
INSTALLMENT PURCHASE AGREEMENT

by and between

CITY OF MORENO VALLEY

and

MORENO VALLEY PUBLIC FINANCING AUTHORITY

Dated as of ____ 1, 2026

relating to

\$ _____

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

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT (this “Agreement”), dated as of _____ 1, 2026, by and between the CITY OF MORENO VALLEY, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”) and the MORENO VALLEY PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under the laws of the State of California (the “Authority”).

W I T N E S S E T H:

WHEREAS, the City and the former Community Redevelopment Agency of the City of Moreno Valley (the “Agency”) have heretofore executed a Joint Exercise of Powers Agreement, dated as of October 28, 1997 (the “Joint Powers Agreement”), by and between the City and the Agency, which Joint Powers Agreement creates and establishes the Authority;

WHEREAS, the City proposes for the Authority to cause the refunding of the outstanding Moreno Valley Public Financing Authority Lease Revenue Bonds, Series 2019 (Taxable) (the “2019 Bonds”), the proceeds of which were applied by the City to finance certain improvements to the City’s Electric System, as more particularly described in Exhibit A hereto (the “2019 Project”);

WHEREAS, the City proposes for the Authority to cause the refunding of the outstanding Moreno Valley Public Financing Authority Lease Revenue Bonds, Series 2021 (Taxable) (the “2021 Bonds”), the proceeds of which were applied by the City to were applied by the City to refinance certain improvements to the City’s Electric System, as more particularly described in Exhibit A hereto (the “2021 Project”);

WHEREAS, the City proposes to prepay that certain 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”), pursuant to which the City acquired certain streetlight improvements, as more particularly described in Exhibit A hereto (the “2021 Streetlight Project” and together with the 2019 Project, the 2021 Project, the “Refunding Projects”);

WHEREAS, the City proposes to enter into this Agreement to finance the acquisition and construction of certain capital improvements to the City’s Electric System, as more particularly described in Exhibit A hereto under the heading “DESCRIPTION OF THE 2026A PROJECT” (the “2026A Project” and together with the 2019 Project, the 2021 Project, and the 2021 Streetlight Project, the “Projects”);

WHEREAS, the Authority has agreed to assist the City in financing and refinancing the Projects pursuant to the terms and conditions of agreement contained herein;

WHEREAS, the City is authorized by the Constitution and laws of the State of California (including all laws amendatory thereof or supplemental thereto, the “Law”) to acquire property for its Electric System;

WHEREAS, pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the “Act”) and the Joint Powers Agreement, the Authority is authorized to assist the City in the financing the acquisition of capital improvements;

WHEREAS, the City and the Authority have duly authorized the execution of this Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Accountant’s Report. The term “Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

Act. The term “Act” means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

Agency. The term “Agency” means the former Community Redevelopment Agency of the City.

Authority. The term “Authority” means the Moreno Valley Public Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

Bonds. The term “Bonds” means all revenue bonds or notes of the City authorized, executed, issued and delivered by the City, the payments of which are payable from Net Electric System Revenues on a parity with the 2026A Bonds and which are secured by a pledge of and lien on the Electric System Revenues as described in Section 5.01 hereof.

City. The term “City” means the City of Moreno Valley, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

City Council. The term “City Council” means the City Council of the City.

City Representative. The term “City Representative” means the Mayor, the Mayor Pro Tem, the City Manager, the Chief Financial Officer of the City, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to this Indenture.

Commodity Swap. The term “Commodity Swap” means a commodity swap entered into by the City to hedge the cost of power and energy and which is not secured by a pledge of Electric System Revenues or payable from Electric System Net Revenues on a parity with the 2026A Bonds.

Contracts. The term “Contracts” means and is limited to all contracts of the City previously or hereafter authorized and executed by the City which are on a parity with the 2026A Bonds and which are secured by a pledge and lien on the Electric System Revenues as described in Section 5.01 hereof, but excluding (i) any contracts entered into for operation and maintenance of the Electric System, (ii) contracts for the purchase of power, energy and related services which are treated as Operation and Maintenance Costs in accordance with clause (ii) as the definition thereof, and (iii) Commodity Swaps.

Date of Operation. The term “Date of Operation” means, with respect to any uncompleted Parity Project, the estimated date by which such Parity Project will have been completed and, in the opinion of an Independent Engineer, will be ready for commercial operation by or on behalf of the City.

Debt Service. The term “Debt Service” means, for any period of calculation, the sum of:

- (1) the interest payable during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);
- (2) those portions of the principal amount of all outstanding serial Bonds maturing in such period, but excluding Excluded Principal;
- (3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period, but excluding Excluded Principal; and
- (4) those portions of the Contracts required to be made during such period, (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program) and excluding Excluded Principal;

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than

a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

- (i) the then current variable interest rate borne by such Bonds or Contracts plus 1%, and
- (ii) if such Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds or Contracts have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Bonds to be issued or the Contracts to be executed;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that if the Bonds or Contracts constitute paired obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the City with respect to such paired obligations; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

Energy Service. The term “Energy Service” means the electric generation, transmission and distribution service made available or provided by the Electric System.

Electric System. The term “Electric System” means (i) all energy generation, transmission and distribution facilities of the City existing on the date hereof, and (ii) all additions, betterments, extensions and improvements to such existing energy generation, transmission and distribution facilities hereafter acquired or constructed, (iii) other energy distribution facilities of the City hereafter acquired or constructed, (iv) all other generation facilities of the City hereafter acquired or constructed other than generating facilities determined by the City Council not to be included in the Electric System and which are not financed from Electric System Revenues or Net Electric System Revenues or from the proceeds of Bonds or Contracts, and (v) other transmission facilities of the City hereafter acquired and constructed and determined by the City Council to be a part of the Electric System.

Electric System Revenue Fund. The term “Electric System Revenue Fund” means those City accounts designated by the City as account numbers _____ through _____ and account numbers _____ (excluding _____), together with other accounts created in the future and designated by action of the City Council as a part of the Electric System Revenue Fund established pursuant to Section 5.02.

Electric System Revenues. The term “Electric System Revenues” means all income, rents, rates, fees, charges and other moneys derived from or attributable the ownership or operation of the Electric System calculated in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing,

(1) 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

(2) 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;

(3) connection charges or similar charges related to the Electric System; plus

(4) payments received by the City in connection with any commodity swaps related to the Electric System, including Commodity Swaps;

(5) the earnings on and income derived from the investment of the amounts described in clauses (1) through (4) hereof, and from investment of amounts in the Electric System Revenue Fund; plus

(6) the earnings on and income derived from investment of the City reserves allocated to the Electric System;

In addition, the term “Electric System Revenues” shall include, and notwithstanding the application of generally accepted accounting principles, all amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund during any Fiscal Year in accordance with Section 5.04 hereof;

but excluding in all cases (i) any amounts transferred from the Electric System Revenue Fund to the Rate Stabilization Fund during any Fiscal Year in accordance with Section 5.01(c)(iv) hereof, (ii) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City, (iii) any proceeds of taxes restricted by law to be used by the City to pay obligations of the City other than Bonds or Contracts, and (iv) revenues with respect to any energy generation or transmission facilities of the City which are not a part of the Electric System as determined in accordance with clauses (iv) and (v) of the definition of Electric System.

Engineer's Report. The term "Engineer's Report" means a report by an Independent Engineer.

Event of Default. The term "Event of Default" means an event described in Section 8.01.

Excluded Principal

The term "Excluded Principal" means each payment of principal of any Bond or Contract: (1) which is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months; and (2) for which a certificate of an authorized representative of the City has been prepared to the effect that the City intends to pay such principal from the proceeds of Bonds, Contracts, other bonds, notes or other obligations or moneys other than Revenues. No such determination shall affect the security for such Bonds or Contracts or the obligation of the City to pay such Bonds or Contracts from the sources set forth in the applicable resolution or contract.

Fiscal Year. The term "Fiscal Year" means the twelve period beginning on July 1 of each year and ending on June 30 of the following year, both dates inclusive, or any other twelve-month period selected and designated as the official Fiscal Year of the City.

Indenture. The term "Indenture" means the Indenture of Trust, dated as of _____ 1, 2026, by and between the Authority and the Trustee, as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Independent Certified Public Accountant. The term "Independent Certified Public Accountant" means any firm of certified public accountants appointed by the City, each of whom is independent of the City pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Engineer. The term "Independent Engineer" means any firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to systems such as the Electric System, appointed by the City and who, or each of whom: (1) is in fact independent and not under domination of the City; (2) does not have any substantial interest, direct or indirect, with the City; and (3) is not connected with the City as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Independent Financial Consultant. The term "Independent Financial Consultant" means a financial consultant or firm of such consultants appointed by the City, which may, for purposes of the certification described in the definition of "Paired Obligations" be an interest rate swap adviser, and who, or each of whom: (1) is in fact independent and not under domination of the City; (2) does not have any substantial interest, direct or indirect, with the City; and (3) is not connected with the City as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Installment Payment Date; Series 2026A Installment Payment Date. The term "Installment Payment Date" means any date on which Installment Payments are scheduled to be paid by the City under and pursuant to any Contract. The term "Series 2026A Installment Payment Date" means the fifth Business Day before any Interest Payment Date.

Installment Payments; Series 2026A Installment Payments. The term "Installment Payments" means the installment payments of interest and principal scheduled to be paid by the City

under and pursuant to the Contracts. The term “Series 2026A Installment Payments” means the Installment Payments scheduled to be paid by the City under and pursuant hereto.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of _____ 1, 2026, by and between the City and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Joint Powers Agreement. The term “Joint Powers Agreement” means that certain Joint Exercise of Powers Agreement, dated as of October 28, 1997, by and between the City and the Agency, which Joint Powers Agreement creates and establishes the Authority.

Law. The term “Law” means, collectively, the Constitution and laws of the State of California, including all laws amendatory thereof or supplemental thereto.

Net Proceeds. The term “Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including reasonable attorneys’ fees) incurred in the collection of such proceeds.

Net Electric System Revenues. The term “Net Electric System Revenues” means for any Fiscal Year, the Electric System Revenues for such Fiscal Year less the Operation and Maintenance Costs of the Electric System for such Fiscal Year.

Operation and Maintenance Costs of the Electric System. The term “Operation and Maintenance Costs of the Electric System” means (i) costs spent or incurred for maintenance and operation of the Electric System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Electric System in good repair and working order, and including administrative costs of the City that are charged directly or apportioned to the Electric System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges (other than Debt Service) required to be paid by it to comply with the terms of this Installment Purchase Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds, and (ii) all costs of electricity purchased or otherwise acquired for delivery by the Electric System (including any interim or renewed arrangement therefor), including payments under agreements or other arrangements pursuant to which the City has agreed to treat costs thereunder as operating and maintenance costs, whether such arrangements are take-or-pay arrangements or otherwise, as well as payments (other than termination payments) under commodity swaps related to the Electric System including Commodity Swaps; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature and any amounts transferred to the Rate Stabilization Fund.

Parity Project. The term “Parity Project” means any additions, betterments, extensions or improvements to the City’s Electric System designated by the City Council as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

Project; 2019 Project; 2021 Project; 2021 Streetlight Project; 2026A Project. The term “Project” means any additions, betterments, extensions, or improvements to the City’s facilities designated by the City Council as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds. The term “2019 Project” means the additions, betterments, extensions and improvements to the Electric System described in Exhibit A hereto, as more particularly described in Exhibit A hereto under the heading “DESCRIPTION OF THE 2019 PROJECT.” The term “2021 Project” means the additions, betterments, extensions and improvements to the Electric System described in Exhibit A hereto, as more particularly described in Exhibit A hereto under the heading “DESCRIPTION OF THE 2021 PROJECT.” The term “2021 Streetlight Project” means the streetlight additions, betterments, extensions and improvements described in Exhibit A hereto, as more particularly described in Exhibit A hereto under the heading “DESCRIPTION OF THE 2021 STREETLIGHT PROJECT.” The term “2026A Project” means the additions, betterments, extensions and improvements to the Electric System described in Exhibit A hereto, as more particularly described in Exhibit A hereto under the heading “DESCRIPTION OF THE 2026A PROJECT.”

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the City to the Authority under the terms hereof as provided in Section 4.01.

Rate Stabilization Fund. The term “Rate Stabilization Fund” means the City account designated by the City as account number _____, together with other accounts created in the future and designated by action of the City Council as a part of the Rate Stabilization Fund continued pursuant to Section 5.04.

Refunding Projects. The term “Refunding Projects” means, collectively, the 2019 Project, the 2021 Project, and the 2021 Streetlight Project.

Trustee. The term “Trustee” means Wilmington Trust, National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2019 Bonds. The term “2019 Bonds” means the Lease Revenue Bonds, Series 2019 (Taxable) issued by the Authority.

2021 Bonds. The term “2021 Bonds” means the Lease Revenue Bonds, Series 2021 (Taxable) issued by the Authority.

2021 Equipment Lease. The term “2021 Equipment Lease” means the 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.

2026A Bonds. The term “2026A Bonds” means the Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A issued pursuant to the Indenture of Trust, by and between the Authority and the Trustee, dated _____ 1, 2026.

ARTICLE II

REPRESENTATIONS AND WARRANTIES; OPINIONS OF COUNSEL

Section 2.01. Representations by the City. The City makes the following representations:

- (a) The City is a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.
- (b) The City has full legal right, power and authority to enter into this Installment Purchase Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Installment Purchase Agreement, and the City has complied with the provisions of the Law in all matters relating to such transactions.
- (c) By proper action, the City has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.
- (d) The City will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2026A Project under the terms of the Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California income taxation.
- (e) The City has determined that it is necessary and proper for City uses and purposes that the City finance the 2026A Project in the manner provided for in this Agreement.

Section 2.02. Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

- (a) The Authority is a joint exercise of powers entity duly organized and existing under the laws of the State of California, and has full legal right, power and authority to enter into the Installment Purchase Agreement and to carry out and consummate all transactions contemplated by the Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of the Installment Purchase Agreement.
- (b) The execution and delivery of the Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.
- (c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2026A Project, other than interest paid with respect to Series 2026A Installment Payments securing the 2026A Bonds under the terms of the Installment Purchase Agreement being included in the gross income of the 2026A Bond Owners or their assigns for purposes of federal or State income taxation.

ARTICLE III

ACQUISITION OF THE PROJECTS; CONSTRUCTION OF THE 2026A PROJECT

Section 3.01. Acquisition and Construction of the 2026A Project. The Authority hereby agrees to cause the 2026A Project, and any additions or modifications thereto to be constructed, acquired or installed by the City as its agent, and the City shall enter into contracts and provide for, as agent of the Authority, the complete construction, acquisition and installation of the 2026A Project. The City hereby agrees that it will cause the construction, acquisition and installation of the 2026A Project to be diligently performed after the deposit of funds with the Trustee pursuant to Section 3.02 of the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the City Council, unforeseeable delays beyond the reasonable control of the City excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2026A Project and that all such costs and expenses shall be paid by the City, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.02. Sale and Purchase of the Refunding Projects. The parties hereby confirm that the City currently has title to the Refunding Projects. In consideration for the Authority's assistance in causing the refunding of the 2019 Bonds and the 2021 Bonds, and the prepayment of the 2021 Equipment Lease, the City agrees to sell, and hereby sells, to the Authority, and the Authority agrees to purchase and hereby purchases, from the City, the Refunding Projects at the purchase price specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.03. Purchase and Sale of the Projects. In consideration for the City's agreement to pay the Series 2026A Installment Payments as set forth in Section 4.02, the Authority agrees to sell, and hereby sells, to the City, and the City agrees to purchase, and hereby purchases, from the Authority, the Projects at the purchase price specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.04. Title. All right, title and interest in each component of the 2026A Project shall vest in the City immediately upon the completion of the acquisition, construction or improvement thereof. All right, title and interest in each component of the Refunding Projects shall vest in the City immediately upon the completion of the acquisition, construction or improvement thereof. Such vesting shall occur without further action by the Authority or the City and the Authority shall, if requested by the City or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

Section 3.05. Acquisition Fund. There is established with the Trustee under the Indenture a fund known as the "Acquisition Fund," which the Trustee shall maintain and hold in trust separate and apart from other funds held by it. The moneys in the Acquisition Fund shall be applied to the payment of the costs of acquisition of the 2026A Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, a City Representative shall cause to be filed with the Trustee a written Requisition in the form set forth in Exhibit C hereto.

When the 2026A Project shall have been constructed and acquired in accordance with this Agreement, a statement of the City stating the fact and date of such acquisition, construction and

acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the City Manager and the Trustee by a City Representative. Upon the receipt of such statement, the City Manager shall submit a requisition to the Trustee to transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which shall be certified to the City Manager by such City Representative) to the Revenue Fund established under the Indenture.

Section 3.06. Substitutions. The City may substitute improvements for or add other improvements to those listed as components of the 2026A Project in Exhibit A hereto, but only if a City Representative first files with the Authority and the Trustee a statement of the City in the form attached as Exhibit D:

- (a) identifying the improvements to be substituted or added and the improvements to City facilities they replace (if relevant) in the 2026A Project;
- (b) stating that the estimated costs of construction, acquisition and installation of the substituted or additional improvements are not less than such costs for the improvements previously planned; and
- (c) with respect to any substitution of a component of the 2026A Project with a component or addition of a component, 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.

ARTICLE IV

SERIES 2026A INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

- (a) The Purchase Price to be paid by the City hereunder to the Authority is the sum of the principal amount of the City's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.
- (b) The principal amount of the payments to be made by the City hereunder is shown on Exhibit B hereto.
- (c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02, and shall be paid by the City as and constitute interest paid on the principal amount of the City's obligations hereunder.

Section 4.02. Series 2026A Installment Payments. The City shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2026A Installment Payment Dates as shown on Exhibit B hereto.

Each Series 2026A Installment Payment shall be paid to the Authority, or the Trustee as its assignee, in lawful money of the United States of America. In the event that the City fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the City until such amount shall have been fully paid and the City agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2026A Installment Payments if paid in accordance with their terms.

The obligation of the City to make the Series 2026A Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the City will not discontinue or suspend any Series 2026A Installment Payments required to be made by it under this Section when due, whether or not the Electric System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge and Assignment; Electric System Revenue Fund. All of the Electric System Revenues, all amounts held in the Electric System Revenue Fund described in Section 5.02 hereof, the Rate Stabilization Fund described in Section 5.04 below and any other amounts (including proceeds of the sale of the 2026A Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2026A Bonds in accordance with their terms and the provisions of the Indenture, subject however to the pledge thereon securing Bonds and Contracts, and the Electric System Revenues shall not be used for any other purpose while the 2026A Bonds remain Outstanding; provided that out of the Electric System Revenues and amounts on deposit in the Rate Stabilization Fund there may be apportioned such sums for such purposes as are expressly permitted herein. Said pledge, together with the pledge created for the benefit of other Bonds and Contracts, shall constitute a first lien on and security interest on Electric System Revenues and, subject to application of Electric System Revenues and all amounts on deposit in the Electric System Revenue Fund and the Rate Stabilization Fund as permitted herein, the Electric System Revenue Fund, the Rate Stabilization Fund and other funds and accounts created hereunder for the payment of the principal of and interest, and the premium, if any, on the 2026A Bonds in accordance with the terms hereof, and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice hereof.

Section 5.02. Allocation of Electric System Revenues.

(a) In order to carry out and effectuate the pledge and lien contained herein, the City agrees and covenants to receive all Electric System Revenues in trust hereunder and the Electric System Revenues shall be deposited when and as received in a special fund previously created and designated as the "Electric System Revenue Fund." The City agrees and covenants to maintain the Electric System Revenue Fund and to hold the Electric System Revenue Fund separate and apart

from other funds so long as the 2026A Bonds remain unpaid. Moneys in the Electric System Revenue Fund shall be held in trust by the City and shall be applied, used and withdrawn by the City for the purposes set forth in this Section.

(b) The City shall, from the moneys in the Electric System Revenue Fund, pay all Electric System Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Electric System Operation and Maintenance Costs, the payment of which is not then immediately required) as such Electric System Operation and Maintenance Costs become due and payable.

(c) All remaining moneys in the Electric System Revenue Fund shall be applied by the City at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section:

(i) Interest and Principal Payments. On or before each Series 2026A Installment Payment Date, the City shall, from the moneys in the Electric System Revenue Fund, pay the Series 2026A Installment Payments coming due on such Series 2026A Installment Payment Date. The City shall also, from the moneys in the Electric System Revenue Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service or payment in accordance with the provisions of any Bond or Contract.

(ii) Reserve Funds. The City shall, from the remaining moneys in the Electric System Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for such other reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto. [No such transfer shall be made with respect to the Reserve Fund, which shall be deemed fully funded at all times by the deposit of the Reserve Surety Policy therein.]

(iii) [Policy Costs and Insurer Reimbursement Amounts. The District shall, from remaining moneys in the Electric System Revenue Fund, pay Policy Costs and Insurer Reimbursement Amounts to the Insurer (as such terms are defined in the Indenture), to the extent such amounts are due and payable.]

(iv) Surplus. Moneys on deposit in the Electric System Revenue Fund on any date when the City reasonably expects such moneys will not be needed for the payment of Electric System Operation and Maintenance Costs, or for any of the purposes described in clauses (c)(i), (c)(ii) or (c)(iii) may be expended by the City on payments of principal of and interest on notes, bonds, contracts or other obligations payable from Electric System Net Revenues subordinate to the payments described in clauses (c)(i), (c)(ii) and (c)(iii) above or for any other purpose permitted by law, including, but not limited to the deposit of amounts in the Rate Stabilization Fund in accordance with Section 5.04.

(d) All moneys held by the City in the Electric System Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit therein.

Section 5.03. Additional Contracts and Bonds.

The City may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) 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

(b) 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%.

Notwithstanding satisfaction of the other conditions to the execution of any Contract or the issuance of Bonds set forth in this Section 5.03, no such execution or issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such Event of Default shall be cured upon such execution or issuance.

Nothing in this Section 5.03 shall prohibit the City from issuing or entering into notes, bonds, contracts or other obligations payable from Net Electric System Revenues subordinate to Bonds or Contracts.

Section 5.04. Rate Stabilization Fund. There is hereby continued a special fund designated as the “Rate Stabilization Fund” to be held by the City in trust hereunder, which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as any 2026A Bonds remain unpaid. Money transferred by the City from the Electric System Revenue Fund to the Rate Stabilization Fund in accordance with Section 5.01(c)(iv) shall be held in the Rate Stabilization Fund and applied in accordance with the Indenture.

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 Section 5.02 hereof or, in the event that all or a portion of the 2026A Bonds are discharged in accordance with Article X hereof, transfer all or any portion of such amounts for application in accordance with said Article X. Amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund pursuant to this Section 5.04 during or within 270 days after a Fiscal Year, may be taken into account as Electric System Revenues for purposes of the calculations in Sections 5.03 and 6.14(a) in such Fiscal Year.

Section 5.05. Investments. All moneys held by the City in the Electric System Revenue Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The City will punctually pay the Series 2026A Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2026A Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any

duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The City will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.02. Against Encumbrances. The City will not make any pledge of or place any lien on Electric System Revenues or the moneys in the Electric System Revenue Fund or the Rate Stabilization Fund except as provided herein. The City may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Electric System Revenues or any moneys in the Electric System Revenue Fund and the Rate Stabilization Fund as may from time to time be deposited therein (as provided in Section 5.02), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.03. Against Sale or Other Disposition of Property. The City will not sell, lease or otherwise dispose of any facilities of the Electric System essential to the proper operation of the Electric System or to the payment of the Series 2026A Installment Payments. The City will not enter into any agreement or lease which unreasonably impairs the operation of the Electric System, necessary to secure adequate Electric System Revenues for the payment of the Series 2026A Installment Payments, or which would otherwise impair the rights of the Authority hereunder. Any real or personal property that is not needed for the efficient and proper operation of the City may be sold if such sale will not impair the ability of the City to pay the Series 2026A Installment Payments.

Nothing herein shall restrict the ability of the City to sell any portion of the Electric System if such portion is immediately repurchased by the City and if such arrangement cannot by its terms result in the purchaser of such portion of the Electric System exercising any remedy which would deprive the City of or otherwise interfere with its right to own and operate such portion of the Electric System.

Section 6.04. Against Competitive Facilities. To the extent permitted by law, the City covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the City any electric system competitive with the Electric System; provided that such covenant shall not apply to (i) the construction, maintenance or operation of electric transmission and distribution facilities by Southern California Edison or any successor or assignee thereof or (ii) transmission facilities or generating facilities permitted by the definition of "Electric System" to be maintained separate and apart from the Electric System.

Section 6.05. Tax Covenants. Notwithstanding any other provision of this Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the 2026A Bonds will not be adversely affected for federal income tax purposes, the City covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City will take no action or refrain from taking any action or make any use of the proceeds of the 2026A Bonds or of any other moneys or property which would cause the 2026A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The City will make no use of the proceeds of the 2026A Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2026A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City will make no use of the proceeds of the 2026A Bonds or take or omit to take any action that would cause the 2026A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(e) Hedge Bonds. The City will make no use of the proceeds of the 2026A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the 2026A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the City takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2026A Bonds for federal income tax purposes; and

(f) Miscellaneous. The City will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Authority in connection with the issuance of the 2026A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.06. Prompt Acquisition and Construction. Subsequent to the receipt of all required engineering and environmental documentation satisfactory to the City, the City will take all necessary and appropriate steps to acquire and construct the 2026A Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.07. Maintenance and Operation of the City. The City will maintain and preserve its facilities, including but not limited to the Electric System, in good repair and working order at all times and will operate the Electric System, in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable.

Section 6.08. Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Electric System Revenues or the funds or accounts created hereunder or on any funds in the hands of the City pledged

to pay the Series 2026A Installment Payments or to the Owners prior or superior to the lien of the Series 2026A Installment Payments or which might impair the security of the Series 2026A Installment Payments.

Section 6.09. Compliance with Contracts. The City will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts necessary for the use of the Electric System, to the extent that the City is a party thereto.

Section 6.10. Insurance.

(a) The City will procure and maintain or cause to be procured and maintained insurance on the Electric System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Electric System) as are usually covered in connection with facilities similar to the Electric System so long as such insurance is available from reputable insurance companies at a reasonable cost.

In the event of any damage to or destruction of the Electric System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Electric System. The City shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Electric System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2026A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds, Contracts and Obligations in the same proportion which the aggregate unpaid principal balance of Series 2026A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds, Contracts and Obligations. If such Net Proceeds are sufficient to enable the City to retire the entire obligation evidenced hereby prior to the final due date of the Series 2026A Installment Payments as well as the entire obligations evidenced by Bonds, Contracts and Obligations then remaining unpaid prior to their final respective due dates, the City may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Electric System, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2026A Installment Payments as provided in Article VII and to the retirement of such Bonds, Contracts and Obligations.

(b) The City will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with facilities similar to those of the City.

(c) Any insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with facilities similar to those of the City and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance required to be maintained herein shall provide that the Authority shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 6.11. Accounting Records; Financial Statements and Other Reports.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the City, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The City will prepare and file with the Authority annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2026) financial statements of the City for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

Section 6.12. Protection of Security and Rights of the Authority. The City will preserve and protect the security hereof and the rights of the Authority to the Series 2026A Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.13. Payment of Taxes and Compliance with Governmental Regulations. The City will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Electric System, or any part thereof or upon the Electric System Revenues when the same shall become due. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the facilities of the City, including but not limited to the Electric System, or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.14. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the City shall 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.

(b) The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Electric System Revenues, from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

(c) So long as the City has complied with its obligations set forth in clause (a) and (b) above, the failure of Net Electric System Revenues to equal one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year shall not constitute a default or an Event of Default hereunder.

(d) [For purposes of this Section 6.14, any Policy Costs due and owing shall be treated as Operations and Maintenance Costs of the Electric System.]

Section 6.15. Collection of Rates and Charges. The City will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Energy Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

Section 6.16. Eminent Domain Proceeds. If all or any part of the Electric System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the City files with the Authority and the Trustee a certificate showing: (i) the estimated loss of annual Net Electric System Revenues, if any, suffered or to be suffered by the City by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the Electric System proposed to be acquired and constructed by the City from such Net Proceeds; and (iii) an estimate of the additional annual Net Electric System Revenues to be derived from such additions, betterments, extensions or improvements; and (2) the City, on the basis of such certificate filed with the Authority and the Trustee, determines that the estimated additional annual Net Electric System Revenues will sufficiently offset the estimated loss of annual Net Electric System Revenues resulting from such eminent domain proceedings so that the ability of the City to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the City shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the City for such purpose shall be deposited in the Electric System Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of Series 2026A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds, Contracts and Obligations in the same proportion which the aggregate unpaid principal balance of Series 2026A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds, Contracts and Obligations.

Section 6.17. Further Assurances. The City will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

Section 6.18. Enforcement of Contracts. So long as any of the 2026A Bonds are outstanding, the City will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for payments to be deposited into the Electric System Revenue Fund which will reduce the payments thereunder (except as provided therein) or which will in any manner impair or adversely affect the rights of the Owners from time to time of the 2026A Bonds.

Section 6.19. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Installment Purchase Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default;

however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2026A Bond (including persons holding 2026A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2026A Bond for federal income tax purposes.

Section 6.20. Compliance with Indenture. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Indenture to be performed by the City, and acknowledges and agrees to the other provisions pertaining to it under the Indenture.

ARTICLE VII

PREPAYMENT OF SERIES 2026A INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The City may or shall, as the case may be, prepay from the Net Proceeds as provided herein all or any part on any date in inverse order of maturity and by lot (in an integral multiple of \$5,000), of the principal amount of the unpaid Series 2026A Installment Payments at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The City may prepay the Series 2026A Installment Payments, as a whole or in part, in the order of payment date as directed by the City, on the date and at the prepayment price (expressed as a percentage of the principal amount of the 2026A Bonds to be redeemed) plus accrued interest thereon to the date of prepayment, as set forth in Section 4.01 of the Indenture.

Notwithstanding any such prepayment, the City shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Authority).

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the City shall give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than forty-five (45) (or such lesser number of days acceptable to the Authority and the Trustee in their sole discretion) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(a) if default shall be made in the due and punctual payment of any Series 2026A Installment Payment or, if the Trustee shall have received notice of such default on any Contract, Bond or Obligation when and as the same shall become due and payable;

(b) if default shall be made by the City in the performance of any of the agreements or covenants required herein to be performed by it, and such default shall have continued for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Authority; provided, however, that if in the reasonable opinion of the City the default stated in the notice can be corrected, but not within such thirty (30) day period, and corrective action is instituted by the City, within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder;

(c) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Contract, Bond or Obligation is accelerated in accordance with its terms;

then in each and every such case during the continuance of such Event of Default specified in clauses (c) and (d) above, the Authority shall, and for any other such Event of Default the Authority may, by notice in writing to the City, declare the entire principal amount of the unpaid Series 2026A Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2026A Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the City shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Series 2026A Installment Payments or the unpaid payment of any other Contract, Bond or Obligation referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2026A Installment Payments or such Contract, Bond or Obligation if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2026A Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in

every such case the Authority, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.01, all Electric System Revenues thereafter received shall be applied in the following order:

First, to the payment and in the event of any insufficiency of such moneys of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel; and then the costs and expenses of the Authority in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel;

Second, to the payment of the Maintenance and Operation Costs; and

Third, to the payment of the entire principal amount of the unpaid Series 2026A Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2026A Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the Authority. The Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any director, officer or employee thereof, and to compel the City or any such director, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the 2026A Project, the Electric System or other assets of the City and no default hereunder shall result in the loss of the 2026A Project, the Electric System, or the assets of the City.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the Series 2026A Installment Payments to the Authority at the respective due dates or upon prepayment from the Electric System Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such

right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the City and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations. When:

(a) all or any portion of the Series 2026A Installment Payments shall have become due and payable in accordance herewith or a written notice of the City to prepay all or any portion of the Series 2026A Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2026A Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2026A Installment Payments, sufficient moneys and Permitted Investments, issued by the United States of America and described in clause (A) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2026A Installment Payments to their respective Series 2026A Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee;

then and in that event, if an opinion of Bond Counsel is filed with the Trustee to the effect that the actions authorized by and taken pursuant to this Article IX shall not adversely affect the tax exempt status of the interest portion of the Series 2026A Installment Payments, the right, title and interest of the Authority herein and the obligations of the City hereunder shall, with respect to all or such portion of the Series 2026A Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of such Series 2026A Installment Payments). In such event, upon request of the City, the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the City,

after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2026A Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments, as are required for the payment or prepayment of the Series 2026A Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2026A Installment Payments and shall be applied by the Trustee to the payment of the Series 2026A Installment Payments of the City.

ARTICLE X

MISCELLANEOUS

Section 10.01. Limited Liability. Notwithstanding anything contained herein, but subject to the priority of payment with respect to Operation and Maintenance Costs, the City shall not be required to advance any moneys derived from any source of income other than Electric System Revenues, the Electric System Revenue Fund, the Rate Stabilization Fund and the other moneys pledged herein for the payment of the Series 2026A Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. Nevertheless, the City may, but shall not be required to, advance for any such purpose so any funds of the City which may be legally available to it for such purpose.

The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from Electric System Revenues, the Electric System Revenue Fund, the Rate Stabilization Fund and other moneys pledged herein, 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.

Section 10.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Authority, the Trustee or the Insurer any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the City, the Authority, the Trustee or the Insurer, shall be for the sole and exclusive benefit of the other party. To the extent that this Installment Purchase Agreement confers upon or gives or grants the Insurer or the Trustee any right, remedy or claim under or by reason of this Installment Purchase Agreement, the Insurer and the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 10.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the City or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the City or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No member of the City Council, officer or employee of the City shall be individually or personally liable for the payment of the Series 2026A Installment Payments, but nothing contained herein shall relieve any director, officer or employee of

the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The City and the Authority hereby declare that they would have executed the Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. The Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the City.

Section 10.08. Net Contract. The Agreement shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term hereof the Series 2026A Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.09. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its respective address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City: City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92552
Attention: City Manager

If to the Authority: Moreno Valley Public Financing Authority
c/o City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92552
Attention: City Manager

[If to the Insurer: _____

_____]

Section 10.11. Effective Date. The Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

Section 10.12. Execution in Counterparts. The Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of Authority. The City hereby agrees to indemnify and hold harmless the Authority if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the Authority.

Section 10.14. Amendments Permitted.

(a) The Agreement and the rights and obligations of the Authority, the City, the Owners of the 2026A Bonds and of the Trustee may be modified or amended at any time by an amendment hereto, which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2026A Bonds then Outstanding, exclusive of 2026A Bonds disqualified as provided in the Indenture, together with the written consent of the Insurer so long as the Insurance Policy and Reserve Policy are in full force and effect and the Insurer has not defaulted on its obligations thereunder, shall have been filed with the Trustee. No such modification or amendment shall: (1) extend the fixed maturity of any Series 2026A Installment Payments, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2026A Bond so affected; or (2) reduce the aforesaid percentage of 2026A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Electric System Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted herein, or deprive the Owners of the 2026A Bonds of the lien created by the Indenture on such Electric System Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2026A Bonds then Outstanding.

(b) The Agreement and the rights and obligations of the Authority, the City and of the Owners of the 2026A Bonds may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Insurer or the Owners of any 2026A Bonds, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such amendment shall not materially adversely affect the interests of the Owners of the

Outstanding 2026A Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority or the City contained in the Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority or the City, and which shall not adversely affect the interests of the Owners of the 2026A Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Agreement, as the Authority and the City may deem necessary or desirable;

(3) to make such other amendments or modifications as may be in the best interests of the Owners of the 2026A Bonds; and

(4) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the 2026A Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State personal income taxes.

No amendment without consent of the Owners of the 2026A Bonds may modify any of the rights or obligations of the Trustee without its written consent thereto.

Section 10.15. Interest Rate Exchange Agreement.

Any interest rate exchange agreement (“Swap Agreement”) entered into by the City shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. The City shall not terminate a Swap Agreement unless it demonstrates prior to the payment of any such termination amount that such payment will not cause the City to be in default under this Indenture or any supplement thereto or amendment thereof, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least “A-” by S&P. If the counterparty or guarantor’s rating falls below “A-” by S&P, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement. If the counterparty or the guarantor’s long term unsecured rating falls below “BBB+” by S&P, a replacement counterparty or guarantor, shall be required.

Section 10.16. Covenant to Preserve Priority; Rates and Charges. The City covenants agrees to take such action (including, as applicable, filing of Uniform Commercial Code financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Authority Revenues set forth in Section 5.01 under applicable law.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF MORENO VALLEY

By: _____
City Manager

Attest:

City Clerk

MORENO VALLEY PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

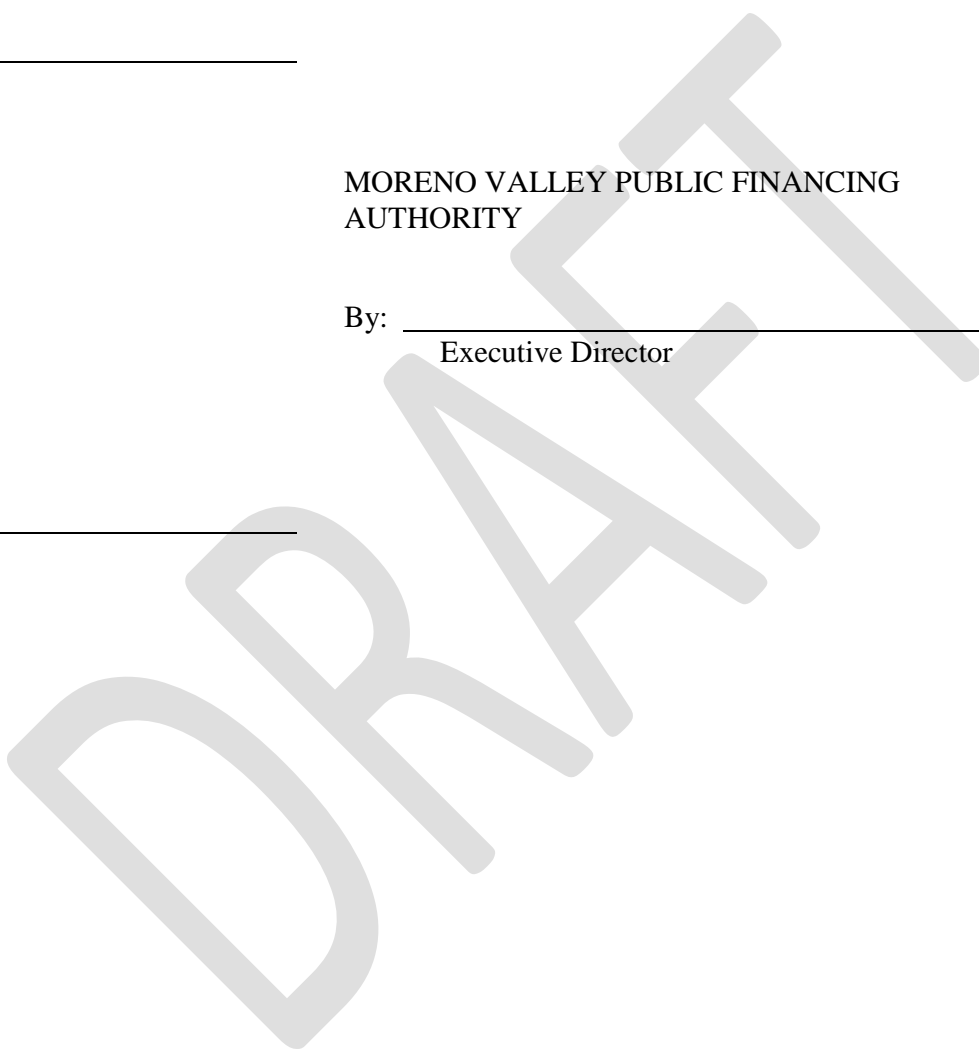


EXHIBIT A

DESCRIPTION OF THE 2026A PROJECT

The 2026A Project comprises the following described improvements to the City’s Electric System.

COMPONENT

COST

DESCRIPTION OF THE 2019 PROJECT

The 2019 Project consists of the installation of 12kV backbone infrastructure as an extension of the City’s electrical distribution system that is critical to support new development and improve reliability and flexibility of the City’s electrical distribution system. These improvements include conduit, structures, equipment, cable, and pavement restoration work.

DESCRIPTION OF THE 2021 PROJECT

2015 Project

Installation of an electrical substation and associated feeders at a cost of approximately \$17,276,000.

2016 Refunding Project

(a) A City-owned 115kV to 12kV Distribution Class power substation (the “Substation”) located on an approximately 8.75 acre parcel (the “Site”) at the southwest corner of Moreno Beach Drive and Cottonwood Avenue located in and owned by the City. Specific Substation improvements will include equipment foundations, transformers, capacitors, switchgear, electric bus, a relay control house, cable, wire, appurtenances and other related facilities (the “Substation Improvements”). The cost of the Substation Improvements is approximately \$6,478,522.

(b) A 115kV to 12kV Transmission Class switchyard (the “Switchyard”) dedicated to Southern California Edison (“SCE”). The Switchyard will also be located on the Site and adjacent to the Substation. Switchyard improvements will include equipment foundations, switchgear, electrical bus, relay control house, cable, wire, appurtenances and other related facilities associated with physical connection to SCE’s 115kV distribution system. The cost of the Switchyard improvements to be transferred to SCE is approximately \$6,816,401.

(c) Site improvements including an all-weather access road required to provide ingress and egress to the Site, site grading, fencing, addition of a perimeter wall, landscaping and related improvements. The cost of such improvements is approximately \$1,688,500.

(d) Professional services and fees to support site development improvements such as engineering, inspection, and labor related expenses at a cost of approximately \$200,296.

(e) Infrastructure associated with electrical distribution additions and improvements to interconnect the Substation with existing City-owned 12kV distribution infrastructure at a cost of \$4,690,818.

(f) Additional infrastructure associated with expansion of the current City-owned electrical distribution infrastructure to support planned growth of the City-owned electrical distribution, to provide electric distribution service to newly developed portions of the City at a cost of approximately \$1,658,746.

DESCRIPTION OF THE 2021 STREETLIGHT PROJECT

The 2021 Streetlight Project consists of certain streetlight improvements within the City as described in the 2021 Equipment Lease.

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EXHIBIT B

SERIES 2026A INSTALLMENT PAYMENTS

<i>Series 2026A Installment Payment Dates (Fifth Business Day Prior to)</i>	<i>Amount Attributable To Principal</i>	<i>Amount Attributable To Interest</i>	<i>Total</i>
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DRAFT

*Series 2026A
Installment
Payment Dates
(Fifth Business Day Prior to)*

*Amount
Attributable
To Principal*

*Amount
Attributable
To Interest*

Total

DRAFT

EXHIBIT C

FORM OF REQUISITION NO. _____ FOR
DISBURSEMENT FROM ACQUISITION FUND

\$ _____
MORENO VALLEY PUBLIC FINANCING AUTHORITY
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting [Title of City Representative] of the City of Moreno Valley, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.04 of that certain Installment Purchase Agreement, dated as of _____ 1, 2026 (the “Installment Purchase Agreement”), by and between the City and the Moreno Valley Public Financing Authority, a joint exercise of powers entity duly organized and existing under the laws of the State of California (the “Authority”), as well as pursuant to Section 3.04 of that certain Indenture of Trust, dated as of _____ 1, 2026, by and between the Authority and Wilmington Trust, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, the undersigned hereby requests the City Manager to disburse within 30 days of this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit 1;

(iii) that each obligation mentioned herein has been incurred by the City and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit 1 has been received and is final;

(v) that there has not been filed with or served upon the City notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit 1, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

CITY OF MORENO VALLEY

[Title of City Representative]

EXHIBIT 1

ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

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EXHIBIT D

[FORM OF SUBSTITUTION STATEMENT]

Moreno Valley Public Financing Authority
c/o City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92552
Attention: Executive Director

Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, CA 92626
Attention: Attention Corporate Trust Services

The undersigned [Title of City Representative] of the City of Moreno Valley (the “City”) hereby states pursuant to Section 3.06 of the Installment Purchase Agreement, dated as of _____ 1, 2026 (the “Installment Purchase Agreement”), by and between Moreno Valley Public Financing Authority and the City that each component of the 2026A Project (as defined in the Installment Purchase Agreement) described in the first column of Exhibit A attached hereto, with an estimated cost set forth in the second column of Exhibit A, will be replaced by the corresponding improvement described in the third column of Exhibit A with an estimated cost set forth in the fourth column of Exhibit A.

Dated: _____, 20__

[Title of City Representative]

EXHIBIT A

<i>Components of Project to be Replaced</i>	<i>Cost of Each Component of Project to be Replaced</i>	<i>Improvements to be Substituted</i>	<i>Cost of Each Improvement to be Substituted</i>
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