pollutants. In April 2024, the EPA finalized the rule establishing carbon dioxide (“CO₂”) emissions standards and guidelines for newly built and reconstructed stationary combustion turbines (generally natural gas-fired) and existing and modified fossil fuel-fired steam generating units (generally coal-fired). The final rule identified a standard of performance reflecting the application of best systems for emissions reduction (BSER), taking into account costs, energy requirements and other statutory factors. Under the final rule, emissions standards and guidelines were established for different subcategories of power plants according to unit characteristics such as their generating technology, capacity, level of operations, and anticipated remaining operational life of the unit.

In June 2025, the EPA proposed to repeal all GHG emissions standards for fossil-fuel fired power plants under Section 111 of the Clean Air Act, relating to emissions from new and existing stationary sources of air pollution. The EPA is also proposing, as an alternative, to repeal a narrower set of requirements that include the emission guidelines for existing fossil fuel-fired steam generating units, the carbon capture and sequestration/storage (“CCS”)-based standards for coal-fired steam generating units undertaking a large modification, and the CCS-based standards for new base load stationary combustion turbines. In July 2025, the EPA further proposed to revoke the EPA’s 2009 “endangerment finding” that CO₂ and other GHGs endanger public health and welfare. The 2009 endangerment finding served as the legal basis on which the EPA regulates GHG emissions from the power, oil and gas (and auto) sectors. On February 12, 2026, the EPA rescinded the 2009 endangerment finding. The outcome of these rulemakings being undertaken by the EPA in connection with its regulation of GHG emissions of power plants is not yet known.

Air Quality – National Ambient Air Quality Standards. The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards (“NAAQS”) for certain air pollutants. When a NAAQS has been established, each state must identify areas in its state that do not meet the EPA standard (known as “non-attainment areas”) and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the applicable standard and become an “attainment area.” The EPA periodically reviews the NAAQS for various air pollutants and has in recent years increased, or proposed to increase, the stringency of the NAAQS for certain air pollutants. 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. On March 12, 2018, a federal district judge in Northern California ordered the EPA to complete the strengthened 2015 ozone standard designations later in 2018. The EPA noticed a final rule on December 6, 2018 implementing ozone NAAQS for non-attainment areas and addressing state implementation plan requirements. That rule became effective on February 4, 2019.

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. In August 2023, the EPA announced a new review of the ozone NAAQS to support consideration of new information and advice.

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 February 7, 2024, the EPA announced a final rule to strengthen certain NAAQS for fine particulate matter. Areas that are designated as nonattainment areas have planning obligations to demonstrate attainment and meet the new standard within six years following the nonattainment designations.

Mercury and Air Toxics Standards. The Clean Air Act provides for a comprehensive program for the control of hazardous air pollutants, including mercury. In February 2012, the EPA finalized a rule, the Mercury and Air Toxics Standards (“MATS”), establishing new standards to reduce air pollution from coal- and oil-fired power plants under sections 111 (new source performance standards, or “NSPS”) and 112 (toxics program) of the Clean Air Act. The rule was subsequently 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 rule 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 would have up to four years to meet these standards. While many plants already meet some or all of these revised standards, some plants would be required to install new equipment to meet the standards.

On July 17, 2020, the EPA finalized revisions to the electronic reporting requirements for MATS that revised and streamlined the reporting requirements and provided enhanced access to MATS data, without imposing new monitoring requirements. In April 2024, the EPA finalized a rule that modified regulation of coal- and oil-fired power plants, including further restricting their emissions and changing emissions monitoring requirements. In April 2025, the President signed a proclamation granting two years of relief from an environmental rule to certain coal-fired power plants, allowing certain coal plants to comply with a less stringent version of the MATS rule for two years. On June 17, 2025, the EPA published a proposed rule to repeal the final MATS rule promulgated in April 2024. The newly proposed rule would relax standards for filterable particulate matter, ease the technology requirements on power plants to demonstrate compliance, and would raise the limit of mercury emissions allowable from lignite-fired plants. On December 23, 2025, the EPA submitted a draft of the final action to the Office of Management and Budget for interagency review and on February 19, 2026, the EPA finalized the repeal of the April 2024 MATS rule.

Effluent Limitations Guidelines and Standards. In June 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 covered 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 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 August 3, 2021, the EPA announced a planned-rulemaking to strengthen certain discharge limits in the steam electric power generating category. On May 9, 2024, the EPA finalized a supplemental rulemaking for coal-fired plants to strengthen certain wastewater discharge limits.

Inflation Reduction Act. On August 16, 2022, then President Biden signed the Inflation Reduction Act of 2022 (the “IRA”). The IRA introduced 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 are also 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 expanded and extended the renewable electricity production tax credit and the investment tax credits for renewable energy sources.

On July 4, 2025, the President signed the “One Big Beautiful Bill Act,” that is expected to significantly impact the IRA’s clean energy tax credits, effectively accelerating their repeal or significantly restricting them, especially those related to electric vehicles and clean electricity production.

State Legislation and Regulatory Proceedings

A number of bills affecting the electric utility industry have been introduced or enacted by the California 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. State legislation enacted in recent years has also focused on addressing issues relating to wildfire risks and occurrences in California, including imposing certain requirements on electric utilities in connection with planning for and mitigating such occurrences and risks. Set forth below is a brief summary of certain of these bills and regulatory proceedings.

California Climate Program. In September 2006, then-Governor Arnold Schwarzenegger signed into law Assembly Bill 32, the California Global Warming Solutions Act of 2006 (“AB 32” or the “Global Warming Solutions Act”). This law, which became effective on January 1, 2007, required CARB to adopt enforceable GHG emission limits and emission reduction measures in order to reduce GHG emissions from within the State to 1990 levels by 2020. In September 2016, then-Governor Jerry Brown signed into law Senate Bill 32 (“SB 32”), an amendment to the Global Warming Solutions Act, that requires CARB to take such actions to ensure that statewide GHG emissions from within the State are reduced to at least 40% below 1990 levels by 2030.

SB 350, the Clean Energy and Pollution Reduction Act of 2015, signed into law by then-Governor Brown in October 2015, among other things, requires CARB, in consultation with the California Public Utilities Commission (“CPUC”) and the CEC, to establish 2030 GHG emission targets for each electric utility in the State. SB 350 was superseded by SB 100, adopted in 2018, which set a 100% zero-carbon by 2045 requirement and accelerated RPS targets to 50% by 2025 and 60% by 2030. At present, these targets are non-binding, and primarily intended to help the State measure progress toward the 2030 statewide goal outlined in SB 32. The targets, however, are an input to the development of the Integrated Resource Plans that are required of the State’s utilities with over 700 GWh annual retail sales, which includes the City. See “—California Renewables Portfolio Standard” below.

The Global Warming Solutions Act established an annual mandatory reporting requirement for all investor-owned utilities (“IOUs”), POU, and other load-serving entities (electric utilities providing energy to end-use customers) to inventory and report GHG emissions to CARB. It required CARB to adopt regulations for significant GHG emission sources and gave CARB the authority to enforce such regulations beginning in 2012. The City is complying with the applicable reporting requirements under the Global Warming Solutions Act.

In September 2022, Governor Newsom signed into law Assembly Bill 1279 (“AB 1279”), which became effective on January 1, 2023, and established 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 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. The bill directs 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 toward the bill’s objectives every two years and to make its findings available to the public.

In September 2022, Senate Bill 1020 (“SB 1020”), the Clean Energy, Jobs, and Affordability Act of 2022, was signed into law. Under SB 100, it is the policy of the state that eligible renewable energy resources

and zero-carbon resources supply 100% of all retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045. SB 1020 revised the state policy to provide that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, 95% of by December 31, 2040, 100% by December 31, 2045, and 100% of electricity procured to serve all state agencies by December 31, 2035, as specified.

Cap-and-Trade Regulations. CARB has implemented the Global Warming Solutions Act through a series of regulations (collectively referred to as the “Cap-and-Trade Regulations”) that imposed declining aggregate emissions limitations on entities in California that meet minimum reporting thresholds. The Cap-and-Trade Regulations require all regulated entities, including the City, to report annual GHG emissions and to obtain and submit to CARB compliance instruments (allowances and/or offsets) that represent GHG emissions related to its industrial processes within the State. For electric utilities, this includes generation and GHG emissions associated with imported electricity from out-of-state resources. Like other electric utilities, the City receives an administrative allocation of allowances for compliance. Entities that emit GHGs at levels above those for which they receive administrative allocations, if any, must purchase the additional allowances they require at quarterly CARB auctions or from other covered entities with surplus allowances.

In July 2017, then-Governor Brown signed into law Assembly Bill 398 (“AB 398”), extending the Cap-and-Trade Regulations from 2021 to 2030. The bill passed both chambers with a 2/3 supermajority vote, which protects the legislation from certain legal challenges. Under AB 398, CARB was directed to address the following: establish a price ceiling, offer non-tradeable allowances at two price containment points below the price ceiling, transfer current vintages unsold for more than 24 months to the allowance price containment reserve, evaluate and address allowance over-allocation concerns, set industry assistance factors for allowance allocation, and establish allowance banking rules. 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”). AB 398 was passed in conjunction with AB 617, which strengthens the monitoring of criteria air pollutants and toxic air contaminants in local communities. 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.

In September 2025, AB 1207 was signed into law. AB 1207 reauthorizes and extends California’s cap-and-trade program from 2030 to 2045 (which program is to be now referred to as the California Cap-and-Invest Program pursuant to the provisions of AB 1207).

At this time, the City is unable to predict the full impact of the Cap-and-Trade Regulations over the long-term on the Electric System, on the electric utility industry generally, or whether any additional changes to the adopted program will be made. Since the advent of the cap-and-trade program in 2012, regulations by CARB have provided the electric sector, including the City on behalf of its ratepayers, with sufficient allocated GHG allowances or credits to cover existing operations in meeting retail load obligations. The City may bank allocated allowances in its compliance account to satisfy a portion of its ongoing compliance obligations. The City can buy or sell allowances in the quarterly auctions or on the bilateral market to meet its additional compliance obligations. Currently, the City is sufficiently positioned for compliance.

CARB is in the process of developing amendments to the Cap-and-Trade Regulations. The scope of the potential amendments under consideration by CARB includes, among other things, using an updated integrated energy forecast to adjust (reduce) allowance allocations through 2030, reducing the total number of budgeted allowances starting in 2026, and requiring POU’s to consign all allocated allowances to auction (similar to investor-owned utilities). The City and other California electric utilities could be affected to differing degrees depending on their energy and capacity portfolios in the future if the utility’s GHG emissions exceed its allocated allowances, which would require additional compliance instruments to be purchased from the market to meet retail load compliance obligations. While CARB had previously indicated that it expected to make the formal rulemaking proposal available for public comment in early 2025, with the amendments anticipated to take effect

starting in 2026, on September 19, 2025, CARB released a notice indicating that it would begin updating the regulations to reflect the direction and process provided for in AB 1207 in accordance with the formal rulemaking process. The City is monitoring developments in connection with this proposed rulemaking. As the direction CARB will take and the extent of the regulatory changes remain uncertain, the potential financial impact on the Electric System is not yet known.

GHG Emissions Performance Standard and Financial Commitment Limits. Senate Bill 1368 (“SB 1368”) became effective as law on January 1, 2007. SB 1368 provided for an emission performance standard (“EPS”) restricting new investments in baseload electric generating resources exceeding a specified rate of GHG emissions. SB 1368 allows the CEC to establish a regulatory framework to enforce the EPS for POU. Pursuant to SB 1368, the CEC adopted a GHG EPS for electric generating facilities of 1,100 pounds of CO₂ per MWh for “covered procurements” by POU. SB 1368 also prohibits POU from making any “long-term financial commitment” in connection with “baseload generation” that does not satisfy the EPS. Generally, a “long-term financial commitment” is any new or renewed power purchase agreement with a term of five years or more, the purchase of an interest in a new power plant, or any investment (other than routine maintenance) in an existing power plant that extends the life of the plant by more than five years or results in an increase in its rated capacity. “Baseload generation” means a power plant that is intended to operate at an annualized capacity factor of 60% or more.

As modified, the EPS regulations require a POU to post a public meeting notice at which its governing board will consider any expenditure over \$2.5 million to meet environmental regulatory requirements at a non-EPS-compliant baseload facility. In addition, each POU is required to file an annual notice identifying all investments over \$2.5 million that it anticipates making during the subsequent 12 months on non-EPS-compliant baseload facilities to comply with environmental regulatory requirements. This requirement is waived for any POU that has entered into a binding agreement to divest within five years of all baseload facilities exceeding the EPS. CEC staff has confirmed that the \$2.5 million threshold applies to an individual investment by each utility, and not the combined investment of all participants in a project.

Any future procurement or investment by the City in a baseload generating resource of greater than 10 MW or with a term of five years or more (or extending the life of an existing plant by more than five years) will be subject to the requirements of SB 1368.

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

Further, Assembly Bill 2021 (“AB 2021”), signed into law by then-Governor Schwarzenegger in September 2006, requires that POU establish, report, and explain the basis of the annual energy efficiency and demand reduction targets by June 1, 2007, and every three years thereafter for a ten-year horizon. A subsequent amendment, Assembly Bill 2227, extended the reporting timeframe from three to four years. The City is complying with these ongoing reporting requirements. The information obtained from the POU is being used by the CEC to present progress made by the State to double energy efficiency savings in electricity and natural gas final end uses by 2030, to the extent doing so is cost-effective, feasible, and does not adversely impact public health and safety, as prescribed in SB 350.

California Renewables Portfolio Standard. California’s Legislature and executive branch have been active in promoting increasingly stringent renewable energy procurement requirements since 2002. Early efforts established a renewables portfolio standard (RPS) of 20% of renewable electricity generation by 2017. Since then, both legislative and executive branch initiatives have raised that standard in multiple phases.

SBX1-2, the California Renewable Energy Resources Act, was signed into law by then-Governor Brown in April 2011. SBX1-2 required each POU to adopt and implement a renewable energy resource procurement plan and establish targets for specified compliance periods for the procurement of at least the following amounts of electricity products from eligible renewable energy resources (which could include RECs) as a proportion of total kilowatt hours sold to the utility's retail end-use customers: (i) over the 2011-2013 compliance period, an average of 20% of retail sales from January 1, 2011 to December 31, 2013, inclusive; (ii) over the 2014-2016 compliance period, a total equal to 20% of 2014 retail sales, 20% of 2015 retail sales, and 25% of 2016 retail sales; (iii) over the 2017-2020 compliance period, a total equal to 27% of 2017 retail sales, 29% of 2018 retail sales, 31% of 2019 retail sales, and 33% of 2020 retail sales; and (iv) for 2021 and each subsequent year, 33% of retail sales for the applicable year. The governing boards of POUs are responsible for implementing the requirements of SBX1-2, rather than the CPUC, as is the case for the IOUs. In addition, the CEC was given certain enforcement authority for POUs and CARB was given the authority to set penalties. The CEC developed detailed rules to implement SBX1-2, and has adopted regulations for the enforcement of the RPS program requirements for POUs, which regulations have been subsequently amended from time to time.

SB 350, the Clean Energy and Pollution Reduction Act of 2015, as enacted, establishes an RPS target of 50% by December 31, 2030, for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POUs, including interim targets of (i) 40% of retail sales from eligible renewable energy resources by December 31, 2024; (ii) 45% of retail sales from eligible renewable energy resources by December 31, 2027; and (iii) 50% of retail sales from eligible renewable energy resources by December 31, 2030.

SB 100, signed into law in 2018, supersedes and builds upon the goals of SB 350 by raising the RPS target to 60% by December 31, 2030, and establishes a new policy that all electricity in California be carbon-free by 2045. This policy effectively accelerates and expands the renewable energy targets, requiring retail sellers and POUs to achieve 60% by December 31, 2030. The passage of SB 100 significantly increases the compliance requirements under the RPS and reinforces the long-term commitment to achieving a carbon-free electricity grid statewide.

SB 350 requires each retail seller of electricity (including IOUs, most POUs above a certain size threshold, community choice aggregators, and energy service providers) to provide a renewable energy procurement plan on an annual basis, and all POUs with demand greater than 700 gigawatt hours to develop an integrated resource plan ("IRP") at least once every five years, commencing no later than January 1, 2019. The City is subject to this requirement. As required in the statute, all IRPs are to be submitted to the CEC, including information outlined in the CEC's POU IRP Guidelines. The City filed its first IRP with the CEC in April 2019. In accordance with SB 350, the City's 2024 IRP was approved by the City Council in November 2023 and filed with the CEC by April 30, 2024.

In December 2020, the CEC adopted regulations to update its RPS enforcement procedures for POUs, 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.

Senate Bill 1020 ("SB 1020"), the Clean Energy, Jobs, and Affordability Act of 2022, was signed into law by Governor Newsom in September 2022 and became effective on January 1, 2023. SB 1020 revises SB 100's State 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.

Legislation Relating to Wildfires; Related Risks. Senate Bill 1028 (“SB 1028”) was signed into law by then-Governor Brown in September 2016. SB 1028 requires that each POU and each electric cooperative in the State construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. SB 1028 required the governing board of each POU to determine, based on historical fire data and local conditions, and in consultation with the fire departments or other entities responsible for the control of wildfires within the geographical area where the utility’s overhead electrical lines and equipment are located, whether any portion of that geographical area has a significant risk of wildfire resulting from those electrical lines and equipment, and if so, to present for its governing board approval wildfire mitigation measures the utility intends to undertake to minimize the risk of its overhead electrical lines and equipment causing a catastrophic wildfire.

SB 901 was signed into law by then-Governor Brown in September 2018. SB 901 amends certain provisions of SB 1028 requiring POUs and electric cooperatives to prepare wildfire mitigation measures if the utilities’ overhead electrical lines and equipment are located in an area that has a significant risk of wildfire resulting from those electrical lines and equipment. Under SB 901, each POU or electric cooperative is required to prepare a wildfire mitigation plan annually (initially, beginning by January 1, 2020). SB 901 requires the POU or electric cooperative to contract with a qualified independent evaluator with experience in assessing the safe operation of electrical infrastructure to review and assess the comprehensiveness of its wildfire mitigation plan. The report of the independent evaluator is to be made available to the public and to be presented at a public meeting of the POU’s governing board.

Assembly Bill 1054 (“AB 1054”) was signed into law by Governor Newsom in July 2019. AB 1054 expands on the existing requirements for POUs established under SB 901 for wildfire mitigation plans. AB 1054 requires each POU, by July 1 of each year, to submit its wildfire mitigation plan to the then-newly created California Wildfire Safety Advisory Board (the “Wildfire Advisory Board”) for review and comment. Under AB 1054, the Wildfire Advisory Board is required to provide comments and an advisory opinion to each POU regarding the content and sufficiency of its plan and to make recommendations on the mitigation of wildfire risks. AB 1054 requires each POU to comprehensively revise its wildfire mitigation plan at least once every three years. SB 254, signed into law by Governor Newsom in September 2025 amends the provisions of AB 1054 to provide that, after January 1, 2026, POUs will instead be required to prepare and submit to the Wildfire Advisory Board wildfire mitigation plans at least once every four years on a schedule to be determined by the Wildfire Advisory Board. The City has prepared and submitted wildfire mitigation plans in accordance with the provisions of SB 901 and AB 1054 as required. The City prepares a comprehensive wildfire mitigation plan, with an independent evaluator review, every three years. The City prepares a status report on such plan annually which is provided to the City Council and submitted to the Wildfire Advisory Board. The City’s most recent annual wildfire mitigation status report for 2025 was prepared in May 2025 and submitted to the Wildfire Advisory Board. The City’s next wildfire mitigation plan will be due in October 2028.

AB 1054 established a Wildfire Fund for IOUs to facilitate payment of eligible, uninsured third-party damage claims resulting from future catastrophic wildfires. Participation in the Wildfire Fund is exclusive to IOUs. Each of the major IOUs in California are now participating in the Wildfire Fund. Additional future funding for the Wildfire Fund has been provided for under the provisions of SB 254. POUs, such as the City, are not eligible to participate in or receive funding for wildfire claims from the Wildfire Fund.

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 private property is damaged by a public use), California courts have imposed liability on utilities in legal actions brought by property holders for damages, where the inherent risks in the utility’s infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. Thus,

if the inherent risks associated with the facilities of a utility, such as its electric distribution and transmission lines, are determined to be the substantial cause of the plaintiff's damages, and the doctrine of inverse condemnation applies, the utility could be liable without having been found negligent. SB 1028, SB 901 and AB 1054 do not alter the existing legal doctrine relating to utilities' liability for wildfires. SB 254 requires the California Earthquake Authority, as administrator of the wildfire fund established pursuant to AB 1054, to, on or before April 1, 2026, in consultation with the CPUC and other specified departments and agencies of the State, and with feedback solicited from stakeholders, prepare and submit to the Legislature, and to the Governor, a report that evaluates and sets forth recommendations on new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate the burdens from natural catastrophes, including catastrophic wildfires, earthquakes, and other natural disasters, across stakeholders, including insurers, communities, homeowners, landowners, governments, electrical corporations, and POU's to complement or replace the fund. How any future legislation or judicial decisions address California's inverse condemnation doctrine, and liability issues for utilities in the context of wildfires in particular, could be significant for the electric utility industry, including the City.

Changing Laws and Requirements Generally

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 continuing legislative, regulatory and judicial action regarding such standards and procedures. In addition, the election of new administrations, including the President of the United States, could impact substantially the current environmental standards and regulations and other matters described herein. In light of the changing regulatory requirements and standards for electric utilities, there is no assurance that any facilities or projects of the City will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. 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.

In addition, on both the federal and State levels, legislation is introduced frequently 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 legislative proposals in recent years 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, cybersecurity legislation, climate change and the reduction or elimination of net carbon dioxide emission attributable to the electric grid and financial 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 expedited permitting for natural gas drilling projects, reducing regulatory burdens, climate change and water quality). The City is unable to predict at this time whether any of these or other legislative proposals will be enacted into law or what the impact of any such proposals that may ultimately be enacted will be.

General Economic Conditions

The City's costs are affected by numerous factors, many of which are economic variables that are beyond its control. Some of the factors in recent years include inflation, supply chain disruptions and delays, labor shortages and rising labor costs, and rising interest rates. More specifically, the rate of inflation increased during certain periods of recent years, increasing the price of fuel and commodities integral to Electric System operations. In response to rising inflation, the United States Federal Reserve increased interest rates a number of times from 2022 to 2023, which would be expected to result in an increase to the City's costs of capital so long as inflationary pressures continue. These factors may be further exacerbated by rising labor costs in the United States and global economic and geopolitical crises. Retail energy sales and aggregate levels of energy

use can also be affected by general economic conditions. The economy may be impacted (directly or indirectly) by, among other things, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources, climate change and other environmental matters, changes in law (including the enforcement thereof), changes in federal or state policies (including policies with respect to trade, appropriations, immigration, regulation and energy) and funding priorities, and natural disasters. The occurrence of global, national and/or regional events and changes in general economic conditions on a local, state, and/or national level and their potential impacts are difficult to predict but could negatively impact the Electric System's operations and finances and/or the economy of its service area. See APPENDIX A—"ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MORENO VALLEY" for general demographic and economic information regarding the City's service area.

Tariff Uncertainty

Recent changes in federal and international trade policies, including the imposition or adjustment of tariffs on materials such as steel, solar panels, batteries and other building materials and energy-related equipment, have introduced uncertainty into the pricing and availability of key components used in the City's operations and capital projects. While the City monitors these developments, the future impacts of tariff-related volatility on the City's costs, procurement schedules, and project economics are uncertain and could be material.

Other Factors

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. Such factors (a number of which are further discussed elsewhere in this Official Statement) include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above; (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 expanded community choice aggregation 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 IOUs; (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 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) wildfires and potential liabilities of electric utilities in connection therewith; (k) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (l) changes from projected future load requirements; (m) increases in costs and uncertain availability of capital; (n) shifts in the availability and relative costs of different fuels (including the cost of natural gas); (o) changes in the electric market structure for neighboring electric grids, such as the energy imbalance market operated by the CAISO; (p) 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 California; (q) issues relating to risk management procedures and practices with respect to, among other things, the purchase and sale of natural gas, energy and transmission capacity; (r) other legislative changes, voter initiatives, referenda and statewide propositions; (s) effects of the changes in the economy, population and demand of customers within a utility's service area; (t) effects of possible manipulation of the electric markets; (u) acts of terrorism or cyber-terrorism impacting a utility and/or significant load customers; (v) impacts of a pandemic or the outbreak of another infectious disease impacting the global, national or local economy or a

utility's service area; or (w) effects of and regulatory responses to climate change; (x) natural disasters or other physical calamities, including, but not limited to, wildfires, earthquakes, droughts, severe weather and floods; and (y) adverse impacts to the market for insurance relating to wildfires and other calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risk. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility, including the Electric System, and likely will affect individual utilities in different ways.

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 2026A 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 2026A 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 2026A Bonds.

The 2026A Bonds Are Limited Obligations

The 2026A Bonds are limited obligations of the Authority, payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the 2026A Bonds. The Authority has no taxing power.

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 described in the Installment Purchase Agreement. The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from Net Electric System Revenues of the City and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Factors that can adversely affect the availability of Net Electric System 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 Electric System 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 make the Series 2026A Installment Payments.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the 2026A Bonds and the Trustee, and the obligation of the City to make the Series 2026A Installment Payments, 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 2026A 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.

Electric System Expenses and Collections

The Electric System's facilities, timely payment of the Series 2026A Installment Payments and the financial condition of the 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 2026A 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. Also, increases in fuel and energy costs, new environmental regulations or other expenses could reduce the Net Electric System 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 2026A Bonds. See the caption "SECURITY FOR THE 2026A BONDS—Rate Covenant Securing the Series 2026A Installment Payments."

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 Electric System Revenues by causing damage to the Electric System or adversely affecting the economy of the surrounding area. The Installment Purchase Agreement 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.]

Earthquakes are considered a threat to the City due to the highly active seismic region and the proximity of fault zones, which could influence the entire southern coastal portion of the State. There are also likely to be unmapped faults in or near the City. Seismically induced ground shaking has affected the City in the past and is expected to affect the City in the future. However, no major earthquake has caused substantial damage to the City to date. An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction, floods and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas like those in the City that are surrounded by hillsides because, when wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides and excess water running off the hillsides often causing flash flooding. In general, property damage due to wildfire or mudslides may have the effect of reducing Net Electric System Revenues by causing damage to the Electric System or adversely affecting the economy of the surrounding area.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," the interest on the 2026A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the 2026A Bonds, as a result of acts or omissions of the Authority or the City in violation of their covenants in the Indenture, the Installment Purchase Agreement and the Tax Certificate for the 2026A Bonds. Should such an event of taxability occur, the 2026A Bonds would not be subject to a special redemption and would remain Outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Parity Obligations

The Installment Purchase Agreement permits the City to issue and incur additional parity Contracts and Bonds payable Net Electric System Revenues on a parity with the Series 2026A Installment Payments, subject to the terms and conditions set forth therein. The issuance and incurrence of additional parity Contracts and Bonds could result in reduced Net Electric System Revenues available to the Series 2026A Installment Payments. The City has covenanted to maintain coverage of debt service on the Series 2026A Installment Payments and any additional parity Contracts and Bonds as further described under the caption “SECURITY FOR THE 2026A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations.”

Limited Recourse on Default

If the City defaults on its obligation to make the Series 2026A Installment Payments, Bondholders have the right to declare the total unpaid principal amount of the Series 2026A Installment Payments and 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 Electric System Revenues.

Rate Covenant Not a Guarantee

The City’s ability to make the Series 2026 Installment Payments depends on its ability to generate Net Electric System Revenues at the levels required by the Installment Purchase Agreement. Although the City has covenanted in the Installment Purchase Agreement to impose rates and charges as more particularly described under the caption “SECURITY FOR THE 2026A BONDS—Rate Covenant Securing the Series 2026A Installment Payments,” and although the City expects that sufficient Electric System 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 Electric System Revenues in amounts that are sufficient to make the Series 2026A Installment Payments.

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, 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 City is difficult to predict, but it could be significant and it could have a material adverse effect on the General Fund by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of City residents and business establishments. On June 15, 2021, the City adopted a Climate Action Plan (the “CAP”) as part of the City’s comprehensive General Plan update, which is intended to guide the City’s planning and development through 2040. [The City will be taking the General Plan and Climate Action Plan back to the City Council on April 21, 2026, for readoption.]

Security of the Electric System

The City maintains the security of the Electric System through a robust physical security program to protect its critical facilities and infrastructure, particularly substations, through a layered defense approach. Access to substations is restricted through secure key-card entry systems, ensuring only authorized personnel can enter, while non-transparent perimeter fencing and controlled gates provide an additional barrier against unauthorized visibility and access. Facilities are continuously monitored through a network of perimeter and interior security cameras equipped with advanced object and person detection capabilities, complemented by motion and intrusion alarm systems to quickly identify and respond to potential threats. In alignment with NERC CIP-005 requirements, the City is actively enhancing its physical security controls and access management

practices to meet regulatory compliance standards. Additionally, routine staff inspections are conducted to verify system integrity, identify vulnerabilities, and ensure all security measures remain fully operational and effective.

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 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 make the Series 2026A Installment Payments.

Cyber Security

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

The City employs a multi-layer cyber protection scheme that includes weekly vulnerability scans by the Cybersecurity Infrastructure and Security Agency (part of the United States Department of Homeland Security), next-generation firewalls, anti-virus software, anti-spam/malware software, intrusion detection/prevention, domain name system filtering services by the Multi-State Information Sharing and Analysis Center, duplicate systems in a disaster recovery site and multiple copies of all information that is backed up. The City implements recommended strategies suggested by security vendors and makes internal system changes as needed. To date, the City has not experienced a significant attack on its computer operating systems. However, there is no assurance that a future attack or attempted attack would not result in disruption of City operations. The City expects that any such disruptions would be temporary in nature. The City also carries cyber insurance. See the caption "THE CITY OF MORENO VALLEY—Risk Management."

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

Secondary Market

There can be no guarantee that there will be a secondary market for the 2026A Bonds or, if a secondary market exists, that any 2026A 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.

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the 2026A Bonds as a result of the failure of the City to make the Series 2026A Installment Payments when due, the Owners of the 2026A Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that the Insurer becomes obligated to make payments with respect to the 2026A Bonds, no assurance can be given that such event will not adversely affect the market for the 2026A Bonds. In the event that the Insurer is unable to make payment of principal of and interest on the 2026A Bonds when due under the Policy, the 2026A Bonds will be payable solely from Authority Revenues, consisting primarily of Series 2026A

Installment Payments, and from certain other amounts on deposit in funds and accounts under the Indenture, as described under the caption “SECURITY FOR THE 2026A BONDS.”

The Insurer is expected to insure a majority of the 2026A Bonds and will therefore have the ability to direct the actions of the Trustee give consents and waivers and take other actions without regard to the views of the owners of the 2026A Bonds. As a result, Owners of the 2026A Bonds may be limited in the rights and remedies they are able to exercise in the event of a default by the Authority under the Indenture. The Insurer may have different business and other interests than the Owners of the 2026A Bonds.

The long-term rating on the 2026A Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the 2026A Bonds. See the caption “RATINGS.”

None of the City, the Authority or the Underwriter have made an independent investigation of the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the City, the Authority or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the 2026A Bonds, potential investors should carefully consider the ability of the City to make the Series 2026A Installment Payments, which secure the 2026A Bonds, assuming that the Policy is not available for that purpose, and the claims-paying ability of the Insurer through final maturity of the 2026A Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies for default under the Indenture. The Insurer is not required to obtain the consent of the Owners with respect to the exercise of remedies.

CONSTITUTIONAL LIMITATIONS

Articles XIIC and XIID 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 XIIC and XIID to the State Constitution. Article XIID 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 XIID 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.

Article XIIC 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 XIIC, 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 XIIC may apply to a broader category of fees and charges than the property-related fees and charges governed by Article XIID. 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 XIID) might be subject to the initiative provisions of Article XIIC, 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 XIIC 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 Series 2026A Installment Payments 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 XIII A and XIII C 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 Proposition 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 XIII C 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.

Future Initiatives

Articles XIII C and XIII D 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 XIII C and XIII D 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.

CERTAIN LEGAL MATTERS

The validity of the 2026A Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, is also acting as Disclosure Counsel for the City. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Bond Counsel and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the 2026A Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the 2026A Bonds. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, for the Trustee by its counsel and for the Insurer by its counsel. Counsel to the Underwriter will receive compensation contingent upon the issuance of the 2026A Bonds.

LITIGATION

The Authority

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2026A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the 2026A Bonds or any action of the Authority contemplated by any of said documents.

The City

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the City, threatened against the City affecting the existence of the City or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2026A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the 2026A Bonds, the Indenture or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the 2026A Bonds or any action of the City contemplated by any of said documents, nor to the knowledge of the City, is there any basis therefor.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 2026A 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, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the 2026A 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 2026A 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 2026A Bonds is based upon certain representations of fact and certifications made by the Authority, the City and others and is subject to the condition that the Authority and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2026A Bonds to assure that interest (and original issue discount) on the 2026A 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 2026A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2026A Bonds. The Authority and the City have covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2026A Bond (the first price at which a substantial amount of the 2026A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2026A Bond constitutes original issue discount. Original issue discount

accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable 2026A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a 2026A Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a 2026A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2026A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2026A Bond premium, which must be amortized under Section 171 of the Code; such amortizable 2026A Bond premium reduces the 2026A Bond Owner's basis in the applicable 2026A Bond (and the amount of tax-exempt interest received with respect to the 2026A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2026A Bond premium may result in a 2026A Bond Owner realizing a taxable gain when a 2026A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2026A Bond to the Owner. Purchasers of the 2026A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2026A Bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt 2026A Bond issues, including both random and targeted audits. It is possible that the 2026A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2026A Bonds might be affected as a result of such an audit of the 2026A 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 2026A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2026A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2026A 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 2026A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2026A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2026A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2026A 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 2026A 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 2026A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2026A 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 2026A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2026A Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the City

continue to comply with certain requirements of the Code, the ownership of the 2026A Bonds and the accrual or receipt of interest (and original issue discount) on the 2026A 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 2026A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2026A Bonds.

Should interest (and original issue discount) on the 2026A Bonds become includable in gross income for federal income tax purposes, the 2026A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the 2026A Bonds to provide annually certain financial information and operating data relating to the 2026A Bonds and the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City’s undertaking with respect to the Annual Report and certain enumerated events, see APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The Annual Report is to be provided by the City not later than nine months following the end of the City’s fiscal year (which presently ends on June 30), commencing with the report for the fiscal year ending June 30, 2026 and due March 31, 2027. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

In order to promote compliance by the City and its related entities, including the Authority and the Former Agency, with their respective continuing disclosure undertakings, the City has retained Willdan Financial Services (“Willdan”) to serve as dissemination agent and assist such entities in complying with their continuing disclosure obligations. Willdan will also perform these duties for the land-secured financings involving the City’s community facilities districts. Additionally the City has taken the steps to amend its existing debt policy, which has been approved by the City Council, to ensure compliance with Rule 15c2-12.

MUNICIPAL ADVISOR

The City has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the 2026A Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees being paid to the Municipal Advisor are contingent upon the issuance of the 2026A Bonds.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

RATINGS

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), is expected to assign the 2026A Bonds the rating of “_____” based upon the delivery of the Policy by the Insurer at the time of issuance of the 2026A Bonds. S&P has assigned the 2026A Bonds the underlying rating of “_____” notwithstanding the delivery of the Policy for the 2026A Bonds.

There is no assurance that any credit rating given to the 2026A Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on

the market price of the 2026A Bonds. Such ratings reflect only the views of S&P, and an explanation of the significance of such ratings may be obtained from S&P. Generally, rating agencies base their ratings on information and materials 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 2026A Bonds with EMMA. See the caption “CONTINUING DISCLOSURE” and Appendix E. Notwithstanding such covenant, information relating to rating changes on the 2026A 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 2026A Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the Bonds after the initial issuance of the 2026A Bonds.

In providing a rating on the 2026A Bonds, certain 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 Indenture or the Installment Purchase Agreement. 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.

None of the City, the Authority or the Underwriter makes any representation as to the Insurer’s creditworthiness or any representation that the Insurer’s credit rating will be maintained in the future. The rating agencies have previously taken action to downgrade the ratings of certain municipal bond insurers and have published various releases outlining the processes that they intend to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to the rating agencies for additional information on the applicable rating agencies’ evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption “BOND INSURANCE” for further information relating to the Insurer.

UNDERWRITING

The 2026A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter will purchase the 2026A Bonds from the Authority at an aggregate purchase price of \$_____ (representing the principal amount of the 2026A Bonds, [plus/less] a [net] original issue [premium/discount] of \$_____ and less an Underwriter’s discount of \$_____). The purchase agreement relating to the 2026A Bonds provides that the Underwriter will purchase all of the 2026A Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2026A Bonds to certain dealers (including dealers depositing 2026A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Installment Purchase Agreement and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the Chief Financial Officer of the City at 14177 Frederick Street, P.O. Box 88005, Moreno Valley, California 92552.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the 2026A Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

**MORENO VALLEY PUBLIC FINANCING
AUTHORITY**

By: _____
Executive Director

CITY OF MORENO VALLEY

By: _____
City Manager

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APPENDIX A

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF MORENO VALLEY

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APPENDIX B

DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

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APPENDIX C
PROPOSED FORM OF LEGAL OPINION

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APPENDIX D

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the City and the Underwriters believe to be reliable, but none of the Authority, the City or the Underwriters takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2026A Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to the 2026A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2026A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2026A Bonds. The 2026A Bonds will be executed and delivered 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 bond will be executed and delivered for each annual maturity of the 2026A Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

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

Purchases of 2026A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2026A Bonds, except in the event that use of the book-entry system for the 2026A Bonds is discontinued.

To facilitate subsequent transfers, all 2026A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026A Bonds; DTC's records reflect only the identity of the Direct Participants to whose

accounts such 2026A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2026A Bond documents. For example, Beneficial Owners of 2026A Bonds may wish to ascertain that the nominee holding the 2026A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 2026A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2026A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, 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, the Trustee, or the Authority, 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 the Authority or the Trustee, 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.

A 2026A Bond Owner shall give notice to elect to have its 2026A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2026A Bond by causing the Direct Participant to transfer the Participant's interest in the 2026A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2026A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2026A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2026A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2026A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical 2026A Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2026A Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2026A BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2026A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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