



AGENDA

Regular Meeting Finance and Risk Management Committee

**August 21, 2025
3 p.m.**

**City of Chula Vista
Council Chambers, 276 Fourth Avenue, Chula Vista, CA**

The meeting will be held in person at the above date, time and location. Finance and Risk Management Committee (FRMC) members and members of the public can attend in person. Under certain circumstances, FRMC Members may also attend and participate in the meeting virtually pursuant to the Brown Act (Gov. Code § 54953). As a convenience, Community Power provides a Zoom Teleconference option for members of the public to virtually observe and provide public comments at its meetings. Additional details on in-person and virtual public participation are below. Please note that, in the event of a technical issue causing a disruption in the Zoom Teleconference option, the meeting will continue unless otherwise required by law, such as when an FRMC Member is attending the meeting virtually pursuant to certain provisions of the Brown Act.

Note: Any member of the public may provide comments to the FRMC on any agenda item. When providing comments, it is requested that members of the public provide their name and city of residence for the record. Members of the public are requested to address their comments to the FRMC as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing oral comments during the meeting. Anyone attending in person desiring to address the FRMC is asked to complete a speaker's card and present it to the Clerk of the Board. To provide remote comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video teleconference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that a member of the public wishes to address the FRMC during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to address the FRMC when called upon. If joining the meeting using the Zoom dial-in number, members of the public can raise hand by pressing *9. Comments will be limited to three (3) minutes.
2. Written Comments. Written public comments must be submitted prior to the start of the meeting to clerkoftheboard@sdcommunitypower.org. Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the FRMC members. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting.

Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the FRMC members, and be part of the public record.

Members of the public wishing to have documentation distributed to the FRMC are asked to provide it via clerkoftheboard@sdcommunitypower.org, who will distribute to the Members.

The public may participate using the following remote options:

Teleconference Webinar

<https://sdcommunitypower-org.zoom.us/j/95148519712>

Telephone (Audio Only) (669) 900-6833 or (253) 215-8782 | Webinar ID: 95148519712

WELCOME

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

Opportunity for members of the public to address the FRMC on any items not on the agenda but within the jurisdiction of the FRMC. Members of the public may provide a comment in any manner described above.

CONSENT CALENDAR

1. **Approve June 12, 2025, Meeting Minutes**

REGULAR AGENDA

2. **Treasurer's Report for Period Ending May 31, 2025**

Recommendation: Receive and File Treasurer's Report for Period Ending May 31, 2025.

3. **Recommend Board Adoption of Resolution No. 2025-08, Approving a Second Revision to Community Power's Investment Policy**

Recommendation: Recommend Board Adoption of Resolution No. 2025-08, Approving a Second Revision to Community Power's Investment Policy.

4. Recommend Board Adoption of Resolution No. 2025-09, Approving a Disposal of Surplus Property Policy

Recommendation: Recommend Board Adoption of Resolution No. 2025-09, Approving a Disposal of Surplus Property Policy.

5. Recommend Board Adoption of Resolution No. 2025-10, Requesting CalPERS to Authorize the Division Vote of Community Power Employees to Participate in Social Security, and Upon Receiving Authorization, Authorize Community Power to Conduct the Division Vote

Recommendation: Recommend Board adoption of Resolution No. 2025-10, Requesting CalPERS to Authorize the Division Vote of Community Power Employees to Participate in Social Security and for Community Power to Conduct the Division Vote upon Receiving said Authorization.

6. Update on Results from Clean Prepayment Transaction No. 2

Recommendation: Receive and file the update for the Clean Energy Prepayment Bond Finance Initiative.

Committee Member Announcements

FRMC Members may briefly provide information to other members and the public. There is to be no discussion or action taken on comments made by FRMC Members unless authorized by law.

ADJOURNMENT

The Finance and Risk Management Committee will adjourn to the next regular meeting scheduled on September 18, 2025, at 3 pm.

Compliance with the Americans with Disabilities Act

Community Power Committee meetings comply with the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting may contact clerkoftheboard@sdcommunitypower.org. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72 hours in advance of the public meeting.

Availability of Meeting Agenda Related Documents

Copies of the agenda and related materials are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Documents related to an agenda

item, which are distributed to a majority of the Committee Members prior to or during the Committee meeting are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically at clerkoftheboard@sdcommunitypower.org or by mail to Community Power, P.O. BOX 12716, San Diego, CA 92112. The documents may also be posted at Community Power's website. Such public records are also available for inspection by contacting clerkoftheboard@sdcommunitypower.org to arrange an appointment.



FINANCE AND RISK MANAGEMENT COMMITTEE

Don L. Nay Port Administration Board Room
3165 Pacific Highway, San Diego, CA 92101

Regular Meeting Minutes

June 12, 2025

WELCOME

CALL TO ORDER

Chair Yamane called the Finance and Risk Management Committee meeting to order at 3:05 p.m.

ROLL CALL

PRESENT: Chair Yamane, City of National City; Vice Chair Suzuki, City of La Mesa; and Director Inzunza, City of Chula Vista

ABSENT: None

STAFF PRESENT: Chief Executive Officer Burns; Chief Financial Officer/Treasurer Dr. Washington; Chief Operating Officer Clark; Assistant General Counsel Laity; Director of Portfolio Management Camara; Associate Director of Legislative Affairs Welch; Senior Director of People Operations & Administration Pugh; Director of Finance Manglicmot; Senior Director of Regulatory & Legislative Affairs Fernandez; Senior Director of Programs Santulli; Senior Director of Public Affairs Lebron; Strategic Finance Manager Spengler; Clerk of the Board Hernandez; and Assistant Clerk of the Board Vences

PLEDGE OF ALLEGIANCE

Director Inzunza led the Pledge of Allegiance.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no items added, withdrawn, or reordered on the agenda.

PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

Scott Andrews, Neighborhood National Bank representative, provided public comments.

CONSENT CALENDAR

1. Approve March 20, 2025, Meeting Minutes

There were no public comments on Consent Item No. 1.

Motioned by Director Inzunza and seconded by Director Suzuki to approve Consent No.

1. The motion carried unanimously as follows:

AYES:	Chair Yamane, Vice Chair Suzuki, and Director Inzunza
NOES:	None
ABSTAINED:	None
ABSENT:	None

REGULAR AGENDA

2. Treasurer's Report for Period Ending April 30, 2025

Dr. Washington presented the Treasurer's Report for Period Ending April 30, 2025.

There were no public comments on Item No. 2.

The Committee received and filed the Treasurer's Report for Period Ending April 30, 2025.

3. Recommend Board Approval of Update to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations

Ms. Camara provided the proposed update on San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations.

There were no public comments on Item No. 3.

After Committee member discussion, Director Inzunza motioned and seconded by Director Suzuki to recommend Board adoption of Resolution No. 2025-05, approving Addendum 2 to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations and authorize the CEO to approve procurement of California Carbon Allowance (CCA) and

Carbon Offset (CO) to meet San Diego Community Power compliance obligations under California's Cap-and-Trade Program. The motion carried unanimously as follows:

AYES:	Chair Yamane, Vice Chair Suzuki, and Director Inzunza
NOES:	None
ABSTAINED:	None
ABSENT:	None

4. Tariffs, Tax Credits and Executive Orders: New-Build Market Outlook Update

Mr. Welch and Ms. Camara provided an update on Tariffs, Tax Credits and Executive Orders: New-Build Market Outlook.

There were no public comments on Item No. 4.

The Committee received and filed the status report on federal policy and budget as it relates to clean energy procurement.

5. AB 2561 - Status of vacancies, recruitment and retention efforts

Ms. Pugh provided a presentation on AB 2561 - Status of vacancies, recruitment and retention efforts.

There were no public comments on Item No. 5.

After Committee member discussion, Director Suzuki motioned and seconded by Director Inzunza to recommend the Board hold a public hearing, receive comments, and accept a report on the status of Community Power employee vacancy rates and recruitment and retention efforts. The motion carried unanimously as follows:

AYES:	Chair Yamane, Vice Chair Suzuki, and Director Inzunza
NOES:	None
ABSTAINED:	None
ABSENT:	None

6. Recommend Board Approval of FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Investment Plan

Ms. Burns introduced the proposed FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Investment Plan. Ms. Burns turned it over to Dr. Washington; followed by Mr. Manglicmot, Ms. Camara, Mr. Clark, Ms. Fernandez, Mr. Santulli, and Ms. Lebron to provide a presentation of their corresponding budget sections.

There were no public comments on Item No. 6.

After Committee member questions, discussion, and comments, Director Suzuki motioned and seconded by Director Inzunza to recommend Board approval of Resolution No. 2025-06, adopting the FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Investment Plan. The motion carried unanimously as follows:

AYES:	Chair Yamane, Vice Chair Suzuki, and Director Inzunza
NOES:	None
ABSTAINED:	None
ABSENT:	None

7. Recommend Board Adoption of Resolution No. 2025-07, Authorizing Execution of an Energy Prepayment Transaction, Related Documents, and ‘Form of’ Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings

Mr. Washington introduced the proposed Energy Prepayment Transaction, Related Documents, and ‘Form of’ Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings and turned it over to Mr. Spengler to provide further details.

There were no public comments on Item No. 7.

After Committee member discussion, Director Suzuki motioned and seconded by Director Inzunza to recommend the Board adopt Resolution No. 2025-07, approving parameters under which an energy prepayment transaction can be completed; authorizing and approving documents or “form of” documents supporting the prepay transaction; and directing California Community Choice Financing Authority (CCCFA) to make payments to service providers for issuance costs from prepay bond proceeds. The motion carried unanimously as follows:

AYES:	Chair Yamane, Vice Chair Suzuki, and Director Inzunza
NOES:	None
ABSTAINED:	None
ABSENT:	None

COMMITTEE MEMBER ANNOUNCEMENTS

Chair Yamane announced that the Finance and Risk Management Committee would be dark in July.

ADJOURNMENT

The Finance and Risk Management Committee adjourned at 4:44 p.m. to the next regular meeting scheduled for Thursday, August 21, 2025, at 3 pm.

Sandra Vences, Assistant Clerk of the Board



SAN DIEGO COMMUNITY POWER
Staff Report – Item 2

TO: Financial Risk Management Committee

FROM: Dr. Eric W. Washington, Chief Financial Officer/Treasurer

VIA: Karin Burns, Chief Executive Officer

SUBJECT: Treasurer's Report for Period Ending May 31, 2025

DATE: August 21, 2025

RECOMMENDATION:

Receive and File Treasurer's Report for Period Ending May 31, 2025.

BACKGROUND:

San Diego Community Power (Community Power) maintains its accounting records on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental enterprise funds. Community Power has prepared its year-to-date financial statements for the eleven-month period ended May 31, 2025, along with budgetary comparisons.

Additionally, on May 25, 2023, the Community Power Board of Directors (Board) adopted the Community Power Investment Policy, which was subsequently revised on June 27, 2024. The objectives of the Investment Policy are to (1) safeguard the principal of investment funds, (2) meet the liquidity needs of Community Power, (3) achieve a return on funds invested, and (4) exercise a high standard of care on investment funds. The Investment Policy additionally includes provisions for regular reporting to the Financial and Risk Management (FRMC) which will be included in the Treasurer's Report.

In an effort to increase public transparency and in alignment with section 1.a of the Community Power Delegated Contract Authority Policy, Community Power will also report newly executed contracts between \$50,000 and \$125,000 for goods and services in the Treasurer's Report.

Community Power additionally reports monthly metrics during its Board meetings as part of its Update on Back-Office Operations. As part of the Treasurer's Report, certain key metrics related to risk are presented during Financial and Risk Management Committee (FRMC) meetings.

On June 27, 2024, the Community Power Board of Directors (Board) approved the Fiscal Year 2024-25 Operating Budget that included net operating revenues of \$1,177,925,889 total expenses of \$1,143,919,262 and a resulting net position of \$34,006,627. The approved Fiscal Year 2024-25 budget also includes a capital budget to fund 16 projects, totaling 23 active projects during the fiscal year for \$16,434,280.

Subsequently, on February 27, 2025, the Board approved an amendment to the FY 2024-25 Operating Budget to increase total net operating revenues to \$1,221,258,172 and total expenses to \$1,187,090,169, resulting in a net position of \$34,168,003. Additionally, the Board approved an amendment to the FY 2024-25 Capital Budget to increase total expenses to \$144,212,340 and an amendment to the FY 2025-29 Capital Investment Plan (CIP) to \$155,910,762.

ANALYSIS AND DISCUSSION:

Financial Results

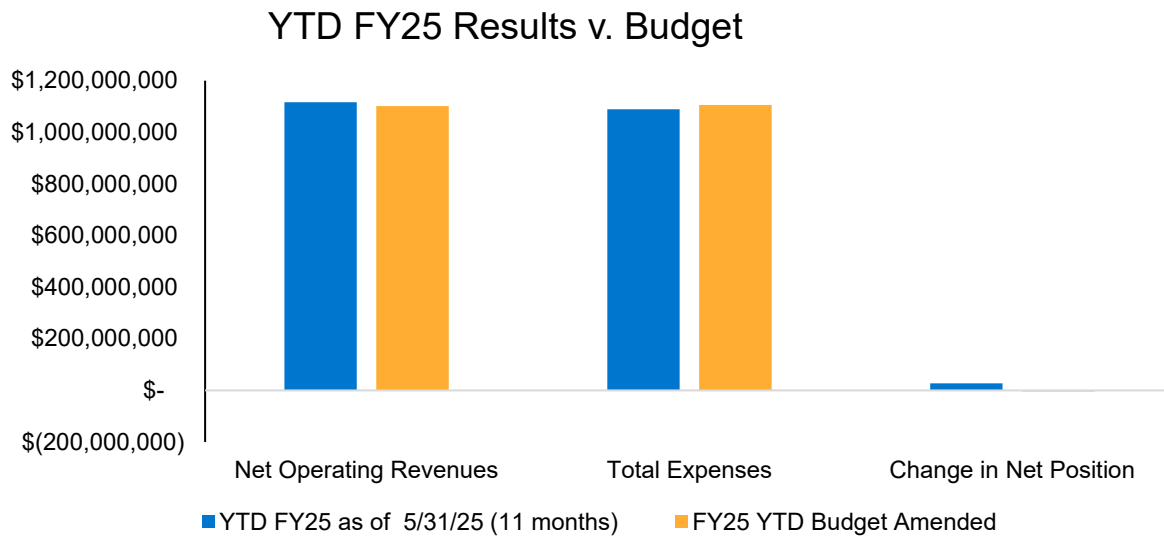
Actual financial results for the period ended May 31, 2025: \$1,116.3 million in net operating revenues were reported compared to \$1,101.6 million budgeted for the period. \$1,088.9 million in total expenses were reported (including \$1,045.4 million in energy costs) compared to \$1,105.9 million budgeted for the period (including \$1,040.0 million budgeted for energy costs). After expenses, Community Power's change in net position of \$27.4 million was reported year-to-date for Fiscal Year 2024-25. The following is a summary of the actual results compared to the Fiscal Year 2024-25 Amended Budget.

Table 1: Budget Comparison Versus Actual Result

Budget Comparison					
	YTD FY25 as of 5/31/25 (11 months)	FY25 YTD Budget Amended	Budget Variance (\$)	Budget (%)	
Net Operating Revenues	\$ 1,116,373,958	\$ 1,101,668,882	\$ 14,705,076	101.3%	
Total Expenses	\$ 1,088,943,381	\$ 1,105,944,515	\$ (17,001,134)	98%	
Change in Net Position	\$ 27,430,577	\$ (4,275,633)	\$ 31,706,210		

- Net operating revenues finished \$14.7 million (or 1.3 percentage points) over the budget and were largely in line with expectations.
- Operating expenses ended \$17.0 million (2.0 percentage points) under budget, primarily due to the following factors:
 - **Investment Income:** Favorable variance of \$12.1 million year-to-date, which was not included in the budget.
 - **Professional Services and Consultants:** \$5.4 million below year-to-date budget, mainly due to lower-than-expected costs related to Calpine, Legal, SDG&E fees, and other services.
 - **Personnel Costs:** \$2.4 million under budget, driven by vacancies and accrued vacation.

Figure 1: Budget Comparison versus Actual Results



For the eleven-month period ending May 31, 2025, Community Power contributed \$27,430,577 to its net position compared to the expected contribution of \$(4,275,633) per the Fiscal Year 2024-25 budget. Total Community Power reserves at the end of the period were \$319,565,492 based on cash and cash equivalents – unrestricted, and total available liquidity (including lines of credit) was \$532,065,492. Community Power has a total Fiscal Year 2024-25 year-end reserve target of \$575,822,041 which is equivalent to 180-days of total operating expenses as set in Community Power’s Reserve Policy and Strategic Goals

Investment Portfolio Report

Chandler Asset Management manages Community Power’s investment portfolio. As of May 31, 2025, the market value of the portfolio was \$61.84 million compared to the \$61.99 million market value as April 30, 2025. The following is a snapshot of the overall characteristics of the portfolio.

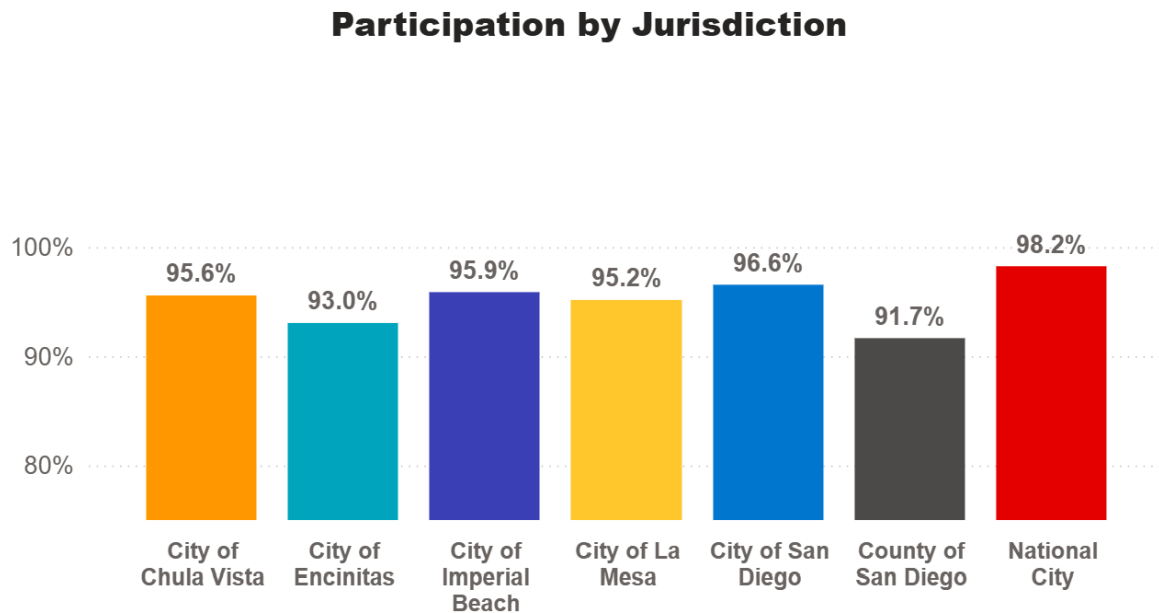
Portfolio Characteristics		Account Summary		
Average Modified Duration	2.61		End Values as of 04/30/2025	End Values as of 05/31/2025
Average Coupon	4.14%	Market Value	61,501,152.78	61,280,836.10
Average Purchase YTM	4.33%	Accrued Interest	483,995.85	563,377.83
Average Market YTM	4.18%	Total Market Value	61,985,148.63	61,844,213.93
Average Credit Quality*	AA	Income Earned	217,721.59	182,351.40
Average Final Maturity	3.17	Cont/WD	0.00	0.00
Average Life	2.70	Par	61,300,443.50	61,432,166.67
		Book Value	60,854,151.24	60,997,938.37
		Cost Value	60,808,881.93	60,945,042.43

Contract Execution between \$50,000 and \$125,000

Community Power executed 1 Contract in May with GB Endeavors for \$100,000.

Metrics

Figure 2: Participation Rates as of 7/1/2025



Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	98,708	94,339	95.6%
City of Encinitas	Power100	28,861	26,855	93.0%
City of Imperial Beach	PowerOn	10,839	10,392	95.9%
City of La Mesa	PowerOn	29,516	28,087	95.2%
City of San Diego	PowerOn	625,553	603,998	96.6%
County of San Diego	PowerOn	190,613	174,719	91.7%
National City	PowerOn	19,455	19,114	98.2%
Total		1,003,545	957,504	95.4%

The Phase 4 mass enrollment process in National City and Unincorporated County of San Diego for Non-Net Energy Metering (NEM) customers was officially completed as of May 2023. The participation rate for Community Power reflects full enrollment of current member agencies. We are reporting on the opt outs and eligible accounts associated with the phase based on those accounts that we have noticed for enrollment on a rolling basis as of the reporting month.

Staff are also presenting the state of Community Power Arrearages related to financial risk for FRMC consideration and for regular review. Additional metrics can be added by request. The below arrearage data includes Community Power's Receivables aged 120+ Days as of July 1, 2025.

Figure 3: State of Community Power Arrearages as of 7/1/2025

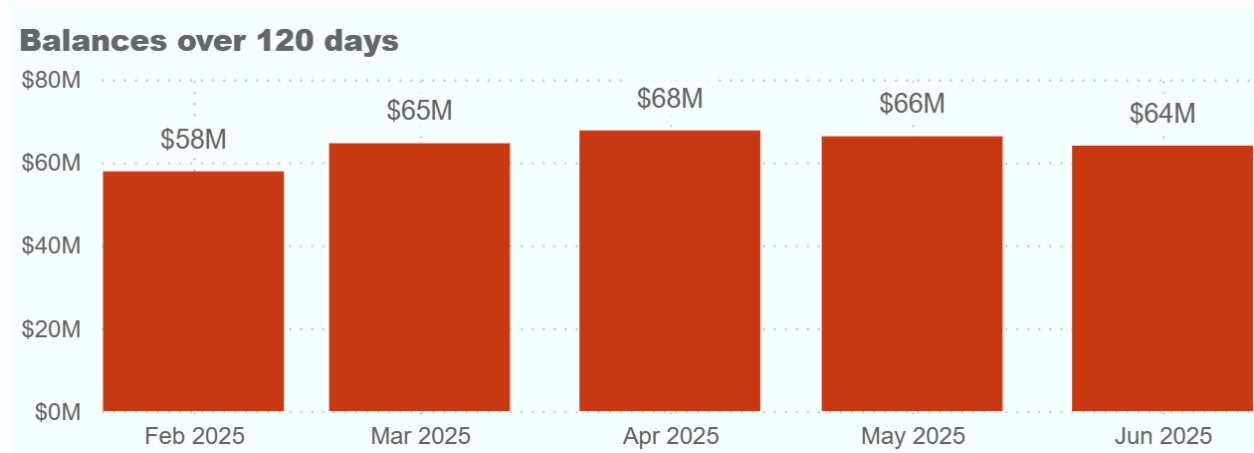
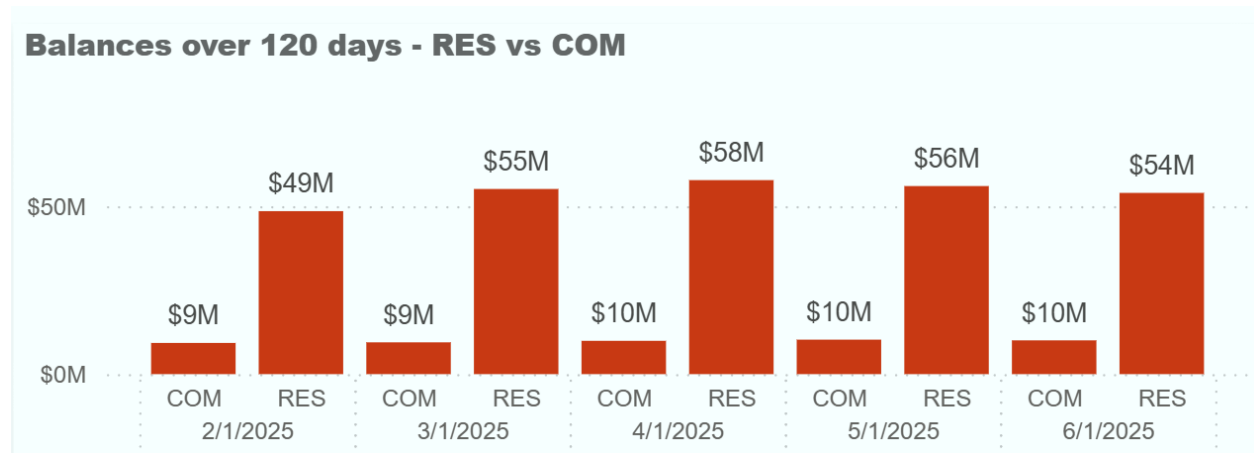


Figure 4: State of Community Power Arrearages Residential vs Commercial as of 7/1/2025



FISCAL IMPACT:

N/A

ATTACHMENTS:

A: 2025 Year-to-Date Period Ended May 31, 2025, Financial Statements.

ITEM 2

ATTACHMENT A



ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of May 31, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the eleven months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. San Diego Community Power's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
July 1, 2025

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of May 31, 2025

ASSETS

Current assets	
Cash and cash equivalents - unrestricted	\$ 319,565,492
Cash and cash equivalents - restricted	14,040,173
Accounts receivable, net of allowance	89,229,608
Accrued revenue	48,114,102
Prepaid expenses	11,458,922
Other receivables	2,980,663
Deposits	10,870,538
Investments	1,901,228
Total current assets	<u>498,160,726</u>
Noncurrent assets	
Cash and cash equivalents - restricted	647,000
Investments	59,339,039
Capital assets, net of depreciation and amortization	1,413,740
Total noncurrent assets	<u>61,399,779</u>
Total assets	<u>559,560,505</u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	122,639,628
Accounts payable	1,000,013
Other accrued liabilities	2,337,986
State surcharges payable	347,319
Deposits - energy suppliers	3,271,731
Lease liability	829,373
Advances from grantors	13,540,173
Total current liabilities	<u>143,966,223</u>
Noncurrent liabilities	
Lease liability	672,678
Deposits - energy suppliers	4,410,450
Total noncurrent liabilities	<u>5,083,128</u>
Total liabilities	<u>149,049,351</u>

NET POSITION

Restricted for security collateral	14,687,173
Unrestricted	395,823,981
Total net position	<u>\$ 410,511,154</u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Eleven Months Ended May 31, 2025**

OPERATING REVENUES

Electricity sales, net	\$ 1,115,105,700
Grant revenue	1,343,644
Other income	1,268,258
Total operating revenues	<u>1,117,717,602</u>

OPERATING EXPENSES

Cost of electricity	1,045,476,896
Contract services	17,809,084
Staff compensation	15,484,969
Other operating expenses	14,882,621
Depreciation and amortization	630,156
Total operating expenses	<u>1,094,283,726</u>
Operating income	<u>23,433,876</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	12,129,570
Interest expense	(434,674)
Nonoperating revenues (expenses), net	<u>11,694,896</u>

CHANGE IN NET POSITION

	35,128,772
Net position at beginning of year	<u>375,382,382</u>
Net position at end of year	<u><u>\$ 410,511,154</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Eleven Months Ended May 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,160,367,342
Receipts from grantors	14,883,817
Receipts of supplier security deposits	15,196,186
Other operating receipts	1,246,064
Payments to suppliers for electricity	(1,053,136,388)
Payments for other goods and services	(35,422,836)
Payments for deposits and collateral	(1,974,371)
Payments for staff compensation	(15,488,365)
Payments of state surcharges	(2,411,387)
Net cash provided by operating activities	<u>83,260,062</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from bank note	55,500,000
Principal payments - bank note	(55,500,000)
Interest payments	(393,961)
Net cash provided (used) by noncapital financing activities	<u>(393,961)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of lease liability	(591,882)
Net cash used by capital and related financing activities	<u>(591,882)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	10,824,046
Proceeds from investment sales and maturities of investments	1,994,014
Purchase of investments	(62,281,724)
Net cash provided (used) by investing activities	<u>(49,463,664)</u>

Net change in cash and cash equivalents	32,810,555
Cash and cash equivalents at beginning of year	301,442,110
Cash and cash equivalents at end of year	<u>\$ 334,252,665</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 319,565,492
Restricted cash - current	14,040,173
Restricted cash - noncurrent	647,000
Cash and cash equivalents	<u>\$ 334,252,665</u>

NONCASH INVESTING ACTIVITIES

Unrealized appreciation and timing differences in investment income	\$ 1,305,524
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NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of lease asset	\$ 1,284,053
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SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Eleven Months Ended May 31, 2025

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 23,433,876
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense	630,156
(Increase) decrease in:	
Accounts receivable, net	14,282,557
Accrued revenue	28,749,321
Prepaid expenses	23,559,478
Other receivables	3,261,162
Deposits	1,291,661
Increase (decrease) in:	
Accrued cost of electricity	(25,476,688)
Accounts payable	(4,007,863)
Advances from grantors	13,540,173
Other accrued liabilities	1,174,671
State surcharges payable	(181,623)
Deposits - energy suppliers	3,003,181
Net cash provided by operating activities	<u>\$ 83,260,062</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying operating fund and capital investment program fund budgetary comparison schedules of San Diego Community Power (SDCP), a California Joint Powers Authority, for the eleven months ended May 31, 2025 and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

These special purpose statements are prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. SDCP's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to SDCP because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
July 1, 2025

**SAN DIEGO COMMUNITY POWER
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Eleven Months Ended May 31, 2025**

	Year-to-Date				Annual	
	Amended Budget	Actual	Amended Budget Variance (Under) Over	Actual/ Amended Budget %	Amended Budget	Amended Budget Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	1,121,291,483	\$ 1,129,126,348	7,834,865	101%	1,243,010,863	\$ 113,884,515
Less: Uncollectible Customer Accounts	(19,622,601)	(14,020,648)	5,601,953	71%	(21,752,690)	(7,732,042)
Other Income	-	1,268,258	1,268,258	na	-	(1,268,258)
Total Revenues and Other Sources	1,101,668,882	1,116,373,958	14,705,076		1,221,258,173	104,884,215
OPERATING EXPENSES						
Cost of Energy	1,040,030,756	1,045,476,896	5,446,140	101%	1,116,836,549	71,359,653
Professional Services and Consultants	22,317,493	16,839,683	(5,477,810)	75%	24,346,342	7,506,659
Personnel Costs	17,020,564	14,616,297	(2,404,267)	86%	18,567,895	3,951,598
Marketing and Outreach	2,730,391	1,751,151	(979,240)	64%	2,978,593	1,227,442
General & Administrative	4,500,614	2,673,050	(1,827,564)	59%	4,909,761	2,236,711
Total Operating Expenses	1,086,599,818	1,081,357,077	(5,242,741)		1,167,639,140	86,282,063
Operating Income (Loss)	15,069,064	35,016,881	19,947,817		53,619,033	18,602,152
NON-OPERATING REVENUES (EXPENSES)						
Investment Income	-	12,129,570	12,129,570	na	-	(12,129,570)
Interest and Related Expenses	(1,169,667)	(1,540,844)	(371,177)	132%	(1,276,000)	264,844
Transfer to Capital Investment Program	(18,175,030)	(18,175,030)	-	100%	(18,175,030)	-
Total Non-Operating Revenues (Expenses)	(19,344,697)	(7,586,304)	11,758,393		(19,451,030)	(11,864,726)
NET CHANGE	<u>\$ (4,275,633)</u>	<u>\$ 27,430,577</u>	<u>\$ 31,706,210</u>		<u>\$ 34,168,003</u>	<u>\$ 6,737,426</u>



SAN DIEGO COMMUNITY POWER
Staff Report – Item 3

TO: Finance and Risk Management Committee

FROM: Dr. Eric W. Washington, Chief Financial Officer
Jeb Spengler, Strategic Finance Manager

VIA: Karin Burns, Chief Executive Officer

SUBJECT: Recommend Board Adoption of Resolution No. 2025-08, Approving a Second Revision to San Diego Community Power’s Investment Policy

DATE: August 21, 2025

RECOMMENDATION:

Recommend Board adoption of Resolution No. 2025-08, approving a second revision to Community Power’s Investment Policy.

BACKGROUND:

On October 1, 2019, the Founding Members of San Diego Community Power (Community Power) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021.

Section 3.2.12 of the JPA specifies that the Community Power Board of Directors (Board) may at its discretion adopt rules, regulations, policies, bylaws and procedures governing the operation of Community Power.

Further, Section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

Section 5.10.2(C) of the JPA finally states one of the primary purposes of the Finance and Risk Management Committee (FRMC) is to review and recommend to the Board financial policies and procedures to ensure equitable contributions by Parties consistent with a recommendation for Board approval of the Investment Policy herein. Further, this section states the FRMC may have such other responsibilities as may be approved by the Board, including but not limited to advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance and selection and designation of financial institutions for deposit of Community Power funds, and credit/depository matters.

On May 25, 2023, the Board approved the Community Power Investment Policy. The policy requires an annual review. In addition, the policy allowed Community Power to engage the services from an investment adviser, who are registered under the Investment Advisers Act of 1940, to assist in the management of Community Power's investment portfolio in a manner consistent with Community Power's objectives.

On February 15, 2024, the Community Power Board approved a professional services agreement with Chandler Asset Management. Subsequently, Community Power initiated a transition process that involved a review of Community Power's Investment Policy by Chandler Asset Management, which identified possible revisions.

On June 27, 2024, the Community Power Board approved Resolution 2024-03 Adopting the First Revision to the Community Power Investment Policy following recommendations made by Chandler Asset Management to update language to better serve Community Power's investment objectives.

ANALYSIS AND DISCUSSION:

Chandler Asset Management made recommendations for the following revisions to the Community Power Investment Policy to update language to better serve Community Power's investment objectives.

Changes to Acceptable Investment Type has been expanded to include Local Government Investment Pools/JPAs as an Authorized Investment. This change expands the pool of investment options for Community Power's large, liquid reserve balances outside of bank deposit-type accounts and Local Agency Investment Funds (LAIF)

Further updates to Acceptable Investment Type clarify the maximum percentage of the investment portfolio may be invested in any specific investment product. Specifically, a note has been added to Placement Service Deposits that no more than 30% of the total portfolio may be invested in a combination of qualifying placement service deposits. Note that under a provision sunseting January 1st, 2031, the maximum investment allowed is 50% of the total portfolio.

The glossary has been updated to ensure all terms are clearly defined.

All changes or updates to the Community Power Investment Policy will require Board approval.

FISCAL IMPACT:

N/A

STRATEGIC PLAN:

This activity supports the strategic plan goal of addressing affordability by increasing investment earning opportunities on available reserve balances.

ATTACHMENTS:

Attachment A: Resolution No. 2025-08, approving a second revision to the Community Power's Investment Policy

Exhibit A: Community Power Investment Policy Second Revision

Exhibit B: Redline Version of Community Power Investment Policy Second Revision

ITEM 3

ATTACHMENT A

RESOLUTION NO. 2025-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN DIEGO COMMUNITY POWER, ADOPTING THE SECOND REVISION TO THE SAN DIEGO COMMUNITY POWER INVESTMENT POLICY.

A. San Diego Community Power (Community Power) is a joint powers authority formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019, and amended on December 16, 2021, (“JPA Agreement”).

B. The JPA Agreement provides that the Community Power Board of Directors (“Board”) may at its discretion adopt rules, regulations, policies, bylaws, and procedures governing the operation of Community Power.

C. The Board has determined that an Investment Policy that comports with the requirements of California Government Code Sections 53600-53608 is in the best interests of Community Power to ensure assets are protected.

D. The purpose of the Investment Policy is to identify (1) the objectives and priorities for Community Power investments; (2) the types of investments that are permitted and prohibited; and (3) the controls Community Power will implement to ensure assets are protected.

E. The Community Power Board proposes to adopt the Second Revision to the Community Power Investment Policy, attached hereto as Exhibit A.

F. The revisions expand the acceptable investment types to include Local Government Investment Pools/JPAs as an Authorized Investment, to reduce the maximum percentage of investment portfolio that may be invested in any specific investment product, and to make certain clarity edits.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors hereby adopts the Second Revision to the Community Power Investment Policy.

Section 2. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of San Diego Community Power held on August 28, 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____,Chair
Board of Directors
San Diego Community Power

ATTEST:

APPROVED AS TO FORM:

Maricela Hernandez, MMC, CPMC
Secretary, Board of Directors
San Diego Community Power

Veera Tyagi, General Counsel
San Diego Community Power

ITEM 3

EXHIBIT A

Policy	Investment	Original Adoption Date	May 25, 2023
Approval Date	August 28, 2025	Resolution No.	2025-08

PURPOSE AND SCOPE:

The San Diego Community Power (“Community Power”) Investment Policy (“Policy”) establishes investment guidelines for protecting Community Power’s cash reserves, deposits, and investments (collectively, “Funds”) while producing a reasonable rate of return on investments.

This Policy articulates: (1) the objectives and priorities for Community Power investments; (2) the types of investments that are permitted and prohibited; and (3) the controls Community Power will implement to ensure investments are protected.

This Policy is adopted pursuant to California Government Code Section (“Section”) 53600-53608 and must be adopted or amended by resolution. The Community Power Board of Directors (“Board”) is not required to adopt a formal Investment Policy by statute, however, it is in the best practice to ensure agency assets are protected.

BACKGROUND:

On October 1, 2019, the founding members of Community Power adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021.

Section 3.2.12 of the JPA specifies that the Board may at its discretion adopt rules, regulations, policies, bylaws and procedures governing the operation of Community Power.

Further, Section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

Section 5.10.2(C) of the JPA states that one of the primary purposes of the Financial and Risk Management Committee (FRMC) is to review and recommend to the Board financial policies and procedures to ensure equitable contributions by parties consistent with a recommendation for Board approval of the Policy herein. Further, this section states the FRMC may have such other responsibilities as may be approved by the Board, including but not limited to, advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance, selection and designation of financial institutions for deposit of Community Power funds, and credit/depository matters.

INVESTMENT OBJECTIVES:

To the extent possible, investments will align with Community Power's mission, vision, value, and goals. When managing Funds, Community Power's primary objectives shall be to (1) safeguard the principal of the Funds, (2) meet the liquidity needs of Community Power, (3) achieve a return on Funds invested, and (4) exercise a high standard of care on Funds within Community Power's control.

- 1) **Safety:** Safety of principal is the foremost objective of cash and investment management activities. The investment of Funds shall be undertaken in a manner that seeks to ensure the preservation of principal.
- 2) **Liquidity:** The Funds of Community Power shall remain sufficiently liquid to meet all operating needs that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment of Funds in deposits or instruments that are available on demand is recommended.
- 3) **Return on Investments:** Community Power's deposit and investment portfolio shall be designed with the objective of attaining a market rate of return throughout the economic cycle while considering investment risk and liquidity constraints. The return on deposits and investments is of secondary importance compared to the safety and liquidity objectives described in Investment Objectives, Section (1) and Investment Objectives, Section (2), above.
- 4) **Standard of Care:** Community Power will manage the Funds in accordance with the "Prudent Investor Standard" pursuant to California Government Code Section 53600.3¹ as follows:

"All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

¹ All further statutory references are to the California Government Code unless otherwise stated.

DELEGATION OF AUTHORITY:

Pursuant to Section 53607, the Board has the authority to delegate the responsibility to manage Community Power's funds to the Treasurer. The Treasurer has authority to appoint Deputy Treasurer(s) as the Treasurer deems necessary to carry out the duties in accordance with the Policy.

Community Power may engage the services from one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of Community Power's investment portfolio in a manner consistent with Community Power's Policy. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with the investment objective set forth in this Policy.

Scope

This Policy applies to all funds and investment under the direct authority of Community Power. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents, and any other funds specifically exempted by the Board.

Acceptable Investment Types: To the extent possible, investments will align with Community Power's mission, vision, value, and goals.

- 1. Deposits at Bank(s):** Funds may be invested in non-interest-bearing depository accounts to meet Community Power's operating and collateral needs and grant requirements. Funds not needed for these purposes may be invested in interest-bearing depository accounts or Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit with maturities not to exceed five (5) years. Banks eligible to receive deposits will be federally or state chartered and will conform to Section 53635.2 which requires that banks "have received an overall rating of not less than 'satisfactory' in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code." As per Section 53652, banks must collateralize the deposits of public agencies in an amount equal to no less than 110% of as currently stated in the value of the deposits. The Treasurer will monitor the credit quality of eligible banks holding Community Power deposits that exceed FDIC insurance limits to ensure the safety of Community Power deposits. There are no limits on the dollar amount or percentage that Community Power may invest in collateralized bank deposits.
- 2. Local Agency Investment Fund (LAIF):** Funds may be invested in the Local Agency Investment Fund established by the California State Treasurer for the benefit of local agencies. LAIF's investments in instruments prohibited by or not specified in Community Power's policy do not exclude the investment in LAIF itself from Community Power's list

of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.

3. **US Treasury Obligations:** Funds may be invested in United States Treasury obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq.
4. **Federal Agency Securities:** Funds may be invested in Federal Agency Securities or Government-Sponsored Enterprise (GSE) obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. No more than 20% of the total portfolio may be invested in callable agency securities and no more than 30% of the total portfolio may be invested in any single Agency/ GSE issuer.
5. **Bankers' Acceptances:** Funds may be invested in Banker's Acceptances provided that they are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Not more than 40% of the portfolio may be invested in Bankers' Acceptances, and no more than 5% of the portfolio may be invested in any single issuer. The maximum maturity shall not exceed 180 days.
6. **Negotiable Certificates of Deposit:** Funds may be invested in negotiable certificates of deposit in accordance with the requirements of Section 53601 and 53601.8, and subject to the following limitations:
 - A. Issued by an entity as defined in Section 53601(i); and
 - B. No more than 30% of the total portfolio shall be invested in certificates of deposit, no more than 5% of the total portfolio may be invested in any single issuer, and the maximum maturity does not exceed 5 years.
7. **Placement Service Deposits:** Funds may be invested in deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Section 53601.8). No more than 30% of the total portfolio may be invested in a combination of qualifying placement service deposits. The full amount of principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Under a provision sunsetting on January 1, 2031, no more than 50% of the portfolio may be invested in deposits through a placement service. The maximum maturity shall not exceed five (5) years.
8. **Money Market Funds:** Funds may be invested in money market funds pursuant to Section 53601(l)(2) and subject to Section 53601(l)(4). No more than 20% of the portfolio

may be invested in the shares of any one Money Market Fund. No more than 20% of the total portfolio may be invested in these securities.

9. Commercial Paper: Funds may be invested in commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph A or paragraph B below:

A. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.

B. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

- No more than 10% of the outstanding commercial paper of any single issuer.
- No more than 25% of Community Power’s investment assets under management may be invested in Commercial Paper. Under a provision sunseting on January 1, 2026, no more than 40% of the total portfolio may be invested in Commercial Paper if Community Power’s investment assets under management are greater than \$100,000,000.
- No more than 5% of the total portfolio may be invested in any single issuer. The maximum maturity does not exceed 270 days.

10. Medium Term Notes (MTN): The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States (Section 53601 et seq). The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO. No more than 30% of the total portfolio may be invested in MTNs, no more than 5% of the total portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.

11. Pass Thru Securities: Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (Section 53601 et seq) from issuers not defined in sections 3 and 4 of the Acceptable Investment Types section of this Policy, provided that, the securities are rated in a rating category of “AA” or its equivalent or better by an NRSRO, no more than 20% of the total portfolio may be invested in these securities, no more than 5% of the total portfolio may be invested in any single Asset-Backed or

Commercial Mortgage security issuer and the maximum maturity does not exceed five (5) years.

- 12. Municipal Securities:** These include obligations of Community Power, the State of California and any local agency within the State of California (Section 53601). provided that, the securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO, no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.
- 13. Municipal Securities:** Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California (Section 53601). The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO, no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.
- 14. Supranationals:** Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. (Section 53601). The securities are rated in a rating category of “AA” or its equivalent or better by an NRSRO, no more than 30% of the total portfolio may be invested in these securities, no more than 10% of the total portfolio may be invested in any single issue and the maximum maturity does not exceed five (5) years.
- 15. Local Government Investment Pools (LGIPs):** Shares of beneficial interest issued by a Joint Powers Authority (JPA) organized pursuant to California Government Code Section 6509.7 that invest in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA. To be eligible under this section, the JPA issuing the shares will have retained an investment adviser who is registered with the SEC (or exempt from registration), has assets under management in excess of five hundred million dollars (\$500,000,000), and has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive.

PROHIBITED INVESTMENT TYPES:

Pursuant to Section 53601.6, Community Power shall not invest Funds in any security that could result in a zero-interest accrual, or less, if held to maturity. These prohibited investments include, but are not limited to, inverse floaters, range notes, or mortgage-derived interest-only strips. The purchase of foreign currency denominated securities is prohibited. The purchase of Crypto Asset

Securities is prohibited. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. Community Power is prohibited from investing in any company or organization whose business do not align with Community Power's mission, vision, value, and goals.

INVESTMENT PORTFOLIO MANAGEMENT:

The term to maturity of any Funds invested shall not exceed five (5) years pursuant to Section 53601. The Treasurer will allocate Funds among authorized investments consistent with the objectives and standards of care outlined in this Policy.

COLLATERALIZATION:

Certificates of Deposit (CDs). Community Power shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Bank Deposits. A bank or financial institution may pledge securities or other deposits for the purpose of securing repayment of deposited funds. Community Power shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

RISK MANAGEMENT AND DIVERSIFICATION:

Community Power's investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific security types, maturity segment, or in individual financial institutions. No more than 5% of the investment portfolio shall be in securities of any one issuer except for U.S. Treasuries, U.S. Government Agency issues, Supranationals and investment pools such as LAIF and money market funds.

- A. Credit Risk:** Credit risk, defined as the risk of loss due to failure of the insurer of a security, shall be mitigated by investing in those securities with an "A" or above rating and approved in this Policy and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm Community Power's cash flow.

- B. Market Risk:** Market risk or interest rate risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by implementing a short term and long-term investment strategies. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return.

The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by Community Power based on Community Power's investment objectives, constraints and risk tolerances.

- C. Credit Rating:** This Policy sets forth minimum credit ratings for each type of security. These credit ratings apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the policy limits.

Minimum credit ratings:

1. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one NRSRO.
2. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

The monitoring of credit ratings consists of the following procedures:

1. When a credit rating downgrade occurs which results in a rating below the minimum credit requirement, Community Power's Finance Department or external investment adviser will analyze and evaluate the credit rating to determine whether to hold or sell the investment.
2. In the event a security in the Fund receives a credit rating downgrade which results in a rating below the minimum credit rating requirement, Community Power's Treasurer will report the rating change to the Finance and Risk Management Committee in the monthly public report. In the same manner, the Finance and Risk Management Committee will be informed on the decision to hold or sell a downgraded security.
3. The Investment Officials or authorized employees involved in the investment process and external investment advisers shall meet at least quarterly to review and update the approved list of securities and establish credit criteria for each category of security.

To ensure that the Fund maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

BROKERS:

The Treasurer shall endeavor to complete investment transactions with institutions eligible to transact investment business with Community Power, in accordance with Section 53601.5, including:

- A. Institutions licensed by the state as a broker-dealer.
- B. Institutions that are members of a federally regulated securities exchange.
- C. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- D. Nationally or state-chartered banks.
- E. The Federal Reserve Bank.
- F. Direct issuers of securities eligible for purchase.

Broker/dealers shall be approved by the Chief Executive Officer upon recommendation by the Treasurer. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution, the reputation and expertise of the individuals employed, and pursuant to the requirements of Section 53601.5. The Treasurer shall require any selected broker, brokerage firm, dealer, or securities firm to affirm that it has not, within any 48-consecutive month period, made a political contribution to any member of the Board, or any candidate who may join the Board in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, the Political Reform Act, including section 84308, or any applicable Community Power Policy, as amended from time to time. The selected broker or dealers shall be provided with and acknowledge receipt of this Policy.

LOSSES:

Losses are acceptable on a sale before maturity and may be taken if required to meet the liquidity needs of Community Power or if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

DELIVERY AND SAFEKEEPING:

The delivery and safekeeping of all securities shall be made through a third-party custodian when practical and cost effective as determined by the Treasurer, or a duly appointed Deputy Treasurer, and in accordance with Section 53608.

The Treasurer shall review all transaction confirmations for conformity with the original transaction and monitor for excessive trading.

ETHICS AND CONFLICT OF INTEREST:

The Investment Officials or authorized employees involved in the investment process, shall act as custodians of the public trust and will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Investment Officials and any external investment advisers acknowledge that all direct Community Power investments are subject to public review and evaluation.

Community Power Investment Officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Community Power Investment Officials shall disclose to General Counsel or designee (i) any material interests in financial institutions with which they conduct business, and (ii) disclose any personal investments with a direct, indirect or beneficial interest totaling \$2,000 or more. Investment Officials shall refrain from undertaking any personal investment transactions with the same individual from the external investment adviser with whom business is conducted on behalf of Community Power.

Investment Officials, pursuant with all applicable laws, shall not accept honoraria, gifts, and gratuities from advisers, brokers, dealers, bankers, or other entity with whom Community Power conducts business.

Any external investment adviser contracted by Community Power will comply with Municipal Securities Rulemaking Board Rule G-37 and shall follow the Investment Adviser Fiduciary Standard established by the U.S. Securities and Exchange Commission.

INTERNAL CONTROLS:

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Accordingly, the Treasurer shall establish and maintain internal controls that shall address the following points:

- A. Control of Collusion:** Collusion is a situation where two or more employees are working in conjunction to defraud their employer. To achieve a segregation of duties, individuals who authorize investment transactions shall not also record or reconcile said transactions.

- B. Clear Delegation of Authority to Subordinate Staff Members:** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- C. Delivery-Versus-Payment (DVP):** All investment transactions shall be conducted on a delivery-versus-payment basis.
- D. Safekeeping and Custody:** Securities purchased from any bank or dealer, including appropriate collateral (as defined by California Government Code), that are not insured by the FDIC, shall be placed with an independent third party for custodial safekeeping. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in Community Power's portfolio shall be held in safekeeping in Community Power's name by a third-party custodian, acting as agent for Community Power under the terms of a custody agreement executed by the bank and Community Power. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by Community Power from the custodian listing all securities held in safekeeping with current market data and other information. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (1) local government investment pools; (2) time certificates of deposit, (3) Local Agency Investment Fund, and (4) mutual funds and money market mutual funds, since these securities are not deliverable.
- E. Avoidance of Physical Delivered Bearer Securities:** Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Bearer securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with such securities.
- F. Written Confirmation of Telephone Wire Transfers:** Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written or electronic communications and approved by the appropriate person. Community Power will consider entering into a Wire Transfer Agreement with the Lead Bank or Third-Party.
- G. Audits:** Community Power's Funds shall be subject to a process of independent review by its external auditors. Community Power's external auditors shall review the investment portfolio in connection with Community Power's annual audit for compliance with the Policy pursuant to Section 27134. The results of the audit shall be reported to the Treasurer.

REPORTS:

- A. Monthly:** The Treasurer will perform a monthly review of the investment function. Following the commencement of investment transactions, the Treasurer shall submit a monthly report of all investment transactions to the Finance and Risk Management Committee. Investment transactions are defined as the purchase, sale or exchange of securities.
- B. Annually:** The Treasurer will submit an annual report to the Finance and Risk Management Committee within 60 days of the end of a fiscal year providing the following:

- A list of individual securities by investment type, issuer, credit risk rating, CUSIP number, settlement date of purchase, date of maturity, par value and dollar amount invested on all securities, and the market value and source of the market value information;
- A statement that the portfolio is in compliance with this Policy and in accordance with Section 53646 or the manner in which the portfolio is not in compliance; and
- A statement of Community Power’s ability to meet anticipated cash requirements for the upcoming 12 months.
- The Treasurer shall monitor and evaluate the portfolio’s performance relative to the chosen market benchmark(s), which will be included in the Treasurer’s annual report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

C. Annual Review: This Policy will be reviewed annually by the Treasurer. The Board is authorized to approve changes to this Policy following the review of proposed changes by the Finance Risk Management Committee.

Prior Versions:

Date	Action	Resolution No.	Policy No.
5/25/2023	Adoption	N/A	2023-07
6/27/2024	Amendment	2024-04	2023-08

Glossary of Investment Terms

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKERS' ACCEPTANCES. A short-term, negotiable, unconditional, and time draft drawn on and accepted by a bank. It is typically used in trade to finance the purchase and sale of goods.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CRYPTO ASSET. Digital assets that use public ledgers over the internet to prove ownership. They use cryptography, peer-to-peer networks and a distributed ledger technology (DLT) – such as blockchain – to create, verify and secure transactions.

CUSIP. Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most financial instruments, including: stocks of all registered U.S. and Canadian companies, commercial paper, and U.S. government and municipal bonds.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DELIVERY vs PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

FEDERAL FUNDS RATE. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

ISSUER. The entity identified as the counterparty or obligator related to a security trade.

INVERSE FLOATER. A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate.

INVESTMENT OFFICIALS. This includes any applicable Community Power staff participating in the investment process; Community Power Treasurer; Community Power Deputy Treasurer(s); and Community Power Board of Directors.

LEVERAGE. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUID. Term for securities that can be converted to cash quickly.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MATURITY. The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MORTGAGE BACK SECURITY. Debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.

MORTGAGE-DERIVED INTEREST-ONLY STRIPS. A financial product created by separating the interest and principal payments of a mortgage-backed security.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

RANGE NOTES. A structured investment where the coupon is linked to the performance of a reference index

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

ITEM 3

EXHIBIT B



San Diego Community Power

Investment Policy

Policy Number: 2023-07

Original Adoption Date: May 25, 2023

Revision Date: ~~June 27, 2024~~ TBD August 28, 2025

Subject: ~~Investment Policy~~

Purpose: The San Diego Community Power (“SDCP”) Investment Policy (“Policy”) establishes investment guidelines for protecting SDCP’s cash reserves, deposits, and investments (collectively, “Funds”) while producing a reasonable rate of return on investments.

This Policy articulates: (1) the objectives and priorities for SDCP investments; (2) the types of investments that are permitted and prohibited; and (3) the controls SDCP will implement to ensure ~~assets~~ investments are protected.

This Policy is adopted pursuant to California Government Code Section (“Section”) 53600-53608 and must be adopted or amended by resolution. The SDCP Board of Directors (“Board”) is not required to adopt a formal Investment Policy by statute, however, it is in the best practice to ensure agency assets are protected.

Background

On October 1, 2019, the ~~f~~fFounding ~~m~~mMembers of ~~San Diego Community Power~~ (SDCP) adopted the Joint Powers Agreement (JPA) which was amended and restated on- December 16, 2021.

Section 3.2.12 of the JPA specifies that the ~~SDCP Board of Directors~~ (Board) may at its discretion adopt rules, regulations, policies, bylaws and procedures governing the operation of SDCP.

Further, Section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

Section 5.10.2(C) of the JPA ~~finally~~ states that one of the primary purposes of the Financial and Risk Management Committee (FRMC) is to review and recommend to the Board financial policies and procedures to ensure equitable contributions by ~~p~~pParties consistent with a recommendation for Board approval of the ~~Investment~~ Policy herein. Further, this section states the FRMC may have such other responsibilities as may be approved by the Board, including but

not limited to, advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance, ~~and~~ selection and designation of financial institutions for deposit of SDCP funds, and credit/depository matters.

Investment Objectives

To the extent possible, investments will align with SDCP's mission, vision, value, and goals. When managing Funds, SDCP's primary objectives shall be to (1) safeguard the principal of the Funds, (2) meet the liquidity needs of SDCP, (3) achieve a return on Funds invested, and (4) exercise a high standard of care on Funds within SDCP's control.

- 1) Safety:** Safety of principal is the foremost objective of cash and investment management activities. The investment of Funds shall be undertaken in a manner that seeks to ensure the preservation of principal.
- 2) Liquidity:** The Funds of SDCP shall remain sufficiently liquid to meet all operating needs that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment of Funds in deposits or instruments that are available on demand is recommended.
- 3) Return on Investments:** SDCP's deposit and investment portfolio shall be designed with the objective of attaining a market rate of return throughout the economic cycle while considering investment risk and liquidity constraints. The return on deposits and investments is of secondary importance compared to the safety and liquidity objectives described in Investment Objectives, Section (1) and Investment Objectives, Section (2), above.
- 4) Standard of Care:** SDCP will manage the Funds in accordance with the "Prudent Investor Standard" pursuant to California Government Code Section 53600.3¹ as follows:

"All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

¹ All further statutory references are to the California Government Code unless otherwise stated.

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Investment Objectives

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- ~~4) **Standard of Care:** SDCP will manage the Funds in accordance with the "Prudent Investor Standard" pursuant to California Government Code Section 53600.3² as follows:~~

~~"All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."~~

²-All further statutory references are to the California Government Code unless otherwise stated.

Delegation of Authority

Pursuant to Section 53607, the Board has the authority to delegate the responsibility to manage SDCP's funds to the Treasurer. The Treasurer has authority to appoint Deputy Treasurer(s) as the Treasurer deems necessary to carry out the duties in accordance with the Investment Policy.

SDCP may engage the services from one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of SDCP's investment portfolio in a manner consistent with the SDCP's Policy. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with the investment objective set forth in this Policy.

Scope

This Investment Policy applies to all funds and investment under the direct authority of SDCP. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents, and any other funds specifically exempted by SDCP's the Board of Directors.

Acceptable Investment Types: To the extent possible, investments will align with SDCP's mission, vision, value, and goals.

- 1. Deposits at Bank(s):** Funds may be invested in non-interest-bearing depository accounts to meet SDCP's operating and collateral needs and grant requirements. Funds not needed for these purposes may be invested in interest-bearing depository accounts or Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit with maturities not to exceed five (5) years. Banks eligible to receive deposits will be federally or state chartered and will conform to Section 53635.2 which requires that banks "have received an overall rating of not less than 'satisfactory' in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code." As per Section 53652, banks must collateralize the deposits of public agencies in an amount equal to no less than 110% of as currently stated in the value of the deposits. The Treasurer will monitor the credit quality of eligible banks holding SDCP deposits that exceed FDIC insurance limits to ensure the safety of SDCP deposits. There are no limits on the dollar amount or percentage that SDCP may invest in collateralized bank deposits.
- 2. -Local Agency Investment Fund (LAIF):** Funds may be invested in the Local Agency Investment Fund established by the California State Treasurer for the benefit of local agencies. LAIF's investments in instruments prohibited by or not specified in SDCP's policy do not exclude the investment in LAIF itself from SDCP's s list of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.

3. **US Treasury Obligations:** Funds may be invested in United States Treasury obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq.
4. **Federal Agency Securities:** Funds may be invested in Federal Agency Securities or Government-Sponsored Enterprise (GSE) obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. No more than 20% of the total portfolio may be invested in callable agency securities and no more than 30% of the total portfolio may be invested in any single Agency/ GSE issuer.
5. **Bankers' Acceptances:** Funds may be invested in Banker's Acceptances provided that they are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or ~~of~~ better by at least one ~~NRSRO~~ (Nationally Recognized Statistical Rating Organization) (NRSRO). Not more than 40% of the portfolio may be invested in Bankers' Acceptances, and no more than 5% of the portfolio may be invested in any single issuer. The maximum maturity shall not exceed 180 days.
6. **Negotiable Certificates of Deposit:** Funds may be invested in negotiable certificates of deposit in accordance with the requirements of Section 53601 and 53601.8, and subject to the following limitations:
 - A. Issued by an entity as defined in Section 53601(i); and
 - B. No more than 30% of the total portfolio shall be invested in certificates of deposit, no more than 5% of the total portfolio may be invested in any single issuer, and the maximum maturity does not exceed 5 years.
7. **Placement Service Deposits:** Funds may be invested in deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Section 53601.8). No more than 30% of the total portfolio may be invested in a combination of qualifying placement service deposits. The full amount of principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Under a provision sunsetting on January 1, 2031, no more than 50% of the portfolio may be invested in deposits through a placement service. The maximum maturity shall not exceed five (5) years. The maximum portfolio exposure to the deposits placed pursuant to this section shall be limited by Section 53601.8.
8. **Money Market Funds:** Funds may be invested in money market funds pursuant to Section 53601(l)(2) and subject to Section 53601(l)(4). No more than 20% of the portfolio may be invested in the shares of any one Money Market Fund. No more than 20% of the total portfolio may be invested in these securities.

9. Commercial Paper: Funds may be invested in commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph A or paragraph B below:

A. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.

B. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

- No more than 10% of the outstanding commercial paper of any single issuer.
- No more than 25% of SDCP’s investment assets under management may be invested in Commercial Paper. Under a provision sunseting on January 1, 2026, no more than 40% of the total portfolio may be invested in Commercial Paper if SDCP’s investment assets under management are greater than \$100,000,000.
- No more than 5% of the total portfolio may be invested in any single issuer. The maximum maturity does not exceed 270 days.

10. Medium Term Notes (MTN): The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States (Section 53601 et seq). The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO. No more than 30% of the total portfolio may be invested in MTNs, no more than 5% of the total portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.

11. Pass Thru Securities: Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (Section 53601 et seq) from issuers not defined in sections 3 and 4 of the Acceptable Investment Types section of this Policy, provided that: The securities are rated in a rating category of “AA” or its equivalent or better by an NRSRO, no more than 20% of the total portfolio may be invested in these securities, no more than 5% of the total portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer and the maximum maturity does not exceed five (5) years.

12. Municipal Securities: These include obligations of SDCP, the State of California and any local agency within the State of California (Section 53601), provided that: The

securities are rated in a rating category of “A” or its equivalent or better by at least one ~~nationally recognized statistical rating organization (“NRSRO”)~~, no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.

13. Municipal Securities: ~~(Registered treasury notes or bonds)~~ of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California (Section 53601). The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO, no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.

14. Supranationals: Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. (Section 53601). The securities are rated in a rating category of “AA” or its equivalent or better by an NRSRO, no more than 30% of the total portfolio may be invested in these securities, no more than 10% of the total portfolio may be invested in any single issue and the maximum maturity does not exceed five (5) years.

15. Local Government Investment Pools (LGIPs): Shares of beneficial interest issued by a Joint Powers Authority (JPA) organized pursuant to California Government Code Section 6509.7 that invest in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA. To be eligible under this section, the JPA issuing the shares will have retained an investment adviser who is registered with the SEC (or exempt from registration), has assets under management in excess of five hundred million dollars (\$500,000,000), and has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive.

Prohibited Investment Types

Pursuant to Section 53601.6, SDCP shall not invest Funds in any security that could result in a zero-interest accrual, or less, if held to maturity. These prohibited investments include, but are not limited to, inverse floaters, range notes, or mortgage-derived interest-only strips. The purchase of foreign currency denominated securities is prohibited. The purchase of Crypto Asset Securities is prohibited. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited. Trading securities for the sole purpose of

SDCP Investment Policy | 8

speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. SDCP is prohibited from investing in any company or organization whose business do not align with SDCP's mission, vision, value, and goals.

Investment Portfolio Management

The term to maturity of any Funds invested shall not exceed five (5) years pursuant to Section 53601. The Treasurer will allocate Funds among authorized investments consistent with the objectives and standards of care outlined in this Policy.

Collateralization

Certificates of Deposit (CDs). SDCP shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Bank Deposits. ~~This is the process by which Aa~~ bank or financial institution may pledges securities, or other deposits for the purpose of securing repayment of deposited funds. SDCP shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

Risk Management and Diversification

SDCP's investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific security types, maturity segment, or in individual financial institutions. No more than 5% of the investment portfolio shall be in securities of any one issuer except for U.S. Treasuries, U.S. Government Agency issues, Supranationals and investment pools such as LAIF, and money market funds.

- A. Credit Risk:** Credit risk, defined as the risk of loss due to failure of the insurer of a security, shall be mitigated by investing in those securities with an "A" or above rating and approved in ~~this~~ Investment Policy and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm SDCP's cash flow.

B. Market Risk: Market risk or interest rate risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by implementing a short term and long-term investment strategies. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return.

The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by SDCP based on SDCP's investment objectives, constraints and risk tolerances.

B. Credit Rating:

C. This ~~Investment~~ Policy sets forth minimum credit ratings for each type of security. These credit ratings apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the policy limits.

Minimum credit ratings:

1. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "- ") by at least one ~~nationally recognized statistical rating organization (the "NRSRO")~~.
2. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

The monitoring of credit ratings consists of the following procedures:

1. When a credit rating downgrade occurs which results in a rating below the minimum credit requirement, SDCP's Finance Department or external investment adviser will analyze and evaluate the credit rating to determine whether to hold or sell the investment.
2. In the event a security in the Fund receives a credit rating downgrade which results in a rating below the minimum credit rating requirement, SDCP's Treasurer will report the rating change to the Finance and Risk Management Committee in the monthly public report. In the same manner, the Finance and Risk Management Committee will be informed on the decision to hold or sell a downgraded security.
3. The Investment Officials or authorized employees involved in the investment process and external investment advisers shall meet at least quarterly to review and update the approved list of securities and establish credit criteria for each category of security.

To ensure that the Fund maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

Brokers

The Treasurer shall endeavor to complete investment transactions ~~in accordance with Section 53601.5, with~~ institutions eligible to transact investment business with SDCP, in accordance with Section 53601.5, including:

- A. Institutions licensed by the state as a broker-dealer.
- B. Institutions that are members of a federally regulated securities exchange.
- C. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- D. Nationally or state-chartered banks.
- E. The Federal Reserve Bank.
- F. Direct issuers of securities eligible for purchase.

Broker/dealers shall be approved by the Chief Executive Officer upon recommendation by the Treasurer. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution, the reputation and expertise of the individuals employed, and pursuant to the requirements of Section 53601.5. The Treasurer shall require any selected broker, brokerage firm, dealer, or securities firm to affirm that it has not, within any 48-consecutive month period, made a political contribution to any member of the ~~SDCP~~ Board, or any candidate who may join the ~~SDCP~~ Board in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, the Political Reform Act, including section 84308, or any applicable SDCP Policy, as amended from time to time. The selected broker or dealers shall be provided with and acknowledge receipt of this Policy.

Losses

Losses are acceptable on a sale before maturity and may be taken if required to meet the liquidity needs of SDCP or if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

Delivery and Safekeeping

The delivery and safekeeping of all securities shall be made through a third-party custodian when practical and cost effective as determined by the Treasurer, or a duly appointed Deputy Treasurer, and in accordance with Section 53608.

The Treasurer shall review all transaction confirmations for conformity with the original transaction and monitor for excessive trading.

Ethics and Conflict of Interest

The Investment Officials or authorized employees involved in the investment process, shall act as custodians of the public trust and will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Investment Officials and any external investment advisers acknowledge that all direct SDCP investments are subject to public review and evaluation.

SDCP Investment Officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

SDCP Investment Officials shall disclose to General Counsel or designee (i) any material interests in financial institutions with which they conduct business, and (ii) disclose any personal investments with a direct, indirect or beneficial interest totaling \$2,000 or more. Investment Officials shall refrain from undertaking any personal investment transactions with the same individual from the external investment adviser with whom business is conducted on behalf of SDCP.

Investment Officials, pursuant with all applicable laws, shall not accept honoraria, gifts, and gratuities from advisers, brokers, dealers, bankers, or other entity with whom SDCP conducts business.

Any external investment adviser contracted by SDCP will comply with Municipal Securities Rulemaking Board Rule G-37 and shall follow the Investment Adviser Fiduciary Standard established by the U.S. Securities and Exchange Commission.

Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Accordingly, the Treasurer shall establish and maintain internal controls that shall address the following points:

- A. Control of Collusion:** Collusion is a situation where two or more employees are working in conjunction to defraud their employer. To achieve a segregation of duties, individuals

who authorize investment transactions shall not also record or reconcile said transactions.

- B. Clear Delegation of Authority to Subordinate Staff Members:** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- C. Delivery-Versus-Payment (DVP):** All investment transactions shall be conducted on a delivery-versus-payment basis.
- D. Safekeeping and Custody:** Securities purchased from any bank or dealer, including appropriate collateral (as defined by California Government Code), that are not insured by the FDIC, shall be placed with an independent third party for custodial safekeeping. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in SDCP's portfolio shall be held in safekeeping in SDCP's name by a third-party custodian, acting as agent for SDCP under the terms of a custody agreement executed by the bank and SDCP. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by SDCP from the custodian listing all securities held in safekeeping with current market data and other information. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (1) local government investment pools; (2) time certificates of deposit, (3) Local Agency Investment Fund, and (4) mutual funds and money market mutual funds, since these securities are not deliverable.
- E. Avoidance of Physical Delivered Bearer Securities:** Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Bearer securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with such securities.
- F. Written Confirmation of Telephone Wire Transfers:** Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written or electronic communications and approved by the appropriate person. SDCP will consider entering into Development of a Wire Transfer Agreement with the Lead Bank or Third-Party.
- G. Audits:** SDCP's Funds shall be subject to a process of independent review by its external auditors. SDCP's external auditors shall review the investment portfolio in connection with SDCP's annual audit for compliance with the Policy pursuant to Section 27134. The results of the audit shall be reported to the Treasurer.

Reports

A. Monthly: The Treasurer will perform a monthly review of the investment function. Following the commencement of investment transactions, the Treasurer shall submit a monthly report of all investment transactions to the Finance and Risk Management Committee. Investment transactions are defined as the purchase, sale or exchange of securities.

B. Annually: The Treasurer will submit an annual report to the Finance and Risk Management Committee within 60 days of the end of a fiscal year providing the following:

- A list of individual securities by investment type, issuer, credit risk rating, CUSIP number, settlement date of purchase, date of maturity, par value and dollar amount invested on all securities, and the market value and source of the market value information;
- A statement that the portfolio is in compliance with this Policy and in accordance with Section 53646 or the manner in which the portfolio is not in compliance; and
- A statement of SDCP's ability to meet anticipated cash requirements for the upcoming 12 months.
- The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's annual report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

C. Annual Review: This Policy will be reviewed annually by the Treasurer. The Board is authorized to approve changes to this Policy following the review of proposed changes by the Finance Risk Management Committee.

Glossary of Investment Terms

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKERS' ACCEPTANCES. A short-term, negotiable, unconditional, and time draft drawn on and accepted by a bank. It is typically used in trade to finance the purchase and sale of goods.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CRYPTO ASSET. Digital assets that use public ledgers over the internet to prove ownership. They use cryptography, peer-to-peer networks and a distributed ledger technology (DLT) – such as blockchain – to create, verify and secure transactions.

CUSIP. Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most financial instruments, including: stocks of all registered U.S. and Canadian companies, commercial paper, and U.S. government and municipal bonds.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DELIVERY vs PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

FEDERAL FUNDS RATE. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

ISSUER. The entity identified as the counterparty or obligator related to a security trade.

INVERSE FLOATER. A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate.

INVESTMENT OFFICIALS. This includes any applicable SDCP staff participating in the investment process; SDCP Treasurer; SDCP Deputy Treasurer(s); and SDCP Board of Directors.

LEVERAGE. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUID. Term for securities that can be converted to cash quickly.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MATURITY. The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MORTGAGE BACK SECURITY. Debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.

MORTGAGE-DERIVED INTEREST-ONLY STRIPS. A financial product created by separating the interest and principal payments of a mortgage-backed security.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market

instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

RANGE NOTES. A structured investment where the coupon is linked to the performance of a reference index

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.



SAN DIEGO COMMUNITY POWER
Staff Report – Item 4

TO: Finance and Risk Management Committee

FROM: Dr. Eric Washington, Chief Financial Officer
Tim Manglicmot, Director of Finance

VIA: Karin Burns, Chief Executive Officer

SUBJECT: Recommend Board Adoption of Resolution No. 2025-09, Approving a Disposal of Surplus Property Policy

DATE: August 21, 2025

RECOMMENDATION:

Recommend Board adoption of Resolution No. 2025-09, approving a Disposal of Surplus Property Policy.

BACKGROUND:

On October 1, 2019, the Founding Members of San Diego Community Power (Community Power) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021.

Section 3.2.12 of the JPA specifies that the Community Power Board of Directors (Board) may at its discretion adopt rules, regulations, policies, bylaws and procedures governing the operation of Community Power.

Further, Section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

ANALYSIS AND DISCUSSION:

An analysis of policies identified the need to adopt a policy governing the disposal of surplus property. Surplus property is defined broadly as all furniture, equipment, or other tangible assets owned by Community Power that is determined by the Chief Executive Officer (CEO) to be obsolete, damaged, or no longer useable by Community Power.

Under the proposed policy, the Chief Executive Officer (CEO) shall review an annual list of surplus property and ensure its disposal in accordance with this policy. Disposal of property valued at \$25,000 or more at the time of surplus will be approved by the Board

of Directors. Property valued below \$25,000 will be disposed on the approval of the CEO, and property considered de minimis in value, which is defined as below \$500, can be disposed without any formal process.

The methods of disposal may include auction, direct donation, recycling, or as regular waste. All disposal of individual Surplus Property that is not of de minimis value must be recorded and reported to the Board. Any proceeds from the disposition of the Surplus Property are required to be deposited into Community Power's operating budget.

FISCAL IMPACT:

N/A

STRATEGIC PLAN:

This policy furthers the Strategic Planning goal of continuing to enhance financial controls and policies to meet or exceed best practices, including contracting, risk management, and procurement.

ATTACHMENTS:

Attachment A: Resolution No. 2025-09, approving Disposal of Surplus Property Policy
Exhibit A: Community Power Disposal of Surplus Property Policy

ITEM 4

ATTACHMENT A

RESOLUTION NO. 2025-09

**A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN DIEGO
COMMUNITY POWER (COMMUNITY POWER), ESTABLISHING
PROCEDURES FOR DISPOSAL OF SURPLUS PROPERTY
OWNED BY COMMUNITY POWER.**

A. San Diego Community Power (Community Power) is a joint powers agency formed pursuant to the Joint Exercise of Powers Act (Cal. Gov. Code § 6500 *et seq.*), California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019, and amended and restated December 16, 2021 (JPA Agreement).

B. Pursuant to Section 3.2, Specific Powers. Specific powers of Community Power shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:

3.2.4, the Board may acquire property for electric generation/interconnection purposes by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, SDCP shall not exercise the power of eminent domain within the jurisdiction of a Party over its objection.

C. Surplus Property is defined as all furniture, equipment or other tangible assets owned by Community Power that is determined by the Chief Executive Officer to be obsolete, damaged, or no longer usable by Community Power.

D. On an annual basis, Community Power shall review and inventory all property and equipment to compile a listing of property, for presentation to the CEO, as Surplus Property. The CEO will review the listing of Surplus Property and ensure the disposal of the Surplus Property in accordance with this Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors of Community Power wish to establish a Surplus Policy attached as an exhibit to this Resolution.

Section 2. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on August 28, 2025.

AYES:

NOES:

ABSTAIN:

ABSENT:

,Chair
San Diego Community Power

ATTEST:

APPROVED AS TO FORM:

Maricela Hernandez, MMC, CPMC
Clerk of the Board/Board Secretary
San Diego Community Power

Veera Tyagi, General Counsel
San Diego Community Power

ITEM 4

EXHIBIT A

Policy	Disposal of Surplus Property	Original Adoption Date	August 28, 2025
Approval Date	August 28, 2025	Resolution No.	2025-009

PURPOSE AND SCOPE:

This policy establishes the requirements for disposal of Surplus Property owned by San Diego Community Power ("Community Power").

DEFINITIONS:

Surplus Property is defined as all furniture, equipment, or other tangible assets owned by Community Power that is determined by the Chief Executive Officer (CEO) to be obsolete, damaged, or no longer useable by Community Power.

POLICY STATEMENT:

On an annual basis, Community Power shall review and inventory all property and equipment to compile a listing of property, for presentation to the CEO, as Surplus Property. The CEO will review the listing of Surplus Property and ensure the disposal of the Surplus Property in accordance with this Policy.

CATEGORIES OF SURPLUS PROPERTY:

1. **Property Valued at \$25,000 or more.** For Surplus Property that is a capital asset and has, individually, an estimated market value exceeding \$25,000 or more at the time of surplus, disposal of such property must be approved by the Board of Directors of Community Power. Upon approval, the CEO may dispose of such property from the methods listed below, taking into consideration the type of property, condition of the property, and circumstances under which disposal is deemed necessary, provided that the CEO shall, within a reasonable period of time, provide a report back to the Board regarding such disposal at a regular meeting.
2. **Property Valued Under \$25,000.** The CEO will determine how to dispose of individual Surplus Property with an estimated market value of less than \$25,000 at the time of surplus, from the methods listed below, taking into consideration the type of property, condition of the property, and circumstances under which disposal is deemed necessary. To the extent any Surplus Property is not capitalized by Community Power accounting, then such Surplus Property shall be presumed to fall within this category. The CEO shall, within a reasonable period of time, provide a report to the Board regarding such disposal at a regular meeting.

3. **Property of De Minimis Value.** For property of de minimis value, Community Power staff shall be able to recycle or discard such property from time to time if Community Power staff deems such property to be obsolete, damaged, or no longer useable by Community Power. For purposes of this Policy, “property of de minimis value” means any individual property with value of less than \$500 such as used office supplies or kitchen supplies.

METHODS TO DISPOSE OF SURPLUS PROPERTY:

1. **Auction.** Sale by auction or direct solicitation of bids.
2. **Direct Donation.** Donation of Surplus Property directly to any California public institution, including but not limited to, public libraries, school districts, or interested 501(c)(3) charities.
3. **Certain Electronic Equipment.** Surplus electronic equipment such as hard drives and other recordable media (rewritable and non-rewritable) will not be included in any auction, direct donation, or other routine means of disposing of equipment (e.g., E-waste recycling, etc.) without proper sanitization.
 - a. All hard drives and other rewriteable media shall be sanitized according to US Department of Defense (“DoD”) data sanitization standard (DoD 5220.22-M).
 - b. Community Power IT staff will physically destroy, or make arrangements for the physical destruction of, any rewritable and non-rewriteable media such as CDs, DVDs, and USB Drives.
4. **E-waste Recycling.** Computers, monitors, DVD players, fax machines, and other types of electronic products may be E-waste recycled.
5. **Other Recycling.** If the Surplus Property cannot be reused by a third party, it should be recycled, if possible. If the Surplus Property cannot be reused or recycled, then it shall be discarded (see *also* Property of De Minimis Value section above).

DOCUMENTATION AND PROCEEDS FROM THE SALE OF SURPLUS PROPERTY:

1. **Documentation.** For the disposal of all property that is not of de minimis value, Community Power staff will indicate on a Disposal of Surplus Property form that said item has been deemed Surplus Property and will include, at a minimum, the description of disposition method, date of the disposition, and any proceeds from said

disposition. This form and related supporting documents should be submitted to the Finance Department for the timely updating of property inventory and accounting records.

2. **Proceeds.** The proceeds from the sale of any Surplus Property will be deposited into the Community Power Operating Fund and accounted for in accordance with Generally Accepted Accounting Principles.

Prior Versions:

N/A



**SAN DIEGO COMMUNITY POWER
Staff Report – Item 5**

TO: Finance and Risk Management Committee

FROM: Chandra Pugh, Senior Director of People Operations and Administrative Services

VIA: Karin Burns, Chief Executive Officer

SUBJECT: Recommend Board Adoption Resolution No. 2025-10, Requesting CalPERS to Authorize the Division Vote of Community Power Employees to Participate in Social Security, and Upon Receiving Authorization, Authorize Community Power to Conduct the Division Vote

DATE: August 21, 2025

RECOMMENDATION:

Recommend Board adoption of Resolution No. 2025-10, requesting CalPERS to authorize the division vote of Community Power employees to participate in Social Security and for Community Power to conduct the division vote upon receiving said authorization.

BACKGROUND:

Community Power and employees have been contributing to Social Security since the agency's inception. In 2021, a 401(a) plan was established to which Community Power contributes an amount equal to 10% of the employee's salary for the employee's benefit. To continue Social Security participation, Community Power needs a Section 218 Agreement with the Social Security Administration (SSA) in order to cover former, present, and future employees. In California, the Section 218 Agreement is administered through CalPERS. Community Power is working closely with CalPERS to put a Section 218 Agreement in place.

ANALYSIS AND DISCUSSION:

To establish a Section 218 Agreement covering Community Power employees, a division vote will be conducted in which employees can opt in or opt out of Social Security at that time.

- "Opt in" means the employee stays in Social Security – status quo
- "Opt out" means the employee will no longer participate in Social Security

Former employees and future employees will be opted into Social Security as long as at least one employee opts in. To initiate the process, CalPERS requires Board adoption of Resolution No. 2025-10, which requests CalPERS to authorize the division vote and upon receiving authorization, authorizing Community Power to conduct the vote after providing proper notice to eligible employees. After Board adoption of the resolution, eligible employees will be provided at least 90 days' notice for the vote.

FISCAL IMPACT:

One-time fee: There is a one-time fee of \$650 to establish the Section 218 Agreement.

Annual Fee: An annual fee will also apply, which may vary each fiscal year based on the number of employees reported to CALPERS but is expected to be approximately \$200 per year.

ATTACHMENTS:

A: Resolution No. 2025-10 Requesting CalPERS to Authorize the Division Vote of Community Power Employees to Participate in Social Security and Upon Receiving Authorization, Authorize Community Power to Conduct the Division Vote

ITEM 5

ATTACHMENT A

RESOLUTION NO. 2025-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN DIEGO COMMUNITY POWER REQUESTING CALPERS TO AUTHORIZE THE DIVISION VOTE OF COMMUNITY POWER EMPLOYEES TO PARTICIPATE IN SOCIAL SECURITY AND UPON RECEIVING AUTHORIZATION, FOR COMMUNITY POWER TO CONDUCT THE DIVISION VOTE.

WHEREAS, the San Diego Community Power hereinafter designated as "Public Agency", desires to establish a "deemed" retirement system pursuant to Section 218(d)(6) of the Federal Social Security Act composed of positions of members of the San Diego Community Power Money Purchase Plan by Empower Retirement hereinafter designated as "Present Retirement System", desiring coverage, and to include services performed by individuals employed by the Public Agency in positions covered by said "deemed" retirement system, as members of a coverage group established by Section 218(d)(4) of said Act, in the California State Social Security Agreement of March 9, 1951, providing for the coverage of public employees under the insurance system established by said Act as amended; and

WHEREAS, State and Federal law and regulations require, as a condition of such coverage, that a division be authorized by the Board of Administration, Public Employees' Retirement System; and

WHEREAS, it is necessary that the "Public Agency" now designate any services which it desires to exclude from coverage with respect to such coverage group under said insurance system; and

WHEREAS, it is necessary for the Public Agency to set forth the modification, if any, of the benefits and contributions under the Present Retirement System that may result from coverage under the said insurance system with respect to such coverage group;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration, Public Employees' Retirement System, be and hereby is requested to authorize the foregoing division; and

BE IT FURTHER RESOLVED, that upon receipt of authorization from the Board of Administration a division shall be conducted in accordance with the requirements of Section 218(d) of the Social Security Act, and applicable State and Federal laws and regulations; that each eligible member of the Present Retirement System at the time of the division shall be furnished a form to permit the member to elect whether or not his services should be excluded from or included under the said California State Social Security Agreement as hereinbefore provided; with such coverage effective as to services performed on and after January 1, 2021; and

BE IT FURTHER RESOLVED, that the following services with respect to said coverage group of the Public Agency shall be excluded from coverage under said agreement:

1. All services excluded from coverage under the agreement by Section 218 of the Social Security Act; and
2. Services excluded by option of the Public Agency (**Check a. or b.; fill in part b if checked**):

☒

a. No optional exclusions desired.

☐

b. Service performed: __

BE IT FURTHER RESOLVED, that with respect to the said coverage group the benefits and contributions of the Present Retirement System shall not be modified in any way; and

BE IT FURTHER RESOLVED, that notice of the division shall be given to members of the Present System not less than ninety days prior to the date of the division; provided, however, that notice shall be given to employees becoming members of the Present Retirement System after the date of such notice up to and including the date of the division on the date on which they attain membership in the system; and that San Diego Community Power is hereby designated and appointed to conduct such division on behalf of the Public Agency in accordance with law, regulations, and this resolution, including the fixing of the date and the giving of proper notice thereof to members of the Present Retirement System and to all such eligible employees; and

BE IT FURTHER RESOLVED, that the Public Agency will pay and reimburse the State at such time and in such amounts as may be determined by the State the approximate cost of any and all work and services relating to such division.

PASSED, APPROVED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on August 28, 2025, with the following vote.

AYES:
NOES:
ABSTAINED:
ABSENT:

_____, Chair
Board of Directors
San Diego Community Power

ATTEST:

APPROVED AS TO FORM:

Maricela Hernandez, MMC, CPMC
Clerk of the Board/Secretary
San Diego Community Power

Veera Tyagi, General Counsel
San Diego Community Power

CERTIFICATION

I, Maricela Hernandez, Secretary of the San Diego Community Power Board of Directors, State of California, do hereby certify the foregoing to be a full, true, and correct copy of Resolution No. 2025-10 adopted by the San Diego Community Power Board of Directors of the San Diego Community Power at the regular meeting held on the 28th day of August, 2025, as the same appears of record in my office.

Signature

Secretary, San Diego Community Power
Board of Directors
Title

Date



SAN DIEGO COMMUNITY POWER
Staff Report – Item 6

TO: Finance and Risk Management Committee

FROM: Dr. Eric Washington, Chief Financial Officer
Jeb Spengler, Strategic Finance Manager

VIA: Karin Burns, Chief Executive Officer

SUBJECT: Update on Results from Clean Energy Prepayment Bond Transaction No. 2

DATE: August 21, 2025

RECOMMENDATION:

Receive and file the update for the Clean Energy Prepayment Bond finance initiative.

BACKGROUND:

Municipal electric, gas utilities, and tax-exempt entities such as community choice aggregators (CCAs) in the United States (US) can prepay for a supply of electricity or natural gas from a taxable (corporate) entity and fund that prepayment with tax-exempt municipal bonds. These entities must sell that commodity to retail end-users within their traditional service area.

Prepayment transactions are legal and codified in US Tax Law. Since the first natural gas prepayments were made in the early 1990s, the Internal Revenue Service (IRS) issued rules allowing tax-exempt prepayments, and Congress enacted legislation specifically allowing the transactions (National Energy Policy Act of 2005; Section 1327).

Prepayments have saved utility ratepayers (natural gas, electricity from gas-fired power plants, and energy from renewable power projects) billions of dollars in reduced rates and energy charges and are anticipated to continue to do so over the 30-year life of the transactions.

Previous Clean Energy Prepay Transaction

Community Power executed the first energy prepay transaction in November 2024, issuing bonds through the California Community Choice Financing Authority (“CCCFA”), a Joint Powers Authority in which Community Power is a member. The average annual

savings in energy costs from the first transaction equal approximately \$6.8 million between 2025 and 2032.

2025 Clean Energy Prepay Transaction

On June 26, 2025, the Board received an overview presentation by staff regarding energy prepayment transactions and approved and adopted a Resolution authorizing staff to proceed with the transaction subject to the following parameters (all of which were met):

- That the aggregate bond principal will not exceed \$1.5 billion;
- That the minimum "Prepaid Discount" shall be at least 8%. This establishes the minimum cost savings;
- That the fees of the transaction will not exceed 1% of the bond issuance amount;
- That the Bonds are not obligations of Community Power.

Community Power's second clean energy prepayment bond sale occurred July 15, 2025, and achieved the following results:

Bond Size:	\$1,005,685,000
Initial tenor of bonds:	July 1, 2034
Final bond maturity date:	October 1, 2055
Savings through July 1, 2034:	\$54.1 million (~\$6.2 million annually)

Together with the savings from the first prepay transaction, Community Power has generated average annual savings of approximately \$13 million. The savings from the first prepay transaction are locked in until 2032 while the savings on the second prepay transaction are locked in until 2034. After the initial tenor period, the bonds are repriced, and a new savings level is locked in at an additional minimum discount rate.

ANALYSIS AND DISCUSSION:

Clean Energy Prepay Structure Summary

An energy prepayment, or 'prepay,' is a long-term financial arrangement designed for municipal utilities and tax-exempt entities like Community Choice Aggregators (CCAs). This structure offers the potential for significant cost savings on power procurement.

- **Participants:** A tax-exempt Load Serving Entity (LSE), like Community Power, known as the "Prepay Buyer," and a taxable financial counterparty (usually a bank), referred to as the "Prepay Supplier." The bonds are issued through a third-party conduit issuer (CCCFA) where CCCFA acts as the Counterparty to both the LSE and the Prepay Supplier for the underlying transaction agreements.
- **Agreement:** The LSE and Prepay Supplier enter into a 30-year power supply contract.

- **Process:** The LSE assigns its existing power supply contracts to the Prepay Supplier. The Prepay Supplier then pays the contract price to the Power Purchase Agreement (PPA) provider.
- **Payments:** The LSE pays the Prepay Supplier at a discounted rate, which is predetermined in the prepay documents for the bond's initial term. This rate is influenced by the spread between taxable and tax-exempt bond interest rates.
- **Savings:** The availability of the taxable and tax-exempt interest rate spread is critical for the LSE to achieve savings through the prepay structure.
- **Repricing:** At future bond repricing periods, the discount rate will be reset, with a negotiated minimum discount rate.

TIMELINE

Staff is providing an update and presentation to the Community Advisory Committee on San Diego Community Power's second clean energy prepayment bond financing. Below is the timeline for which the transaction occurred.

- **May 22, 2025:** Board approves VAMO energy purchase with Clean Power Alliance
- **June 11, 2025:** Scheduled Kestrel Green Bond certification interview
- **June 12, 2025:** FRMC – Presentation and recommendation for Board approval on prepay Resolution to authorize a second prepay transaction with parameters and documents utilizing the same project participants as first transaction
- **June 26, 2025:** Board – Presentation on second prepay Resolution to authorize prepay transaction parameters and documents
- **July 15, 2025:** Bond Pricing
- **July 25, 2025:** Bond Closing
- **September 1, 2025:** Energy cost savings begin on prepay transaction #2

FISCAL IMPACT:

N/A

STRATEGIC PLAN:

This activity supports the strategic plan goal of delivering affordable, clean energy by reducing power costs for Community Power and its customers.

ATTACHMENTS:

A: Official Statement

ITEM 6

ATTACHMENT A

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to CCCFA, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$1,005,685,000**CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY**
**CLEAN ENERGY PROJECT REVENUE BONDS,
SERIES 2025D (GREEN BONDS) (TERM RATE)**
**DATED: Date of Delivery****DUE: As shown on the inside cover**

California Community Choice Financing Authority ("CCCFA") is issuing its Clean Energy Project Revenue Bonds, Series 2025D (Green Bonds) (Term Rate) (the "Series 2025D Bonds" or "Bonds"), under a Trust Indenture between CCCFA and U.S. Bank Trust Company, National Association, as Trustee. The Bonds will be issued in book-entry form through the facilities of The Depository Trust Company ("DTC"). Purchases of the Bonds will be made in book-entry form through DTC participants in denominations of \$5,000 or any multiple thereof. Payments of principal of, premium, if any, and interest on the Bonds will be made directly to DTC and will subsequently be disbursed to DTC participants and thereafter to Beneficial Owners of the Bonds, all as described herein. Capitalized terms used and not otherwise defined on this cover page have the meanings set forth herein.

From their initial issue date (the "Initial Issue Date") to and including June 30, 2034 (the "Initial Interest Rate Period"), the Bonds will bear interest in a Term Rate Period, as shown on the inside cover page and described herein. During the Initial Interest Rate Period, interest on the Bonds is payable semiannually on each January 1 and July 1 commencing January 1, 2026. The Bonds are subject to optional and extraordinary mandatory redemption during the Initial Interest Rate Period, and the Bonds maturing on October 1, 2055 are subject to mandatory tender for purchase on July 1, 2034 (the "Mandatory Purchase Date").

Proceeds of the Bonds will be used to prepay the costs of the acquisition of EPS Compliant Energy to be delivered over approximately 30 years under a Prepaid Energy Sales Agreement (the "Prepaid Energy Sales Agreement"), between Energy Prepay III, LLC, a Delaware limited liability company (the "Energy Supplier") and CCCFA. "EPS Compliant Energy" means three-phase, 60-cycle alternating current electric energy ("Energy") that the Project Participant (hereinafter defined) can contract for and purchase in compliance with California's Emissions Performance Standards ("EPS"), as set forth in Sections 8340 and 8341 of the California Public Utilities Code, as implemented and amended from time to time, and any successor Law, that are applicable to the Project Participant. Pursuant to the Prepaid Energy Sales Agreement, the Energy Supplier is obligated to deliver specified quantities of EPS Compliant Energy to CCCFA (the "Prepaid Energy"), make certain payments for any Prepaid Energy not delivered, remarket quantities of Base Energy (defined herein) in respect of Prepaid Energy not taken by the Project Participant and make a Termination Payment upon any early termination of the Prepaid Energy Sales Agreement in whole or in part. Any such Termination Payment (defined herein) will be applied to the mandatory redemption of the Bonds in whole.

The Energy Supplier will use proceeds from the prepayment it receives from CCCFA to purchase a Non-Participating Funding Agreement (the "Funding Agreement") with Forethought Life Insurance Company ("FLIC" or the "Funding Recipient"), an insurance company operating subsidiary of the Global Atlantic Financial Group LLC, and will enter into an Energy Management Agreement (the "Energy Management Agreement") with Morgan Stanley Capital Group Inc. ("MSCG"). Under the Energy Management Agreement, MSCG will sell electricity to the Energy Supplier in the quantities and at the delivery points necessary for the Energy Supplier to meet its obligations to CCCFA under the Prepaid Energy Sales Agreement and for CCCFA to meet its obligations to the Project Participant under the Power Supply Contract (as defined herein). The scheduled payments under the Funding Agreement provide amounts sufficient to enable the Energy Supplier to meet its payment obligations under the Energy Management Agreement and, if applicable, the Energy Supplier Commodity Swap. The payment obligations of MSCG under the Energy Management Agreement are unconditionally guaranteed by Morgan Stanley under a guarantee agreement (the "Morgan Stanley Guarantee").

CCCFA will sell all of the Prepaid Energy acquired under the Prepaid Energy Sales Agreement to San Diego Community Power ("SDCP" or the "Project Participant") under a Power Supply Contract (the "Power Supply Contract") between CCCFA and the Project Participant. Under the terms of the Prepaid Energy Sales Agreement and the Power Supply Contract, the Project Participant may assign its rights to the delivery of EPS Compliant Energy under existing and future power purchase agreements to the Energy Supplier or to MSCG for ultimate delivery of such EPS Compliant Energy from such agreements to the Project Participant. The Project Participant expects to enter into a limited assignment agreement relating to specific power purchase agreement(s) on or prior to the first day of the Delivery Period.

The Bonds have been designated "Green Bonds". See "DESIGNATION OF BONDS AS GREEN BONDS" and Second Party Opinion by Kestrel set forth herein.

THE PAYMENT OF THE BONDS IS NOT GUARANTEED BY THE ENERGY SUPPLIER, MSCG, MSCS, MORGAN STANLEY, THE FUNDING RECIPIENT, THE UNDERWRITER, THE COMMODITY SWAP COUNTERPARTY, THE INVESTMENT AGREEMENT PROVIDER, CCCFA OR ITS MEMBERS, OR THE PROJECT PARTICIPANT. THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF CCCFA, THE MEMBERS OF CCCFA, THE PROJECT PARTICIPANT, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE AND NEITHER THE FAITH AND CREDIT OF CCCFA NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO PAYMENTS PURSUANT TO THE INDENTURE OR THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF CCCFA, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE TRUST ESTATE, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE.

This Official Statement describes the Bonds only during the Initial Interest Rate Period and must not be relied upon if the Bonds are converted to any other interest rate period. The purchase and ownership of the Bonds involve investment risk and may not be suitable for all investors. This cover page is not intended to be a summary of the terms of or the security for the Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds, giving particular attention to the matters discussed under "INVESTMENT CONSIDERATIONS" herein.

The Bonds are offered, when, as and if issued by CCCFA and accepted by the Underwriter, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for CCCFA by its General Counsel, for the Project Participant by Chapman and Cutler LLP; for the Energy Supplier by Sheppard, Mullin, Richter & Hampton LLP; and for the Underwriter by Nixon Peabody LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about July 25, 2025.

Morgan Stanley

\$1,005,685,000
CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
CLEAN ENERGY PROJECT REVENUE BONDS, SERIES 2025D (TERM RATE)

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS¹

\$73,980,000 SERIAL BONDS

MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP
July 1, 2030	\$5,910,000	5.000%	3.960%	13013JGG5
January 1, 2031	7,835,000	5.000	4.130	13013JGH3
July 1, 2031	7,895,000	5.000	4.160	13013JGJ9
January 1, 2032	8,230,000	5.000	4.290	13013JGK6
July 1, 2032	8,480,000	5.000	4.340	13013JGL4
January 1, 2033	8,645,000	5.000	4.460	13013JGM2
July 1, 2033	8,730,000	5.000	4.470	13013JGN0
January 1, 2034	9,080,000	5.000	4.600	13013JGP5
July 1, 2034	9,175,000	5.000	4.670	13013JGQ3

\$931,705,000 5.000% Term Bond due October 1, 2055², Yield: 4.720%, CUSIP 13013JGR1

¹ CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above have been provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc., and are included solely for the convenience of bondholders only. CCCFA and the Underwriter make no representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to a refunding in whole or in part of the Bonds.

² The Bonds maturing on October 1, 2055 are required to be tendered for purchase on July 1, 2034.

The information contained in this Official Statement has been obtained from CCCFA, the Project Participant, the Energy Supplier, MSCG, MSCS, the Funding Recipient, Morgan Stanley, the Commodity Swap Counterparty, DTC and other sources believed to be reliable. This Official Statement is submitted in connection with the sale of the securities described herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement speaks only as of its date and the information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of any party since the date of this Official Statement.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by CCCFA or the Underwriter. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other government entity or agency has or will have passed upon the adequacy of this Official Statement or, except for CCCFA, approved the Bonds for sale.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. No commission or authority has confirmed the accuracy or determined the adequacy of this document.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICES OF THE BONDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

CCCFA and the Project Participant each maintain a website and certain social media accounts. However, the information presented on such website and on such accounts is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. CCCFA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

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San Diego Community Power

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U.S. Bank Trust Company, National Association

FINANCIAL ADVISOR

PFM Financial Advisors LLC

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OFFICIAL STATEMENT

\$1,005,685,000

**CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
CLEAN ENERGY PROJECT REVENUE BONDS (GREEN BONDS) (TERM RATE)
SERIES 2025D**

INTRODUCTION

This Official Statement, which includes the cover page and appendices attached hereto, contains information concerning (a) California Community Choice Financing Authority (“CCCFA” or the “Issuer”), (b) CCCFA’s Clean Energy Project Revenue Bonds, Series 2025D (Green Bonds) (Term Rate) (the “*Series 2025D Bonds*” or “*Bonds*”), being issued in the aggregate principal amount of \$1,005,685,000 and (c) the Clean Energy Project (defined below) being financed with proceeds of the Bonds. Capitalized terms used herein have the meanings shown in APPENDIX B.

California Community Choice Financing Authority

California Community Choice Financing Authority is a joint powers agency organized and existing under the laws of the State of California (the “*State*”) with the power to issue the Bonds and enter into the transaction documents described herein. As of the date of this Official Statement, the members of CCCFA are Ava Community Energy Authority, Central Coast Community Energy, Clean Power Alliance of Southern California, Marin Clean Energy and Silicon Valley Clean Energy Authority (each a “Founding Member”) and the Project Participant (San Diego Community Power), Pioneer Community Energy, Peninsula Clean Energy Authority, the City of San José through its community choice aggregator program known as San José Clean Energy, Sonoma Clean Power Authority and Valley Clean Energy Alliance (each an “Associate Member” and, together with the Founding Members and any additional members which may later be added as parties to the JPA Agreement, a “Member”). CCCFA is authorized to exercise the common powers of its Members and to undertake all actions permitted by the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended and supplemented (the “*Act*”), in connection with the clean energy project, including the purchase of the Prepaid Energy and the sale thereof to the Project Participant, and the entry into of the related agreements described herein (referred to herein as the “*Clean Energy Project*”). See “CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY” and “COMMUNITY CHOICE AGGREGATORS” herein.

The Bonds

From their Initial Issue Date to and including June 30, 2034 (the “*Initial Interest Rate Period*”) the Bonds will bear interest in a Term Rate Period, with interest payable semiannually on each January 1 and July 1, commencing January 1, 2026, all as shown on the inside cover page and as described herein. See “THE BONDS”.

The Bonds are subject to optional redemption and extraordinary mandatory redemption during the Initial Interest Rate Period, and the Bonds maturing on October 1, 2055 are required to be tendered for purchase on July 1, 2034 (the “*Mandatory Purchase Date*”), which is the day following the end of the Initial Interest Rate Period. The Purchase Price of Bonds on the Mandatory Purchase Date is equal to the principal amount thereof on such date and is payable in immediately available funds. Under the Indenture, a “Failed

Remarketing” means, (a) with respect to the Bonds on any Mandatory Purchase Date, a failure to either (i) pay the Purchase Price of the Bonds required to be purchased on such date or (ii) redeem such Bonds in whole on such date (including from any funds required from an Assignment Payment to the Assignment Payment Fund) or (b) with respect to the Bonds (i) if, on the last day of the current Reset Period prior to a Mandatory Purchase Date, CCCFA has not entered into a bond purchase agreement, firm remarketing agreement or similar agreement with respect to the remarketing or refunding of the Bonds, or (ii) if the conditions described in (b)(i) above are satisfied, but the Purchase Price of the Bonds required to be purchased on the Mandatory Purchase Date is not delivered to the Trustee by 12:00 noon, New York City time, on the fifth Business Day preceding the Mandatory Purchase Date. A Failed Remarketing will result in an Early Termination Payment Date under the Prepaid Energy Sales Agreement and the extraordinary redemption of the Bonds on the Mandatory Purchase Date. See “THE BONDS—Redemption” and “—Tender—Mandatory Tender”.

Security for the Bonds

The Bonds are issued pursuant to the authority contained in the Act and are issued and secured under a Trust Indenture, to be dated as of the first day of the month in which the Bonds are issued (the “Indenture”), between CCCFA and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds are special and limited obligations of CCCFA, are payable solely from and secured solely by the Trust Estate pledged by the Indenture and are expected to be paid from the revenues of the Clean Energy Project.

The payment of the principal of and premium, if any, and interest on the Bonds are secured by a pledge of all right, title and interest of CCCFA in and to the Trust Estate established by the Indenture, which Trust Estate includes (among other things) CCCFA’s rights under the Power Supply Contract (except for the right to receive the Project Administration Fee), the Revenues, any Termination Payment payable by the Energy Supplier under the Prepaid Energy Sales Agreement, CCCFA’s rights under the Receivables Purchase Provisions (as defined herein), CCCFA’s rights with respect to the Debt Service Fund Agreement and Debt Service Fund Agreement Guaranty, if any, and the Pledged Funds (which does not include the Administrative Fee Fund, the Energy Remarketing Reserve Fund and the Bond Purchase Fund, and excluding Rebate Payments held in any Fund or Account), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. The pledge of and lien on the Trust Estate in favor of the Bonds is subject to certain provisions of the Indenture. The Bonds are expected to be paid from the Revenues which (among other things) include the revenues received by CCCFA under the Power Supply Contract and the Prepaid Energy Sales Agreement, Commodity Swap Receipts received by the Trustee on behalf of CCCFA under the CCCFA Commodity Swap and interest received or to be received on any moneys or securities (other than moneys or securities held in the Project Fund, moneys or securities held in the Redemption Account in the Debt Service Fund or that portion of moneys in the Operating Fund required for Rebate Payments) held pursuant to the Indenture and paid or required to be paid into the Revenue Fund. The Revenues are to be applied in accordance with the priorities established under the Indenture, including the payment from the Revenues of the Operating Expenses (as defined herein) of the Clean Energy Project. The Indenture includes provisions for the application of various other amounts under the Clean Energy Project that do not constitute Revenues.

Among other funds and accounts, the Indenture establishes a Revenue Fund, an Operating Fund, a Debt Service Account within the Debt Service Fund and a Commodity Swap Payment Fund, and establishes the funding requirements therefor. Scheduled Debt Service Deposits are required to be made into the Debt

Service Account and will be initially invested pursuant to the Debt Service Account Investment Agreement described herein. See “SECURITY FOR THE BONDS—*Investment of Funds*”.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF CCCFA, THE MEMBERS OF CCCFA, THE PROJECT PARTICIPANT, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF CCCFA PAYABLE SOLELY FROM AND SECURED SOLELY BY THE TRUST ESTATE, IN THE MANNER AND TO THE EXTENT PROVIDED FOR IN THE INDENTURE. CCCFA HAS NO TAXING POWER. SEE “SECURITY FOR THE BONDS”.

The Clean Energy Project

CCCFA is issuing the Bonds to finance the Clean Energy Project, which includes the cost of acquisition of a 30-year supply of EPS Compliant Energy (the “*Prepaid Energy*”) under a Prepaid Energy Sales Agreement between CCCFA and Energy Prepay III, LLC, a Delaware limited liability company (the “*Energy Supplier*”) and the sale thereof to the Project Participant as hereinafter described. The Energy Supplier is a special purpose entity organized for the sole purpose of undertaking various aspects of the Clean Energy Project. MSCG is the sole member of the Energy Supplier.

The Clean Energy Project is structured to assist the Project Participant to procure a long-term supply of EPS Compliant Energy at attractive prices. In order to do so, the Clean Energy Project includes a feature whereby the Project Participant will assign to the Energy Supplier, or to MSCG, a portion of the Project Participant’s rights and obligations (the “*Assigned Rights and Obligations*”) to receive certain quantities (“*Assigned Quantities*”) of EPS Compliant Energy (“*Assigned Energy*”), which assignments may include renewable energy credits (“*RECs*”), capacity, or other related products (collectively, “*Assigned Products*”) under existing and future power purchase agreements (“*PPAs*”). With respect to any such assignment to MSCG, MSCG will redeliver such Assigned Energy and other Assigned Products to the Energy Supplier to meet the Energy Supplier’s obligations to deliver Prepaid Energy to CCCFA under the Prepaid Energy Sales Agreement. CCCFA will then deliver such Assigned Energy and other Assigned Products to the Project Participant under its Power Supply Contract. See “THE CLEAN ENERGY PROJECT”.

Under an Energy Management Agreement (the “*Energy Management Agreement*”) between MSCG and the Energy Supplier, MSCG has agreed to sell electricity to the Energy Supplier on a pay-as-you-go basis in the quantities and at the delivery points necessary, and has agreed to provide the necessary related services, to enable the Energy Supplier to meet its electricity delivery, payment, remarketing and Receivables Purchase obligations under the Prepaid Energy Sales Agreement.

The Prepaid Energy Sales Agreement, the Power Supply Contract, the Energy Management Agreement, the Funding Agreement, the Debt Service Account Investment Agreement, the CCCFA Commodity Swap, the Indenture, the Receivables Purchase Provisions, the Bonds and related agreements have been structured so that, assuming timely performance and payment by the Energy Supplier, the Funding Recipient, the Investment Agreement Provider and the Project Participant of their respective contractual obligations, the Revenues available to CCCFA from the Clean Energy Project are calculated to be sufficient at all times to provide for the timely payment of Operating Expenses and the scheduled Debt Service requirements on the Bonds and the CCCFA Commodity Swap.

For a summary of certain terms and provisions of the Prepaid Energy Sales Agreement, see “THE PREPAID ENERGY SALES AGREEMENT”.

The Project Participant

CCCFA has entered into a Power Supply Contract (the “*Power Supply Contract*”) for the sale of the Prepaid Energy with San Diego Community Power (“*SDCP*”), a joint powers authority and a community choice aggregator duly organized and existing under the laws of the State of California (the “*Project Participant*”). See “COMMUNITY CHOICE AGGREGATORS” for certain information with respect to California community choice aggregators. During the Delivery Period, the Project Participant will use the Prepaid Energy it purchases from CCCFA for sale to retail customers located in its established service area. For a summary of certain terms and provisions of the Power Supply Contract, see “THE POWER SUPPLY CONTRACT”. See APPENDIX A for certain information with respect to the Project Participant.

The Prepaid Energy Sales Agreement

General. During the Delivery Period, the Prepaid Energy Sales Agreement provides for monthly deliveries by the Energy Supplier to CCCFA of the Annual Quantity of Prepaid Energy. To the extent (a) the Annual Quantity has not been delivered for the then-current Contract Year as of the end of a Month, and (b) the Assigned Quantities delivered under the initially Assigned PPA or any future Assigned PPA for any month is less than the Monthly Projected Quantity for such month, the Energy Supplier will be obligated to make a payment to CCCFA equal to the quantity of Assigned Energy not delivered multiplied by the result of the Day-Ahead Average Price minus any applicable Provisional Payment Fee (any such payment, a “*Provisional Payment*”). After the Annual Quantity has been delivered for any Contract Year, the Energy Supplier shall pay CCCFA the Day-Ahead Average Price with respect to any remaining Monthly Projected Quantities for any such Contract Year. Other than the Energy Supplier’s Provisional Payment obligation, neither CCCFA nor the Energy Supplier will have any liability or other obligation to one another for any failure to schedule, receive or deliver Assigned Energy, as further discussed under “The Prepaid Energy Sales Agreement — *Assignment of Power Purchase Agreements*” herein. To the extent that EPS Compliant Energy is not available for delivery pursuant to the Prepaid Energy Sales Agreement, the Energy Supplier’s obligation to deliver the Assigned Products will be replaced with an obligation to deliver firm (LD) energy (“*Base Energy*”), and the Energy Supplier is obligated to remarket Base Energy under the Prepaid Energy Sales Agreement and remit the proceeds thereof to CCCFA. The Energy Supplier is also obligated to make payments to CCCFA for Base Energy not delivered or remarketed under the Prepaid Energy Sales Agreement, including for Force Majeure events.

Replacement of Initially Assigned PPA. In the event of any expiration or termination of the Initial Assigned Rights and Obligations, the Project Participant is required to use Commercially Reasonable Efforts to assign replacement Assigned Rights and Obligations to MSCG or the Energy Supplier for delivery of Assigned Energy equal to the Prepaid Quantities (“*Replacement Assigned Rights and Obligations*”). **Assigned Rights and Obligations are expected to be in place for the entirety of the Initial Reset Period, and Base Energy is not expected to be delivered during the Initial Reset Period.**

Provisional Payments and Energy Remarketing. In the event Assigned Quantities equivalent to the Monthly Projected Quantities for any month are not delivered under an Assigned PPA, and the Annual Quantity has not been delivered as of the end of that month, the Energy Supplier will be obligated to pay the Provisional Payment to CCCFA. To the extent that the Energy Supplier makes one or more Provisional Payments to CCCFA in any Contract Year and the Annual Quantity is not delivered in full within such

Contract Year, the Energy Supplier will be deemed to have remarketed such Assigned Quantities not delivered (other than the amount that was not delivered due to Force Majeure) and to have purchased such Assigned Quantities for its own account (at a price equal to the weighted average price of such Provisional Payments), and such purchase will constitute a private-business use sale. In such case, the Project Participant shall be obligated to use Commercially Reasonable Efforts to remediate the proceeds of such sales with other qualifying purchases of Energy. To the extent the Project Participant has not remediated the proceeds of any such sale within twelve months of the first day of the Month prior to the Month in which CCCFA or the Project Participant receives the proceeds of such sale, the Energy Supplier is required to use Commercially Reasonable Efforts to remediate such proceeds through Qualifying Sales to Municipal Utilities.

In the event of any expiration or termination of an Assigned PPA, the Project Participant is required to use Commercially Reasonable Efforts to enter into a new limited assignment agreement relating to one or more additional PPAs, providing for the assignment of its rights to delivery of quantities of EPS Compliant Energy equivalent to the Prepaid Quantities for the term of such assignment. To the extent the Project Participant exercises Commercially Reasonable Efforts to enter into such a limited assignment but is unable to do so, then, subject to certain conditions, the Energy Supplier shall be obligated to remarket Base Energy and purchase such Base Energy for its own account at the applicable index price, and the Project Participant shall be obligated to use Commercially Reasonable Efforts to remediate the proceeds of such sales with other qualifying purchases of energy. See “THE PREPAID ENERGY SALES AGREEMENT – *Energy Remarketing*” and “THE POWER SUPPLY CONTRACT – *Remarketing of Energy*”.

Base Energy is not expected to be delivered during the Initial Reset Period.

Termination of Energy Deliveries. The occurrence of an Energy Delivery Termination Event will automatically result in the termination of electricity deliveries under the Prepaid Energy Sales Agreement as of the date of such event (the “*Energy Delivery Termination Date*”). The events that constitute an Energy Delivery Termination Event are described under the caption “THE PREPAID ENERGY SALES AGREEMENT – *Energy Delivery Termination Events*” and include (among other things): (a) the occurrence of a Ledger Event; and (b) the designation of an early termination date under the Energy Management Agreement upon the occurrence of an MSCG Default or an Energy Supplier Default (an “*EMA Early Termination Date*”) and the Energy Supplier is unable to enter into a replacement Energy Management Agreement by the date that is 120 days following such EMA Early Termination Date.

If an Energy Delivery Termination Date occurs, the obligations of the Energy Supplier and CCCFA to deliver and receive electricity will terminate, and the Energy Supplier will be required to pay scheduled monthly amounts to CCCFA until the earlier of (a) the Month in which an Early Termination Payment Date occurs or (b) the last scheduled due date for such monthly amounts. Such scheduled monthly amounts are payable to the Trustee for deposit into the Revenue Fund and have been calculated to be sufficient, along with other funds anticipated to be on hand, to enable the Trustee to make the transfers required by the Indenture in respect of Scheduled Debt Service Deposits. *The use of these scheduled payments (in lieu of payments made by the Project Participant under the Power Supply Contract) to make Scheduled Debt Service Deposits and debt service payments on the Bonds could, under certain circumstances, adversely affect the continued tax-exempt status of interest on the Bonds.*

Early Termination of the Prepaid Energy Sales Agreement. The occurrence of an Acceleration Event will result in both an Energy Delivery Termination Date and an Early Termination Payment Date

under the Prepaid Energy Sales Agreement. The events that constitute an Acceleration Event are described under the caption “THE PREPAID ENERGY SALES AGREEMENT—*Acceleration Events*” and include (among other things) (a) the acceleration of the Funding Recipient’s payment obligations under the Funding Agreement due to an Event of Default thereunder, (b) MSCG’s purchase of the Funding Agreement from the Energy Supplier following the occurrence of a Ledger Event or (c) the occurrence of a Failed Remarketing.

If an Acceleration Event occurs, except in the case of a Failed Remarketing, the Energy Supplier is required to pay a scheduled termination payment (the “*Termination Payment*”) to CCCFA on the last Business Day of the Month following the Month in which the Acceleration Event occurs (the “*Early Termination Payment Date*”). In the case of an Acceleration Event resulting from a Failed Remarketing, the Early Termination Payment Date will be the last business day of the current Interest Rate Period.

If an Early Termination Payment Date occurs, the Bonds will be subject to extraordinary mandatory redemption in whole on the first day of the next Month. The amount of the Termination Payment declines over time. The Termination Payment payable by the Energy Supplier, together with the amounts required to be on deposit in certain Funds and Accounts held by the Trustee, has been calculated to provide a sum at least sufficient to pay the Redemption Price of the Bonds, assuming that the Energy Supplier and the Funding Recipient pay their respective contract obligations when due. A performance shortfall from any one of these entities could result in a payment shortfall to Bondholders.

See “THE PREPAID ENERGY SALES AGREEMENT” and “THE BONDS — *Redemption — Extraordinary Mandatory Redemption*”. A schedule of the amount of the Termination Payment for each month during the initial Reset Period under the Prepaid Energy Sales Agreement is attached as APPENDIX I.

The Funding Agreement

The Energy Supplier will use proceeds from the prepayment it receives from CCCFA to purchase the Funding Agreement (the “*Funding Agreement*”) from Forethought Life Insurance Company (“*FLIC*” or the “*Funding Recipient*”), an insurance company operating subsidiary of the Global Atlantic Financial Group LLC. Such amount will earn a fixed rate of interest. The Funding Agreement will mature by its terms on the Business Day preceding the Mandatory Purchase Date of the Bonds unless terminated earlier.

The Funding Agreement provides for monthly withdrawals of scheduled amounts (the “*Scheduled Withdrawal Amounts*”), including a final withdrawal of the unamortized balance of the amount invested on the Mandatory Purchase Date (the “*Final Payment Amount*”) payable to the Energy Supplier. The monthly Scheduled Withdrawal Amounts provide amounts sufficient to enable the Energy Supplier to meet its payment obligations (other than those in respect of the Receivables Purchase Provisions) under the Prepaid Agreement, the Energy Management Agreement and the Energy Supplier Commodity Swap. For a summary of certain provisions of the Funding Agreement, see “THE FUNDING AGREEMENT.” For certain information regarding the Funding Recipient, see Appendix J.

No interests in or rights under the Funding Agreement are offered as a part of the offering of the Bonds. Neither the Trustee nor the Bondholders have any rights to enforce the Funding Agreement. See “Investment Considerations—Limitations on Exercise of Remedies.”

Energy Management Agreement

Under the Energy Management Agreement, MSCG has agreed to sell electricity to the Energy Supplier on a pay-as-you-go basis in the quantities and at the delivery points necessary to enable the Energy Supplier to meet its electricity delivery obligations under the Prepaid Energy Sales Agreement. MSCG has also agreed to remarket electricity and make payments to the Energy Supplier that enable it to meet its obligations under the Prepaid Energy Sales Agreement, including payments for Base Energy not delivered or taken under the Energy Management Agreement for any reason, including force majeure events. MSCG is appointed as the Energy Supplier's agent for taking all actions that the Energy Supplier is required or permitted to take under the Prepaid Energy Sales Agreement, the Energy Supplier Commodity Swap, the Re-Pricing Agreement and (with respect to ordinary course transactions) the Energy Management Agreement. MSCG's electricity delivery, payment, remarketing and Receivables Purchase obligations under the Energy Management Agreement mirror the corresponding obligations of the Energy Supplier under the Prepaid Energy Sales Agreement. The Energy Supplier may net any outstanding amounts due and owing to it by MSCG against its monthly payments to MSCG, but MSCG is not entitled to net any amounts due and owing to it against its monthly payments to the Energy Supplier. See "THE ENERGY MANAGEMENT AGREEMENT."

The Receivables Purchase Provisions

The Prepaid Energy Sales Agreement contains provisions (the "Receivables Purchase Provisions") designed to mitigate the risk of non-payment by the Project Participant under the Power Supply Contract. Upon a payment default by the Project Participant, the Receivables Purchase Provisions require CCCFA to put, and require the Energy Supplier, as Receivables Purchaser, to purchase, the amount equal to the non-payment by the Project Participant ("Put Receivables" or "Receivables"). Amounts received by the Trustee from the sale of Put Receivables will be deposited into the Revenue Fund and applied in accordance with the priorities established under the Indenture.

Under the Energy Management Agreement, MSCG has agreed to accept as payment from the Energy Supplier all Put Receivables purchased by the Energy Supplier under the Receivables Purchase Provisions.

See "THE PREPAID ENERGY SALES AGREEMENT—*Receivables Purchase Provisions*".

The Power Supply Contract

The Power Supply Contract provides for the sale to the Project Participant of the Prepaid Energy to be delivered to CCCFA over the term of the Prepaid Energy Sales Agreement. Such Prepaid Energy will be comprised of the Assigned Quantities under Assigned PPAs and, to the extent such Assigned Quantities are less than the Prepaid Quantities for any measurement period specified in the Power Supply Contract and the Energy Supplier is otherwise unable to deliver make-up quantities of EPS Compliant Energy, Base Energy. Under the Power Supply Contract, CCCFA has agreed to deliver, and the Project Participant has agreed to purchase, such Assigned Quantities and to cause the remarketing of any Base Energy during the Delivery Period. Base Energy is required to be remarketed under the Prepaid Energy Sales Agreement, subject to the requirements set forth therein. In the event that the Energy Supplier is unable to remarket any such Base Energy, the Energy Supplier has agreed to purchase such Base Energy for its own account.

The payments required to be made under the Power Supply Contract, together with any net amounts received by CCCFA under the CCCFA Commodity Swap described below, constitute the

primary and expected source of the Revenues pledged to the payment of the Bonds. The obligations of the Project Participant under the Power Supply Contract are payable solely from revenues of the Project Participant derived from its community choice aggregator power supply operations. Under the Power Supply Contract, the Project Participant makes payments directly to the Trustee for deposit into the Revenue Fund. See “THE POWER SUPPLY CONTRACT”.

THE OBLIGATION OF THE PROJECT PARTICIPANT TO MAKE PAYMENTS TO CCCFA UNDER THE POWER SUPPLY CONTRACT IS NOT, NOR SHALL IT BE CONSTRUED AS, A GUARANTY OR ENDORSEMENT OF OR A SURETY FOR, THE BONDS. SUCH OBLIGATION OF THE PROJECT PARTICIPANT IS NOT A GENERAL OBLIGATION OF THE PROJECT PARTICIPANT AND IS PAYABLE SOLELY FROM THE REVENUES DERIVED FROM SALES OF ENERGY TO THEIR CUSTOMERS. THE INDENTURE DOES NOT MORTGAGE THE CLEAN ENERGY PROJECT OR ANY TANGIBLE PROPERTIES OR ASSETS OF CCCFA OR THE PROJECT PARTICIPANT.

Re-Pricing Agreement

On the initial issue date of the Bonds, CCCFA and the Energy Supplier will enter into a Re-Pricing Agreement (the “*Re-Pricing Agreement*”), which provides for (a) the determination of Energy Delivery Periods subsequent to the Initial Reset Period to correspond to the related Interest Rate Periods on the Bonds (“*Reset Periods*”) and (b) the determination of the amount of the discount (in US Dollars per MWh) to the Index Price that will be available for such Reset Period (the “*Available Discount*”) for sales of Energy to the Project Participant under the Power Supply Contract during each Reset Period.

The Initial Reset Period under the Prepaid Energy Sales Agreement ends one month before the end of the Initial Interest Rate Period, and each subsequent Reset Period will end one month before the end of the corresponding Interest Rate Period. The Initial Reset Period begins on the first day of September 2025 and ends on the last day of May 2034 (the “*Initial Reset Period*”). See “The RE-PRICING AGREEMENT”.

Commodity Swaps

CCCFA Commodity Swap. CCCFA will enter into the CCCFA Commodity Swap under which CCCFA will pay a floating Energy price at a specified pricing point and will receive a fixed Energy price for the monthly notional quantities specified in the CCCFA Commodity Swap.

Energy Supplier Commodity Swap. The Energy Supplier will enter into the Energy Supplier Commodity Swap with the same Commodity Swap Counterparty under which the Energy Supplier pays a fixed price and the Commodity Swap Counterparty pays a floating price. The notional energy quantities under the Energy Supplier Commodity Swap match those under the CCCFA Commodity Swap and, accordingly, those under the Prepaid Energy Sales Agreement.

Term. The Commodity Swaps extend for the term of the Delivery Period under the Prepaid Energy Sales Agreement, but are subject to early termination upon the occurrence of certain events. Termination of either of the Commodity Swaps without replacement by CCCFA and the Energy Supplier will give rise to early termination rights under, and in some cases result in automatic termination of, the Prepaid Energy Sales Agreement, which would result in the extraordinary mandatory redemption of the Bonds pursuant to the Indenture.

Commodity Swap Counterparty. The commodity swap counterparty is Royal Bank of Canada (the “*Commodity Swap Counterparty*”). For a description of certain provisions of the Commodity Swaps, see “THE COMMODITY SWAPS.” For information regarding the Commodity Swap Counterparty, see “THE COMMODITY SWAP COUNTERPARTY.”

Custodial Agreements. CCCFA will enter into a Custodial Agreement (the “*CCCFA Custodial Agreement*”), with the Commodity Swap Counterparty, the Trustee and U.S. Bank Trust Company, National Association, as Trustee and as custodian (in such capacity, the “*Custodian*”) to administer payments under the CCCFA Commodity Swap. The Energy Supplier will enter into a separate Custodial Agreement with the Commodity Swap Counterparty, the Trustee and the Custodian, to administer payments under Energy Supplier Commodity Swap (the “*Energy Supplier Custodial Agreement*,” and together with the CCCFA Custodial Agreement, the “*Custodial Agreements*”). The Custodial Agreements contain provisions designed to mitigate risks to CCCFA and Bondholders resulting from a failure of a Commodity Swap Counterparty to make payments to CCCFA under the CCCFA Commodity Swap, and mitigate risks to the Energy Supplier resulting from a failure of a Commodity Swap Counterparty to make payments to the Energy Supplier under the Energy Supplier Commodity Swap. See “The Commodity Swaps—Custodial Agreements.”

The Energy Supplier, MSCG and MSCS

The Energy Supplier. The Energy Supplier is a Delaware limited liability company organized for the sole purpose of entering into the transactions on its part with respect to the Clean Energy Project. MSCG is the sole member of the Energy Supplier, and will provide initial funding to the Energy Supplier by the purchase of a subordinated note of the Energy Supplier described herein (the “*Subordinated Note*”) and a capital contribution of \$1,000,000. Morgan Stanley Capital Services LLC, a Delaware limited liability company (“*MSCS*”) will provide the Credit Default Swap described herein to the Energy Supplier in an amount that, together with the purchase price paid by MSCG to the Energy Supplier for the Subordinated Note and the capital contribution, equals at least three percent of the outstanding (unamortized) amount of the prepayment under the Prepaid Energy Sales Agreement (approximately \$29.2 million as of the Initial Issue Date).

The Energy Supplier, MSCG, CCCFA and The Bank of New York Mellon, as custodian (the “*Master Custodian*”), will enter into a Master Custodial Agreement (the “*Master Custodial Agreement*”) to administer the amounts payable to the Energy Supplier under the Funding Agreement, the Energy Management Agreement, the Prepaid Energy Sales Agreement, the Energy Supplier Commodity Swap and certain other agreements. These amounts are required to be deposited into a separate account held by the Master Custodian and applied to the payment of the amounts due from the Energy Supplier under the Prepaid Energy Sales Agreement, the Energy Management Agreement and, if applicable, the Energy Supplier Commodity Swap.

MSCG. MSCG, pursuant to the Energy Management Agreement, will act as the upstream electricity supplier to the Energy Supplier in connection with the Clean Energy Project. MSCG is the sole member and the manager of the Energy Supplier. MSCG is an indirect, wholly-owned subsidiary of Morgan Stanley. MSCG is engaged, among other things, in client facilitation and market-making activities in commodities and commodity derivative contracts. MSCG is registered as a swap dealer with the CFTC. The short term and long term issuer ratings of MSCG are “A-1” and “A+” from S&P Global Ratings and “P-1” and “Aa3” from Moody’s.

MSCS. MSCS engages primarily in OTC derivative transactions as a market maker and provides trading related services to a broad range of customers and clients, including affiliates. MSCS is conditionally registered with the SEC as a security-based swap dealer and is registered as an OTC derivative dealer. MSCS is also registered with the CFTC as a swap dealer and is a member with ICE Clear Europe Ltd, ICE Clear Credit, LLC and LCH Clearnet Group Ltd. MSCS is an indirect subsidiary of Morgan Stanley. The short term and long term issuer ratings of MSCS are “A-1” and “A+” from S&P Global Ratings and “P-1” and “Aa3” from Moody’s.

See “THE ENERGY SUPPLIER, MSCG, MSCS AND MORGAN STANLEY” and “THE PREPAID ENERGY SALES AGREEMENT—*Security*”.

Certain Relationships

The Energy Supplier, which is also the Receivables Purchaser, under the Prepaid Agreement the lender under the Funding Agreement, the electricity purchaser under the Energy Management Agreement and a party to the Energy Supplier Commodity Swap, is wholly owned by MSCG. MSCG is the sole member of the Energy Supplier and the electricity seller and Receivables Purchaser under the Energy Management Agreement, and is a wholly owned subsidiary of Morgan Stanley. Morgan Stanley & Co. LLC (“*MS&Co.*”), the Underwriter, is a wholly owned subsidiary of Morgan Stanley. Morgan Stanley Capital Services, LLC (“*MSCS*”), which is the counterparty to the Credit Default Swap (defined below), is a wholly-owned subsidiary of Morgan Stanley. The payment obligations of MSCG under the Energy Management Agreement are unconditionally guaranteed by the Morgan Stanley Guarantee.

The relationships described above could create one or more conflicts of interest or the appearance of such conflicts.

This Official Statement includes information regarding and descriptions of CCCFA, the Clean Energy Project, the Energy Supplier, MSCG, MSCS, Morgan Stanley, the Commodity Swap Counterparty, the Funding Recipient, the Project Participant and the Bonds, and summaries of certain provisions of the Indenture, the Power Supply Contract, the Prepaid Energy Sales Agreement, the Commodity Swaps, the Funding Agreement, the Energy Management Agreement, the Receivables Purchase Provisions, the Re-Pricing Agreement, the Debt Service Account Investment Agreement and the Custodial Agreements referred to herein. Such descriptions and summaries do not purport to be complete or definitive, and such summaries are qualified by reference to such documents. Certain of these documents are available to prospective investors during the initial offering period of the Bonds and thereafter to Bondholders, in each case upon request to CCCFA. Descriptions of the Indenture, the Bonds, the Prepaid Energy Sales Agreement, the Power Supply Contract, the Commodity Swaps, the Funding Agreement, the Energy Management Agreement, the Debt Service Account Investment Agreement, the Custodial Agreements, the Receivables Purchase Provisions and the Re-Pricing Agreement, and are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of police and regulatory powers by federal and state authorities.

This Official Statement describes the terms of the Bonds only during the Initial Interest Rate Period and must not be relied upon after the Bonds are converted to another Interest Rate Period.

THE CLEAN ENERGY PROJECT

CCCFA is issuing the Bonds to finance the Clean Energy Project, which includes the cost of acquisition of approximately 30-year supply of EPS Compliant Energy (the “*Prepaid Energy*”) under a Prepaid Energy Sales Agreement between CCCFA and Energy Prepay III, LLC, a Delaware limited liability company (the “*Energy Supplier*”) and the sale thereof to the Project Participant as hereinafter described. The term “*EPS Compliant Energy*” means three-phase, 60-cycle alternating current electric energy (“*Energy*”) that the Project Participant can contract for and purchase in compliance with California’s Emissions Performance Standards (“*EPS*”), as set forth in Sections 8340 and 8341 of the California Public Utilities Code, as implemented and amended from time to time, and any successor Law, that are applicable to the Project Participant.

Pursuant to the Prepaid Energy Sales Agreement, the Energy Supplier is obligated to deliver specified quantities of Prepaid Energy to CCCFA each Contract Year (the “*Prepaid Quantities*”), make certain payments for any Prepaid Quantities not delivered, remarket Prepaid Quantities not taken by the Project Participant and make a Termination Payment upon any early termination of the Prepaid Energy Sales Agreement in whole. Any such Termination Payment will be applied to the mandatory redemption of the Bonds in whole. For a summary of certain terms and provisions of the Prepaid Energy Sales Agreement, see “THE PREPAID ENERGY SALES AGREEMENT”.

CCCFA has entered into a Power Supply Contract (the “*Power Supply Contract*”) for the sale of the Prepaid Energy with the Project Participant. During the Delivery Period, the Project Participant will use the Prepaid Energy it purchases from CCCFA for sale to retail customers located in its established service area. For a summary of certain terms and provisions of the Power Supply Contract, see “THE POWER SUPPLY CONTRACT”. See APPENDIX A for certain information with respect to the Project Participant.

Assignment of Power Purchase Agreements by the Project Participant

California’s EPS regulations, codified as Senate Bill 1368 (2006) (“*SB 1368*”) prevents all California utilities, both privately and publicly owned, from signing long-term contracts from a specified source with a greenhouse gas emissions greater per unit of power than the emissions of greenhouse gases for combined-cycle natural gas baseload generation or from an unspecified source. For baseload generation procured under contracts, a long-term commitment is a contract of five years or longer, and the Project Participant has adopted long-term plans for the procurement of EPS Compliant Energy.

Right to Assign Existing and Future Power Purchase Agreements. The Clean Energy Project is structured to assist the Project Participant to procure a long-term supply of EPS Compliant Energy at attractive prices. In order to do so, the Clean Energy Project includes a feature whereby the Project Participant will assign to the Energy Supplier, or to MSCG, a portion of the Project Participant’s rights and obligations (the “*Assigned Rights and Obligations*”) to receive certain quantities (“*Assigned Quantities*”) of EPS Compliant Energy (“*Assigned Energy*”), together with associated renewable energy credits (“*RECs*”), capacity, or other related products (collectively, “*Assigned Products*”) under existing and future power purchase agreements (“*PPAs*”). With respect to any such assignment to MSCG, MSCG will redeliver such Assigned Energy and other Assigned Products to the Energy Supplier to meet the Energy Supplier’s obligations to deliver Prepaid Energy to CCCFA under the Prepaid Energy Sales Agreement. CCCFA will then deliver such Assigned Energy and other Assigned Products to the Project Participant under its Power Supply Contract. In connection with the execution of the Prepaid Energy Sales Agreement

and the Power Supply Contract, the Project Participant expects to enter into a limited assignment agreement (each, an “*Assignment Agreement*”) relating to a specific PPA (the “*Initial Assignment Agreement*”) among the Project Participant, MSCG and Clean Power Alliance of Southern California, as seller under the Initial Assignment Agreement, to assign the Assigned Rights and Obligations (the “*Initial Assigned Rights and Obligations*”) to MSCG beginning on the first day of the Delivery Period.

In the event of any expiration, termination or anticipated termination of Assigned Rights and Obligations under the Assigned PPAs, the Project Participant is obligated to exercise Commercially Reasonable Efforts to assign Replacement Assigned Rights and Obligations to MSCG for delivery of EPS Compliant Energy to the Energy Supplier. The Project Participant has or expects to have additional power purchase agreements pursuant to which it purchases or expects to purchase EPS Compliant Energy and wherein its rights and obligations thereunder could be assigned to MSCG.

In the event of a termination of the Prepaid Energy Sales Agreement, the rights, title and interest under the Assigned PPAs will revert back to the Project Participant, who may continue to receive the EPS Compliant Energy delivered under such agreements at the price payable under the applicable Assigned PPA. In the event of a termination of an Assignment Agreement and the reversion of the related Assigned Rights and Obligations under an Assigned PPA to the Project Participant, no termination payment will be required to be made by CCCFA, the Energy Supplier or MSCG, provided that MSCG shall remain responsible for payment of any Assigned Product delivered prior to such termination.

Structure of the Clean Energy Project

The Prepaid Energy Sales Agreement, the Power Supply Contract, the Debt Service Account Investment Agreement, the CCCFA Commodity Swap, the Custodial Agreements, the Indenture, the Receivables Purchase Provisions, the Bonds and related agreements have been structured so that, assuming timely performance and payment by the Energy Supplier, the Funding Recipient, MSGC, the Investment Agreement Provider and the Project Participant of their respective contractual obligations, the Revenues available to CCCFA from the Clean Energy Project are calculated to be sufficient at all times to provide for the timely payment of Operating Expenses and the scheduled Debt Service requirements on the Bonds and the CCCFA Commodity Swap. These arrangements include:

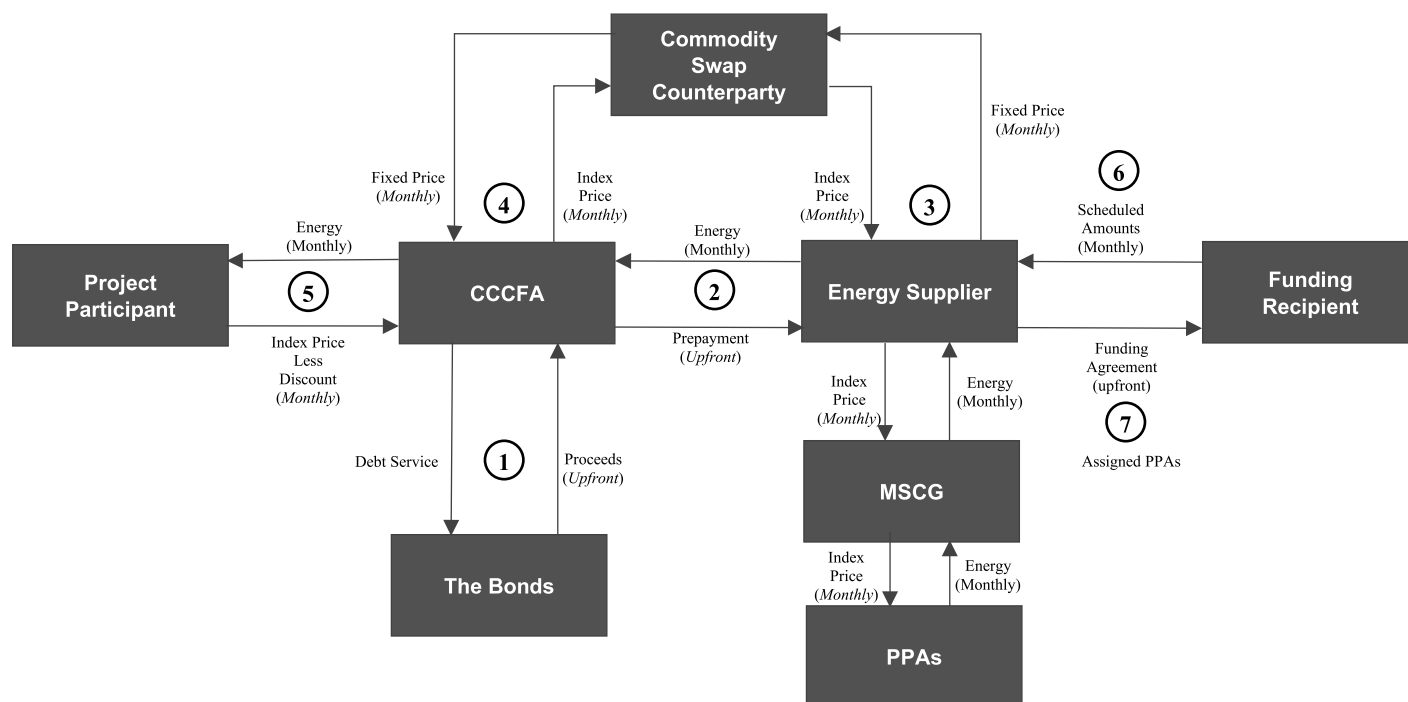
- The Energy Supplier is required to deliver Prepaid Energy under the Prepaid Energy Sales Agreement to CCCFA such that CCCFA can meet its obligations to the Project Participant under the Power Supply Contract. In the event Assigned Quantities equivalent to the Monthly Projected Quantities for any month are not delivered under the Assigned PPAs, the Energy Supplier will be required to make a payment to CCCFA equal to the quantity of Assigned Energy not delivered multiplied by the applicable index price. In the event the Energy Supplier fails to deliver Base Energy that is not otherwise required to be remarketed for any reason, including *force majeure* events, it is required to pay certain specified amounts to CCCFA.
- The Funding Recipient is required to make scheduled monthly payments under the Funding Agreement which will provide the Energy Supplier with amounts sufficient to make the payments it is required to make to MSCG under the Energy Management Agreement and to the Commodity Swap Counterparty under the Energy Supplier Commodity Swaps.

- The Project Participant has agreed to pay the Contract Price each month for the Assigned Quantities actually delivered in such month pursuant to the Power Supply Contract. In the event the Project Participant fails to pay when due any amounts owed under its Power Supply Contract, CCCFA has covenanted in the Indenture to exercise its right under the Power Supply Contract to suspend further deliveries of Prepaid Energy to the Project Participant and to give notice to the Energy Supplier to remarket such Prepaid Energy.
- In the event the Project Participant fails to pay when due any amounts owed under the Power Supply Contract, the Trustee is obligated to sell and the Energy Supplier is obligated to purchase Put Receivables in the amount of the Project Participant's non-payment. Under the Energy Management Agreement, MSCG has agreed to purchase all Put Receivables purchased by the Energy Supplier.
- In the event of a suspension of Prepaid Energy deliveries to the Project Participant, the Energy Supplier will remarket Base Energy pursuant to the Prepaid Energy Sales Agreement. The Prepaid Energy Sales Agreement requires specified payments for all Base Energy remarketed or purchased, less certain applicable fees.
- If the Commodity Swap Counterparty does not make a required payment under the CCCFA Commodity Swap and such payment remains unpaid after the expiration of any grace period, the Custodian under the terms of the Energy Supplier Custodial Agreement will pay the amount that the Energy Supplier paid under the Energy Supplier Commodity Swap (or in the event of termination of the Energy Supplier Commodity Swap, the amount that the Energy Supplier paid into the custodial account as if such Energy Supplier Commodity Swap were still in effect), which amount is held in custody, to the Trustee for deposit in the Revenue Fund pursuant to the Indenture, and such payment will be treated as a Commodity Swap Receipt.
- If an Energy Delivery Termination Date occurs under the Prepaid Energy Sales Agreement, the Energy Supplier is required to pay scheduled monthly amounts to CCCFA in lieu of Energy deliveries, which amounts are sufficient to enable CCCFA to make the Scheduled Debt Service Deposits required by the Indenture.
- If the Prepaid Energy Sales Agreement is terminated early, such termination will happen in conjunction with either the acceleration or final maturity of the Funding Agreement, at which time the Funding Recipient will be required to pay the Energy Supplier the final amount payable under the Funding Agreement, or the purchase by MSCG of the Funding Agreement from the Energy Supplier, which in any case will enable the Energy Supplier to pay the scheduled Termination Payment to CCCFA, as further described below.
- MSCG, as provider of the Debt Service Account Investment Agreement (the "*Investment Agreement Provider*") is required to make timely payment of scheduled amounts due under the Debt Service Account Investment Agreement which, together with other Revenues, provide sufficient monies to CCCFA to pay debt service. The payment obligations of MSCG under the Debt Service Account Investment Agreement are guaranteed by Morgan Stanley under the Morgan Stanley Investment Agreement Guarantee.

The Prepaid Energy Sales Agreement provides certain energy delivery termination events (each, an “*Energy Delivery Termination Event*”) and certain acceleration events (each, an “*Acceleration Event*”). Upon the occurrence of an Energy Delivery Termination Event under the Prepaid Energy Sales Agreement, the obligation of the Energy Supplier and CCCFA to deliver and take Energy shall terminate, and if the Prepaid Energy Sales Agreement terminates as a result of an Acceleration Event, the Energy Supplier is required to pay the scheduled Termination Payment on the Early Termination Payment Date. In the event the Prepaid Energy Sales Agreement is terminated, the Bonds are to be redeemed at their Amortized Value plus accrued interest to the redemption date, regardless of reinvestment rates at the time. See “THE BONDS—*Redemption—Extraordinary Mandatory Redemption.*”

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CLEAN ENERGY PROJECT TRANSACTION STRUCTURE



Transaction Overview

1. **Bond Issuance:** CCCFA issues the Bonds to fund the prepayment for Energy, pay capitalized interest, and pay costs of issuance. The Bonds will bear interest at fixed interest rates during the Initial Interest Rate Period.
2. **Prepayment:** CCCFA will apply bond proceeds to prepay Energy Supplier for approximately 30 years of Energy deliveries. Under the Prepaid Energy Sales Agreement, Energy Supplier will be obligated to (a) deliver specified annual quantities of Energy each Contract Year, to be delivered on a monthly basis, to CCCFA for approximately 30 years; (b) make payments for (i) projected monthly quantities of Assigned Energy that are not delivered and (ii) hourly quantities of Base Energy that are remarketed based on the applicable index price; and (c) make a termination payment upon any early termination of the Prepaid Energy Sales Agreement, including upon a Failed Remarketing, as described herein.
3. **Energy Supplier Commodity Swap:** Energy Supplier enters into the Energy Supplier Commodity Swap with the Commodity Swap Counterparty to facilitate Energy Supplier's ability to purchase at index prices the specified Energy quantities required to be delivered each month throughout the term of the Prepaid Energy Sales Agreement. Payments from Energy Supplier to the Commodity Swap Counterparty under the Energy Supplier Commodity Swap will be held in trust in a third-party custodial account under the Energy Supplier Custodial Agreement and released only upon the Commodity Swap Counterparty's payment to CCCFA under the CCCFA Commodity Swap. In the event of non-payment by the Commodity Swap Counterparty, the Energy Supplier payment to the custodial account will be transferred to the Revenue Fund under the Indenture and treated as a Commodity Swap Receipt.
4. **CCCFA Commodity Swap:** CCCFA enters into the CCCFA Commodity Swap with the Commodity Swap Counterparty to facilitate its ability to sell specified Energy quantities required to be delivered to the Project Participant at index prices, creating the economic effect of fixing the discount below the index (market) price at which Energy is sold to the Project Participant. The CCCFA Commodity Swap enables CCCFA to sell prepaid quantities to the Project Participant at index prices while ensuring that the net revenues from Project Participant payments and the CCCFA Commodity Swap always equal or exceed debt service regardless of the index price of Energy at the time. Quantities, term, and delivery points for CCCFA Commodity Swap mirror those of the Energy Supplier Commodity Swap.
5. **Project Participant:** Under the Power Supply Contract, CCCFA will sell to the Project Participant all of the Energy delivered by the Energy Supplier on a pay-as-you-go basis at an index price less specified discounts determined to ensure that the month's net Energy sale revenues (net of swap payments and receipts) will enable CCCFA to make scheduled deposits to the Debt Service Account.
6. **Funding Agreement:** The Energy Supplier will use a portion of the prepayment proceeds it receives to purchase a Non-Participating Funding Agreement (the "Funding Agreement") from Forethought Life Insurance Company (the "Funding Recipient"). The Scheduled Withdrawal Amounts payable under the Funding Agreement provide amounts sufficient to enable the Energy Supplier to meet its monthly electricity purchase obligations under the Energy Management Agreement and the payments, if any, due under the Energy Supplier Commodity Swap. The Funding Agreement provides a fixed interest rate for a period equal to the Initial Interest Rate Period on the Bonds and will mature at the end of such period. The unamortized balance of the Funding Account established under the Funding Agreement is payable to the Energy Supplier on the maturity date or any early termination date of the Funding Agreement.
7. **Assigned PPAs:** The Project Participant is expected to assign its rights to receive EPS Compliant Energy under existing and future PPAs to the Energy Supplier (or, if MSCG is not the seller under the applicable PPA, to MSCG for delivery of the Assigned Product to the Energy Supplier) in order for the Energy Supplier to meet its obligation to deliver EPS Compliant Energy to CCCFA under the Prepaid Energy Sales Agreement.

The cumulative effect of the Prepaid Energy Sales Agreement, the CCCFA Commodity Swap, the Power Supply Contract and related documents enables CCCFA to receive dependable Energy supplies at a discount below market prices for sale to the Project Participant. The resulting monthly net revenues, regardless of changes in Energy prices, are expected to be adequate to pay Debt Service requirements on the Bonds and program expenses when due.

DESIGNATION OF BONDS AS GREEN BONDS

Green Bonds Designation

Per the International Capital Market Association (“ICMA”), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the Bonds are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel’s “Second Party Opinion”, which is attached hereto as APPENDIX F.

Independent Second Party Opinion on Green Bond Designation and Disclaimer

For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel, a division of Kestrel 360, Inc. is an Approved Verifier accredited by the Climate Bonds Initiative and the market leader for Second Party Opinions in US public finance. Kestrel reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Bonds. Designations by Kestrel are not a recommendation to any person to purchase, hold, or sell the Bonds and such labeling does not address the market price or suitability of these bonds for a particular investor and does not and is not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by CCCFA, the Project Participant, or that was otherwise made available to Kestrel.

INVESTMENT CONSIDERATIONS

The purchase of the Bonds involves certain investment considerations discussed throughout this Official Statement. Prospective purchasers of the Bonds should make a decision to purchase the Bonds only after reviewing the entire Official Statement and making an independent evaluation of the information contained herein. Certain of those investment considerations are summarized below. This summary does not purport to be complete, and the order in which the following investment considerations are presented is not intended to reflect their relative significance.

Special and Limited Obligations

The Bonds are special, limited obligations of CCCFA and are payable solely from and secured solely by the Trust Estate pledged pursuant to the Indenture. The Trust Estate includes only the proceeds, revenues, funds and rights related to the Clean Energy Project, as described under “SECURITY FOR THE

BONDS — The Indenture” below and does not include any other revenues or assets of CCCFA. The Bonds are not general obligations of CCCFA, and CCCFA has no taxing power.

Only CCCFA is obligated to pay the Bonds. The Project Participant is not obligated to make payments in respect of the debt service on the Bonds. The Project Participant is obligated only to purchase and pay for Prepaid Energy tendered for delivery by CCCFA at the applicable Contract Price set forth in the Power Supply Contract. None of the Energy Supplier, MSCG, nor the Funding Recipient is obligated to make debt service payments on the Bonds, and none of them has guaranteed payment of the Bonds.

The amounts required to be on deposit in certain Funds and Accounts held by the Trustee under the Indenture are calculated to be sufficient to pay the Purchase Price or the Redemption Price of all Bonds on the Mandatory Purchase Date, assuming that the Energy Supplier, the Funding Recipient, and the Investment Agreement Provider pay and perform their respective contract obligations when due. Any failure to pay the purchase price or the Redemption Price of all of the Bonds on the Mandatory Purchase Date will result in an Event of Default under the Indenture.

Structure of the Clean Energy Project

The Prepaid Energy Sales Agreement, the Energy Management Agreement, the Power Supply Contract, the Funding Agreement, the Debt Service Account Investment Agreement, the CCCFA Commodity Swap, the Indenture, the Receivables Purchase Provisions, the Bonds and related agreements have been structured so that, assuming timely performance and payment by the Energy Supplier, MSCG, the Funding Recipient, the Investment Agreement Provider and the Project Participant of their respective contractual obligations, the Revenues available to CCCFA from the Clean Energy Project are calculated to be sufficient at all times to provide for the timely payment of Operating Expenses and the scheduled Debt Service requirements on the Bonds and the CCCFA Commodity Swap. See “THE CLEAN ENERGY PROJECT – Structure of the Clean Energy Project”.

The Prepaid Energy Sales Agreement provides certain Energy Delivery Termination Events and certain Acceleration Events. Upon the occurrence of an Energy Delivery Termination Event under the Prepaid Energy Sales Agreement, the obligation of the Energy Supplier and CCCFA to deliver and take Energy shall terminate, and if the Prepaid Energy Sales Agreement is terminated as a result of an Acceleration Event, the Energy Supplier is required to pay the scheduled Termination Payment on the Early Termination Payment Date. In the event the Prepaid Energy Sales Agreement is terminated, the Bonds are to be redeemed at their Amortized Value plus accrued interest to the redemption date, regardless of reinvestment rates at the time. See “THE BONDS—Redemption—Extraordinary Mandatory Redemption” and “THE PREPAID ENERGY SALES AGREEMENT—Termination” and “—Termination Payment.”

Performance by Others

During the Initial Interest Rate Period, the ability of CCCFA to pay timely the scheduled debt service on the Bonds depends on the timely performance and payment by (a) the Energy Supplier under the Prepaid Energy Sales Agreement, including the Receivables Purchase Provisions therein, and the Energy Supplier Commodity Swap, (b) MSCG as the Investment Agreement Provider under the Debt Service Account Investment Agreement, and (c) in the event of nonpayment by MSCG, Morgan Stanley under the Morgan Stanley Investment Agreement Guarantee. The failure by any one or more of such parties to meet such obligations could materially and adversely affect the ability of CCCFA to pay timely the scheduled

debt service on the Bonds, and to meet its other obligations under the Indenture, the Prepaid Energy Sales Agreement, the Power Supply Contract and, if applicable, the CCCFA Commodity Swap.

The ability of the Energy Supplier to meet its payment obligations under the Prepaid Energy Sales Agreement, the Energy Management Agreement and the Energy Supplier Commodity Swap will depend directly and materially on timely payment by the Funding Recipient of the amounts due on the Funding Agreement. A failure by the Funding Recipient to pay any amounts when due under the Funding Agreement will result in an insufficiency of funds being available to the Energy Supplier for the performance of its obligations under the Prepaid Energy Sales Agreement, the Energy Management Agreement and the Energy Supplier Commodity Swap. Nonperformance by the Energy Supplier under these agreements should, in turn, be expected to result in nonperformance by CCCFA of its obligations under the Power Supply Contract and an insufficiency in the revenues necessary for the payment of debt service on the Bonds. The obligations of CCCFA with respect to the Bonds are limited to the revenues and funds available in the Trust Estate as described above, and none of the Energy Supplier, the Funding Recipient, MSCG, MSCS, or Morgan Stanley is obligated to cure any default in the payment of the Bonds, and none of them has guaranteed payment of the Bonds.

A default on the payment of Debt Service could also result from failure by the Investment Agreement Provider to make timely payments of amounts due and payable under the Debt Service Account Investment Agreement.

Certain events and conditions outside of the control of CCCFA could also result in an Acceleration Event under the Prepaid Energy Sales Agreement, which will cause the extraordinary mandatory redemption of the Bonds, including an event of default by the Funding Recipient under the Funding Agreement that results in the acceleration of the Funding Agreement. For a complete list of Acceleration Events, see “THE PREPAID ENERGY SALES AGREEMENT – Termination.”

Upon the early termination of the Prepaid Energy Sales Agreement as a result of an Acceleration Event, the Energy Supplier will be obligated to pay the scheduled Termination Payment on the Early Termination Payment Date. The scheduled amount of the Termination Payment, together with the amounts required to be on deposit in certain Funds and Accounts held by the Trustee, has been calculated to provide CCCFA with an amount at least sufficient to redeem all of the Bonds, assuming that the Energy Supplier and the Investment Agreement Provider pay and perform their contract obligations when due.

In the case of a Failed Remarketing and a mandatory redemption of the Bonds on the Mandatory Purchase Date, the amounts required to be on deposit in certain Funds and Accounts held by the Trustee under the Indenture are calculated to be sufficient to pay the Redemption Price of all Bonds on the Mandatory Purchase Date, assuming that the Energy Supplier and the Investment Agreement Provider pay and perform their respective contract obligations when due. Any failure to pay the Purchase Price or the Redemption Price of all of the Bonds on the Mandatory Purchase Date will result in an Event of Default under the Indenture.

Energy Remarketing

In the event the Project Participant is in default under the Power Supply Contract or does not require or is unable to receive all or any portion of its applicable Contract Quantity under the Power Supply Contract for certain reasons described below under “The Power Supply Contract – Remarketing of Energy” or if the Assigned Energy for any measurement period during the term of the Prepaid Energy Sales Agreement is less than the quantity of Prepaid Energy required to be delivered during such period, the Energy Supplier

is required to use Commercially Reasonable Efforts to deliver Base Energy or Assigned Energy, as applicable, for remarketing under the terms of the Prepaid Energy Sales Agreement.

The Energy Supplier must remarket any Base Energy required to be delivered under the Prepaid Energy Sales Agreement. In the event the Energy Supplier is unable to remarket such Base Energy, it has agreed to purchase such Base Energy for its own account. The Energy Supplier is required to (a) enter all remarketing sales or purchases of Base Energy on a ledger system that tracks compliance with the requirements of the U.S. Treasury Regulations applicable to tax-exempt bonds that finance Prepaid Energy supplies, and (b) remediate any non-complying sales (i.e., non-qualifying use sales and private business use sales) through “qualifying use” sales within two years. See “INTRODUCTION – *Energy Remarketing*”, “THE PREPAID ENERGY SALES AGREEMENT – *Provisional Payments and Energy Remarketing*”, and “THE POWER SUPPLY CONTRACT – *Remarketing of Energy*”.

Base Energy is not expected to be delivered during the Initial Reset Period.

The Energy Supplier has agreed to use Commercially Reasonable Efforts to remarket electricity to Municipal Utilities pursuant to provisions that are intended to maintain the tax exempt status of interest on the Bonds, but, if the Energy Supplier cannot do so, the Energy Supplier is also permitted to remarket electricity to other governmental entities in non-private business use sales, although it is not required to remarket electricity to any such other governmental entity for a price (net of transportation and other costs) that is anticipated to be less than the applicable index price. If the Energy Supplier is unable to remarket all or any portion of the electricity designated for remarketing in qualifying sales to Municipal Utilities or to other governmental entities in non-private business use sales, it must purchase such electricity. Under certain circumstances and upon reaching certain thresholds that are not timely remediated, the remarketing of electricity to entities other than Municipal Utilities could result in a Ledger Event under the Prepaid Energy Sales Agreement.

The Energy Supplier will depend upon performance by MSCG under the Energy Management Agreement to meet its electricity remarketing obligations under the Prepaid Energy Sales Agreement, including particularly the ability of MSCG to remarket electricity to Municipal Utilities (as defined in the Prepaid Energy Sales Agreement) and to remediate any non-complying sales in order to avoid the occurrence of a Ledger Event under the Prepaid Energy Sales Agreement. In the event that any non-complying remarketing sales of electricity are not remediated within two years and exceed certain cumulative limits, a Ledger Event will occur, subject to certain provisions of the Prepaid Energy Sales Agreement.

The occurrence of a Ledger Event will result in an Energy Delivery Termination Event, and MSCG will have the option to purchase the Funding Agreement from the Energy Supplier, which will result in an Acceleration Event and extraordinary mandatory redemption of the Bonds. If a Ledger Event occurs and MSCG does not elect to purchase the Funding Agreement, MSCG will be obligated to pay the Energy Supplier, and the Energy Supplier will be obligated to pay CCCFA, scheduled Ledger Event Payments calculated to provide a sum sufficient (together with the interest component of the Scheduled Debt Service Deposits) to enable CCCFA to pay interest on the Bonds at the Increased Interest Rate of 8% per annum. The Indenture provides that, subject to CCCFA’s receipt of such Ledger Event Payments from the Energy Supplier, interest on the Bonds will be paid at the Increased Interest Rate after the occurrence of a Ledger Event. See “THE PREPAID ENERGY SALES AGREEMENT—*Energy Remarketing*” and “—*Ledger Event*,” “THE ENERGY MANAGEMENT AGREEMENT—*MSCG as Agent*” and “THE BONDS—*Increased Interest Rate Upon Ledger Event*.”

Limitations on Exercise of Remedies

The remedies available to CCCFA under the Prepaid Energy Sales Agreement are limited to those described herein. The remedies available to the Trustee, CCCFA and the Holders of the Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory provisions and judicial decisions, the remedies provided in the Indenture may not be readily available or may be limited. CCCFA has no rights to enforce the provisions of the Funding Agreement or the Energy Management Agreement. Neither the Trustee nor the Bondholders have any rights to enforce the Funding Agreement or the Energy Management Agreement. None of CCCFA, the Trustee nor the Bondholders have any right to enforce the Morgan Stanley Guarantee.

Enforceability of Contracts

The enforceability of the various legal agreements relating to the Clean Energy Project may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors or secured parties generally, by the exercise of judicial discretion in accordance with general principles of equity and by principles of equity, public policy and commercial reasonableness. The Prepaid Energy Sales Agreement and other agreements relating to the Clean Energy Project are executory contracts. If CCCFA, the Energy Supplier, MSCG, Morgan Stanley, the Funding Recipient, the Commodity Swap Counterparty, the Project Participant or any of the parties with which CCCFA has contracted under such agreements (including the Prepaid Energy Sales Agreement) is involved in a bankruptcy proceeding, the relevant agreement could be discharged in return for a claim for damages against the party's estate with uncertain value. In particular, an insolvency event with respect to the Funding Recipient that results in a delay or a reduction in the payments due under the Funding Agreement will result in insufficient amounts being available for the payment of the Bonds, whether on a Bond Payment Date, the Mandatory Tender Date or any extraordinary redemption date. In the event that CCCFA is involved in an insolvency proceeding, the exercise of the remedies afforded to the Trustee under the Indenture may be stayed, and the availability of the Revenues necessary for the payment of the Bonds could be materially and adversely affected.

No Established Trading Market

The Bonds constitute a new issue with no established trading market. The Bonds have not been registered under the Securities Act of 1933 in reliance upon exemptions contained therein. Although the Underwriter has informed CCCFA that it currently intends to make a market in the Bonds, they are not obligated to do so and may discontinue any such market making at any time without notice. There can be no assurance as to the development or liquidity of any market for the Bonds. If an active public market does not develop, the market price and liquidity of the Bonds may be adversely affected.

Loss of Tax Exemption on the Bonds

As described below, the opinion of Bond Counsel with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts and is not a guarantee of a result.

The Indenture, CCCFA's Tax Agreement with respect to the Bonds, the Prepaid Energy Sales Agreement and the Power Supply Contract contain various covenants and agreements on the part of CCCFA, the Energy Supplier and the Project Participant that are intended to establish and maintain the tax-exempt status of the Bonds. CCCFA, the Energy Supplier and the Project Participant have each agreed to abide by the various covenants and agreements designed to protect the tax-exempt status of the Bonds. A failure by CCCFA, the Energy Supplier and the Project Participant to comply with such covenants and agreements could, directly or indirectly, adversely affect the tax-exempt status of the Bonds.

In particular, if the Project Participant requests, or is deemed to have requested, a remarketing of Energy under the Power Supply Contract, and in the event that any non-complying Energy remarketing sales are not remediated within two years and exceed certain cumulative limits, a Ledger Event will occur, subject to certain provisions of the Prepaid Energy Sales Agreement. Upon the occurrence of a Ledger Event, if and MSCG does not purchase the Funding Agreement, MSCG will be required to make Ledger Event Payments to enable CCCFA to pay interest on the Bonds at the Increased Interest Rate. The occurrence of Ledger Event could, under certain circumstances, adversely affect the continued tax-exempt status of interest on the Bonds, if there is not an extraordinary mandatory redemption of the Bonds or other qualified remedial action. See "The Master Power Supply Agreement – *Electricity Remarketing*" and "– *Ledger Event*," "The Energy Management Agreement – *MSCG as Agent*" and "– *Additional Amounts Payable Following a Ledger Event*," and "The Bonds – *Increased Interest Rate Upon Ledger Event*."

Furthermore, the Prepaid Energy Sales Agreement provides for circumstances where Energy deliveries under the Prepaid Energy Sales Agreement would cease and the Energy Supplier would make scheduled monthly payments to CCCFA in order to pay debt service on the Bonds. The use of these scheduled payments (in lieu of payments made by the Project Participant under the Power Supply Contract) to make debt service payments could, under certain circumstances, adversely affect the continued tax-exempt status of interest on the Bonds.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat CCCFA as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Any loss of the tax-exempt status of the Bonds could be retroactive to the date of issuance of the Bonds and could cause all of the interest on the Bonds to be includable in gross income for purposes of federal income taxation. *The loss of the tax-exempt status of the Bonds is not an Acceleration Event under the Prepaid Energy Sales Agreement and will not result in a mandatory redemption of the Bonds.* See "THE PREPAID ENERGY SALES AGREEMENT" and "TAX MATTERS".

SECURITY FOR THE BONDS

The Indenture

The Bonds are secured under the Indenture solely by a pledge of the "Trust Estate," which is defined in the Indenture to mean (a) the proceeds of the sale of the Bonds, (b) all right, title and interest of CCCFA in, to and under the Power Supply Contract, except for the right to receive the Project

Administration Fee, (c) the Revenues, (d) any Termination Payment or the right to receive such Termination Payment, (e) all right, title and interest of CCCFA in, to and under the Receivables Purchase Provisions, including payments received from the Energy Supplier (or the Master Custodian on its behalf) pursuant thereto, and (f) all right, title and interest of CCCFA in, to and under any Debt Service Fund Agreement and Debt Service Fund Agreement Guaranty and (g) the Pledged Funds (which does not include the Administrative Fee Fund, the Energy Remarketing Reserve Fund and the Bond Purchase Fund, and excluding Rebate Payments held in any Fund or Account), including the investment income, if any, thereof subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

The pledge of the Trust Estate in favor of the Trustee is subject to (x) the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, and (y) conveyance, assignment and pledge of the Commodity Swap Payment Fund and the amounts and investments on deposit therein in favor of the Commodity Swap Counterparty.

The term “*Revenues*” is defined in the Indenture to mean (a) all revenues, income, rents, user fees or charges, and receipts derived or to be derived by CCCFA from or attributable or relating to the ownership and operation of the Clean Energy Project, including all revenues attributable or relating to the Clean Energy Project or to the payment of the costs thereof received or to be received by CCCFA under the Power Supply Contract and the Prepaid Energy Sales Agreement or otherwise payable to the Trustee for the account of CCCFA for the sale and/or transmission of Energy or otherwise with respect to the Clean Energy Project (excluding any payments received by CCCFA in respect of any Monthly Excess Quantities or Assigned Paygo Quantities), (b) interest received or to be received on any moneys or securities (other than moneys or securities held in the Project Fund, moneys or securities held in the Redemption Account in the Debt Service Fund or that portion of moneys in the Operating Fund required for Rebate Payments) held pursuant to the Indenture and paid or required to be paid into the Revenue Fund; (c) any Commodity Swap Receipts received by the Trustee on behalf of CCCFA; (d) any Subsidy Payments received by the Trustee, on behalf of CCCFA, in accordance with the Indenture; and (e) any Advance received by the Trustee on behalf of CCCFA; *provided that*, the term “*Revenues*” does not include: (i) Ledger Event Payments, (ii) any Termination Payment pursuant to the Prepaid Energy Sales Agreement; (iii) any amounts received from the Energy Supplier that are required to be deposited into the Energy Remarketing Reserve Fund pursuant to the Indenture; (iv) any amounts paid by the Project Participant under the Prepaid Clean Energy Project Administration Agreement; (v) any Assignment Payment received from the Energy Supplier; and (vi) amounts paid by the Project Participant in respect of the Project Administration Fee. The Revenues are to be applied in accordance with the priorities established under the Indenture, including the prior payment from the Revenues of the Operating Expenses of the Clean Energy Project. See “Flow of Funds” below.

The term “*Operating Expenses*” is defined in the Indenture to mean, to the extent properly allocable to the Clean Energy Project: (a) CCCFA’s expenses for operation of the Clean Energy Project, including all Rebate Payments, costs, collateral deposits and other amounts (other than Commodity Swap Payments) necessary to maintain the CCCFA Commodity Swap; and payments required under the Prepaid Energy Sales Agreement (which may, under certain circumstances, include imbalance charges and other miscellaneous payments) or required to be incurred under or in connection with the performance of CCCFA’s obligations under the Power Supply Contract; (b) any other current expenses or obligations required to be paid by CCCFA under the provisions of the Indenture (other than Debt Service on the Bonds and deposits to the General Reserve Fund and the Energy Remarketing Reserve Fund, or any Cost of

Acquisition) or by law or required to be incurred under or in connection with the performance of CCCFA's obligations under the Power Supply Contract; (c) fees payable by CCCFA with respect to any Remarketing Agreement; (d) the fees and expenses of the Fiduciaries; (e) reasonable accounting, legal and other professional fees and expenses, and all other reasonable administrative and operating expenses of CCCFA which are incurred by CCCFA with respect to the Bonds, the Indenture, or the Clean Energy Project, including but not limited to those relating to the administration of the Trust Estate and compliance by CCCFA with its continuing disclosure obligations, if any, with respect to the Bonds; and (f) the costs of any insurance premiums incurred by CCCFA, including, without limitation, directors and officers liability insurance allocable to the Clean Energy Project; provided that, for purposes of the transfers from the Revenue Fund described under the proviso "second" under the heading "Flow of Funds" below, Operating Expenses shall not include any of the foregoing administrative expenses, fees or other costs described in the foregoing clauses (a) through (f) that are paid from funds on deposit in the Administrative Fee Fund. Commodity Swap Payments, litigation judgments and settlements and indemnification payments in connection with the payment of any litigation judgment or settlement, and Extraordinary Expenses are not Operating Expenses.

THE BONDS ARE A LIMITED OBLIGATION OF CCCFA AND THE PRINCIPAL AND REDEMPTION PRICE OF, AND INTEREST ON, THE BONDS ARE PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE CCCFA, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. CCCFA SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OR THE REDEMPTION PRICE OF OR INTEREST ON THE BONDS EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. CCCFA HAS NO TAXING POWER.

See APPENDIX B for definitions of certain terms and see APPENDIX C for a further description of certain provisions of the Indenture.

Flow of Funds

All Revenues are required by the Indenture to be deposited promptly by the Trustee upon receipt thereof into the Revenue Fund; provided that, for the avoidance of doubt, if any amounts are received from the Project Participant for which Outstanding Sold Receivables exist, as identified in a written notice from CCCFA to the Trustee, the Trustee will promptly cause any such receipts to be paid to the Energy Supplier to the extent of such Outstanding Sold Receivables without setoff of any kind in accordance with the Receivables Purchase Provisions of the Prepaid Energy Sales Agreement and any remaining amounts received from the Project Participant will be deposited into the Revenue Fund. In each Month during which there is a deposit of Revenues into the Revenue Fund (but in no case later than the respective dates set forth below), the Trustee is required to apply the amounts on deposit in the Revenue Fund, to the extent available, for credit or deposit to the Funds and Accounts indicated below, in the amounts described below (such application to be made in such a manner so as to assure good funds are available on the respective dates set forth below) in the following order of priority:

first, to the Operating Fund, not later than the twenty-fifth day of such Month (or, if such day is not a Business Day, the next succeeding Business Day), the amount, if any, required so that the balance therein shall equal the amount necessary for the payment of Operating Expenses coming due for such Month;

second, to the Debt Service Fund, not later than the twenty-fifth day of such Month (or, if such day is not a Business Day, the next succeeding Business Day) for the credit to the Debt Service Account, an amount equal to the greater of (A) the Scheduled Debt Service Deposit, as set forth in the Indenture, or (B) the amount necessary to cause an amount equal to the cumulative unpaid Scheduled Debt Service Deposits due through such date to be on deposit therein; and

third, to the Commodity Swap Payment Fund, on or before the twenty-fifth day of such Month (or, if such day is not a Business Day, the next succeeding Business Day), the amount required so that the balance therein shall equal the Commodity Swap Payments due for such Month.

If, after a scheduled monthly deposit to the Debt Service Account or the Commodity Swap Payment Fund, the balance therein is below the cumulative Scheduled Debt Service Deposits for such month as specified in the Indenture or the Commodity Swap Payments due for such month, respectively, the Trustee shall immediately notify CCCFA of such deficiency and the Trustee shall (a) if CCCFA has not previously done so, cause CCCFA to suspend all deliveries of all quantities of Energy under the Power Supply Contract if the Project Participant is in default thereunder, and (b) promptly give notice to the Energy Supplier to follow the electricity remarketing provisions set forth in the Prepaid Energy Sales Agreement.

On each July 1, beginning July 1, 2026, after (a) the deposit of Revenues into the Revenue Fund, and (b) making such transfers, credits and deposits as described in the first paragraph of this section “Flow of Funds,” the Trustee shall credit to the General Reserve Fund the remaining balance in the Revenue Fund.

So long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable Sinking Fund Installments and interest thereon), no transfers will be required to be made to the Debt Service Fund. See “*Revenues and Revenue Fund*” and “*Payments into Certain Funds*” in APPENDIX C.

As noted above, certain amounts are pledged as a part of the Trust Estate but do not constitute Revenues and are not deposited into the Revenue Fund, including any Termination Payment or the right to receive such Termination Payment under the Prepaid Energy Sales Agreement, which is to be deposited directly into the Redemption Account.

The Indenture also provides that the following amounts, which are payable to the Trustee but do not constitute Revenues, will be applied as follows: (a) any Assignment Payment will be deposited directly into the Assignment Payment Fund; (b) amounts representing the Project Administration Fee, together with amounts paid by the Project Participant under the Prepaid Clean Energy Project Administration Agreement, will be deposited directly into the Administrative Fee Fund; (c) certain proceeds from electricity remarketing sales will be deposited directly into the Energy Remarketing Reserve Fund; and (d) Ledger Event Payments will be deposited directly into the Debt Service Account.

Debt Service Fund - Debt Service Account

The amounts deposited into the Debt Service Account, including any amounts deposited therein representing capitalized interest on the Bonds, must be held in such Account and applied to the payment of Debt Service payable on each Bond Payment Date.

Amounts on deposit in the Debt Service Account, including any amounts deposited therein representing capitalized interest on the Bonds, will be initially invested pursuant to the Debt Service Account Investment Agreement, which will provide for scheduled withdrawals to pay debt service on the Bonds when due and, in the case of extraordinary redemption, all funds invested thereunder will be used to pay a portion of the Redemption Price without penalty or market value adjustments. See “Investment of Funds – Debt Service Account Investment Agreement” herein. Capitalized interest on the Bonds will be funded with a deposit of Bond proceeds on the Initial Issue Date of the Bonds. The amount so deposited will be used to pay a portion of the interest coming due on the Bonds through January 1, 2027.

Administrative Fee Fund

All Project Administration Fees, together with any amounts paid by the Project Participant pursuant to the Prepaid Clean Energy Project Administration Agreement, shall be deposited by the Trustee into the Administrative Fee Fund. The Trustee is required to apply amounts on deposit in the Administrative Fee Fund to pay Operating Expenses promptly upon receipt of a Written Request of CCCFA directing such payment. In the event amounts on deposit in the Administrative Fee Fund are insufficient to make any payments directed in the Written Request of CCCFA, the Trustee shall promptly notify the Project Participant, at its address shown in the Indenture, of the fact and amount of such deficiency.

Commodity Swap Payment Fund

The amounts credited to the Commodity Swap Payment Fund shall be applied from time to time by the Trustee solely to the payment of Commodity Swap Payments when due.

Any amount remaining in the Commodity Swap Payment Fund following the payment of the Commodity Swap Payment due in any Month and prior to any deposit therein for the following Month shall be transferred to the Revenue Fund for application as described above.

Debt Service Fund - Redemption Account

In the event of an early termination of the Prepaid Energy Sales Agreement, CCCFA will direct the Energy Supplier to pay the Termination Payment directly to the Trustee for the account of CCCFA. The Trustee will deposit the Termination Payment into the Redemption Account. Amounts deposited into the Redemption Account shall be applied by the Trustee to the extraordinary mandatory redemption of Outstanding Bonds as described below under “THE BONDS — Redemption — *Extraordinary Mandatory Redemption.*”

Restriction on Additional Obligations

Except as expressly permitted under the terms of the Indenture, for so long as any Bonds are Outstanding, CCCFA will not, without a Rating Confirmation, issue any debt payable from or secured by a pledge and assignment of the Trust Estate other than debt issued to refund Outstanding Bonds, or otherwise incur obligations other than those contemplated by the Indenture, the Prepaid Energy Sales

Agreement, the Power Supply Contract, the CCCFA Custodial Agreement, the CCCFA Commodity Swap and any documents or agreements relating to any of the foregoing (including, but not limited to, obligations under Qualified Investments), payable out of or secured by a pledge or assignment of, or lien on, the Trust Estate; and shall not, without a Rating Confirmation, create or cause to be created any lien or charge on the Trust Estate except as provided in or contemplated by the Indenture, the Prepaid Energy Sales Agreement, the Power Supply Contract, the CCCFA Custodial Agreement, the CCCFA Commodity Swap and any documents or agreements relating to any of the foregoing (including, but not limited to, obligations under Qualified Investments). However, such limitation will not prevent CCCFA from entering into any Commodity Swap upon the terms set forth in the Indenture, or incurring any debt payable out of moneys in the Project fund as part of the Cost of Acquisition or secured by the Trust Estate following the defeasance of the Bonds.

Other than the Bonds and any refunding bonds, no additional bonds or other obligations are authorized to be issued under the Indenture or, except as described above, for which payment is otherwise secured by a pledge or assignment of, or lien on, the Trust Estate. See “Creation of Liens” in APPENDIX C.

Amendment of Indenture

CCCFA and the Trustee may, subject to the conditions and restrictions in the Indenture, enter into a Supplemental Indenture or Indentures, in form satisfactory to the Trustee, which will thereafter form a part of the Indenture, without the consent of the Bondholders (i) for certain purposes, or (ii) upon receipt of a Rating Confirmation if the Bonds affected by such change are rated by a Rating Agency. See “*Supplemental Indenture Not Requiring Consent of Bondholders*,” “*General Provisions*” and “*Powers of Amendment*” in APPENDIX C hereto.

Investment of Funds

General. Subject to the provisions of the Indenture, amounts on deposit in the Funds and Accounts may be invested in, among other things, guaranteed investment contracts, forward delivery agreements, interest rate exchange agreements or similar agreements providing for a specified rate of return over a specified time period; provided, however, that guaranteed investment contracts, forward delivery agreements or similar agreements must be with providers that are rated (or whose financial obligations to CCCFA receive credit support from an entity rated) (i) at least “A2” from Moody’s or (ii) at such a rating that will allow the Bonds to be rated the same as the credit rating or financial strength rating assigned to the Funding Recipient. See APPENDIX B—Definitions of Certain Terms and “Investment of Certain Funds” in APPENDIX C.

Debt Service Account Investment Agreement. On the Initial Issue Date of the Bonds, CCCFA will enter into an investment agreement with MSCG with respect to the Debt Service Account (the “*Debt Service Account Investment Agreement*”). The Debt Service Account Investment Agreement constitutes a Debt Service Fund Agreement and a Qualified Investment under the Indenture, and the Issuer will assign to the Trustee certain of its rights and obligations under the Debt Service Account Investment Agreement. See “SECURITY FOR THE BONDS—*Investment of Funds*”.

Required qualifications for the initial Investment Agreement Provider include: (a) a minimum credit rating requirement for the Investment Agreement Provider (or its guarantor) of at least “A2” by Moody’s, and (b) a requirement that upon a credit rating withdrawal or suspension, or if the credit rating assigned to the senior unsecured long-term debt obligations of the Investment Agreement Provider (or its guarantor) falls below the lower of (x) “Baa1” by Moody’s or (y) the then-current rating of the Funding

Recipient, the Investment Agreement Provider will provide a credit remedy, such as providing credit support or posting eligible collateral, or the Trustee, at the direction of CCCFA, will have the right to terminate the Debt Service Account Investment Agreement, and (c) if the rating assigned to the senior unsecured long-term debt obligations of the Investment Agreement Provider (or its guarantor) falls below “Baa3” by Moody’s, the Trustee, at the direction of CCCFA, will have the right to terminate the Debt Service Account Investment Agreement.

MSCG was selected as the provider of the Debt Service Account Investment Agreement pursuant to a competitive bidding process. The payment obligations of MSCG under the Debt Service Account Investment Agreement will be guaranteed by Morgan Stanley. The Debt Service Account Investment Agreement is documented under a 2002 ISDA Master Agreement and provides for scheduled payments to be made by the parties. Payments to MSCG will be made from the amounts scheduled to be deposited to the Debt Service Account. Payments are scheduled to return amounts to the Trustee in connection with the Bond Payment Dates. The Debt Service Account Investment Agreement provides for a fixed interest rate to be paid by MSCG on the amounts received, and extends for the term of the Initial Interest Rate Period.

Upon transaction termination, whether by extraordinary mandatory redemption or final maturity, the funds invested under the Debt Service Account Investment Agreement will be used to pay the redemption price or debt service due on the Bonds. If the Debt Service Account Investment Agreement terminates, all invested funds are required to be returned to the Trustee.

Enforcement of Project Agreements

Power Supply Contract. CCCFA has covenanted in the Indenture that it will enforce the provisions of the Power Supply Contract, as well as any other contract or contracts entered into relating to the Clean Energy Project, and duly perform its covenants and agreements thereunder.

CCCFA has also covenanted to exercise promptly its right to suspend all Energy deliveries under the Power Supply Contract if the Project Participant thereunder fails to pay when due any amounts owed to CCCFA thereunder and to promptly give notice to the Energy Supplier to follow provisions set forth in the remarketing provisions of the Prepaid Energy Sales Agreement for each Month of such suspension with respect to the quantities of Energy for which deliveries have been suspended.

In the event that the Project Participant delivers a Remarketing Election Notice (as defined in the Power Supply Contract) in respect of any Reset Period, CCCFA will promptly give notice to the Energy Supplier to follow the provisions set forth in the remarketing exhibit to the Prepaid Energy Sales Agreement for each month of such Reset Period with respect to any quantities of Energy that would otherwise have been delivered to the Project Participant. See “THE RE-PRICING AGREEMENT”.

CCCFA has further covenanted in the Indenture that it will not consent or agree to or permit any termination or rescission of, any assignment or novation (in whole or in part) by the Project Participant of, or any amendment to or otherwise take any action under or in connection with any Power Supply Contract that will impair the ability of CCCFA to collect Revenues in each Fiscal Year which, together with the other amounts available therefor, shall provide an amount sufficient to pay the amount estimated by CCCFA to be required to be paid during such Fiscal Year into the Operating Fund; the amounts, if any, required to be paid during such Fiscal Year into the Debt Service Fund other than any such amounts which CCCFA anticipates will be transferred from other Funds or Accounts; the amounts, if any, to be paid during such Fiscal Year into any other Fund established under the Indenture; and all other charges or liens whatsoever payable out of Revenues during such Fiscal Year. Under the Indenture, upon the satisfaction of certain

conditions, including delivery of a Rating Confirmation with respect to such amendment or assignment, as applicable, from each rating agency then rating the Bonds, CCCFA may agree to the amendment of a Power Supply Contract or to the assignment of a Power Supply Contract by the Project Participant to another Municipal Utility.

Enforcement of Agreements by the Trustee. Under the Indenture, CCCFA has irrevocably pledged and collaterally assigned to the Trustee its rights to issue notices and to take any other actions that CCCFA is required or permitted to take in order to enforce performance under certain documents, including (a) the Prepaid Energy Sales Agreement, (b) the Receivables Purchase Provisions, (c) the Power Supply Contract, and (d) the CCCFA Commodity Swap. CCCFA has retained, in the absence of any conflicting action by the Trustee while an Event of Default has occurred and is continuing, the right and obligation to exercise any rights for which it has pledged and collaterally assigned to the Trustee as described in the preceding sentence; *provided, however*, if an Event of Default has occurred and is continuing, the Trustee will have the right to notify CCCFA to cease exercising such rights, subject to certain rights of the Energy Supplier with respect to the Power Supply Contract.

Prepaid Energy Sales Agreement. CCCFA has covenanted in the Indenture that it will enforce the provisions of the Prepaid Energy Sales Agreement and that it will duly perform its covenants and agreements thereunder.

The Trustee will promptly notify CCCFA of any payment default that has occurred and is continuing on the part of the Energy Supplier under the Prepaid Energy Sales Agreement. CCCFA will provide the Trustee with Written Notice of the Early Termination Payment Date (a) on the date on which a Failed Remarketing occurs, and (b) in all other cases, not more than five Business Days after such date is determined.

CCCFA has further covenanted that it will not consent or agree to or permit any rescission of, assignment of or amendment to or otherwise take any action under or in connection with the Prepaid Energy Sales Agreement which would in any manner materially impair or materially adversely affect its rights thereunder or the rights or security of the Bondholders under the Indenture; *provided*, that the Prepaid Energy Sales Agreement may be assigned or amended without Bondholder consent upon receipt of a Rating Confirmation with respect to such assignment or amendment. The Prepaid Energy Sales Agreement may also be amended in connection with a remediation to reduce the schedule of Prepaid Quantities upon the occurrence of a Ledger Event.

CCCFA Commodity Swap. CCCFA has covenanted to cause amounts due to CCCFA under the CCCFA Commodity Swap to be collected and paid directly to the Trustee. Pursuant to the Indenture, the Commodity Swap Receipts are to be deposited by the Trustee into the Revenue Fund. CCCFA has covenanted in the Indenture that:

- it will enforce the provisions of the CCCFA Commodity Swap and duly perform its covenants and agreements thereunder,
- it will not consent or agree to or permit any termination or rescission of or amendment to or otherwise take any action under or in connection with the CCCFA Commodity Swap that will impair the ability of CCCFA to comply during the current or any future year with the provisions of the Indenture, and

- it will not exercise any right to terminate the CCCFA Commodity Swap unless either (i) it has entered into a replacement CCCFA Commodity Swap that meets the requirements of the Indenture (described below), and such replacement CCCFA Commodity Swap will be effective as of such early termination date and cover energy price exposure from and after such early termination date, or (ii) CCCFA causes or permits the termination of the Prepaid Energy Sales Agreement prior to or as of such early termination date.

CCCFA may replace the CCCFA Commodity Swap (and any related guaranty of the Commodity Swap Counterparty's obligations thereunder) with a similar agreement for the same purposes with an alternate Commodity Swap Counterparty at any time upon delivery to the Trustee of a Rating Confirmation. If the CCCFA Commodity Swap is subject to termination (or, in the case of clause (B) below, is terminated) by either party in accordance with its terms, then (A) CCCFA may terminate the CCCFA Commodity Swap if CCCFA has the right to do so, and (B) CCCFA may enter into a replacement CCCFA Commodity Swap with an alternate Commodity Swap Counterparty without a Rating Confirmation, but only if the replacement CCCFA Commodity Swap is identical in all material respects to the existing CCCFA Commodity Swap, except for the identity of the Commodity Swap Counterparty, and (1) the replacement Commodity Swap Counterparty (or its credit support provider under the replacement CCCFA Commodity Swap) is then rated at least the lower of (a) the credit rating of the Funding Recipient or (b) the rating then assigned by each Rating Agency to the Bonds or (2) the Commodity Swap Counterparty provides such collateral and security arrangements as CCCFA determines to be necessary, and (3) in either case, the Commodity Swap Counterparty enters into a replacement Custodial Agreement with the Energy Supplier and the Custodian that is identical in all material respects to the existing Custodial Agreement among the Energy Supplier, the Custodian and the Commodity Swap Counterparty.

If the CCCFA Commodity Swap becomes terminable by CCCFA as a result of a failure by the Commodity Swap Counterparty to make a payment due under the CCCFA Commodity Swap, CCCFA will (A) notify the Energy Supplier of such event pursuant to the Prepaid Energy Sales Agreement, and (B) in accordance with the Prepaid Energy Sales Agreement, use its good faith efforts to replace the CCCFA Commodity Swap with an alternate CCCFA Commodity Swap, subject to the conditions of the first sentence of the paragraph immediately above, during the 120 day replacement period contemplated by the Prepaid Energy Sales Agreement (the "*Swap Replacement Period*").

If CCCFA is unable to enter into an alternate CCCFA Commodity Swap pursuant to clause (B) in the paragraph immediately above during the Swap Replacement Period, CCCFA will (A) designate an Energy Delivery Termination Date in accordance with the Prepaid Energy Sales Agreement, with such Energy Delivery Termination Date occurring immediately at the end of the Swap Replacement Period and, (B) unless the CCCFA Commodity Swap has been terminated automatically pursuant to the terms thereof, designate an early termination date for the CCCFA Commodity Swap, with such early termination date occurring concurrently with the Energy Delivery Termination Date under the Prepaid Energy Sales Agreement.

SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the Bonds are approximately as follows:

SOURCES:	
Par Amount	\$1,005,685,000.00
Original Issue Premium	<u>21,473,280.40</u>
Total Sources	<u>\$1,027,158,280.40</u>
USES:	
Deposit to Project Fund ¹	\$1,020,775,453.06
Costs of Issuance ²	<u>6,382,827.34</u>
Total Uses	<u>\$1,027,158,280.40</u>

¹ Includes the prepayment amount and capitalized interest on the Bonds (which will be transferred to the Debt Service Account).

² Includes underwriting, rating agency, Trustee, financial advisor, legal and other fees and other expenses related to the issuance of the Bonds and the acquisition of the Clean Energy Project.

THE BONDS

General

The Bonds will mature (subject to redemption as described below) on the dates and in the principal amounts shown on the inside cover page of this Official Statement. The Bonds will be initially issued in denominations of \$5,000 and any integral multiples thereof (an “*Authorized Denomination*”). The Bonds will be initially issued in book-entry only form through the facilities of The Depository Trust Company, New York, New York (“*DTC*”). See “THE BONDS — *Book-Entry System*” and APPENDIX G for a description of DTC and its book-entry system.

Interest

During the Initial Interest Rate Period, the Series 2025D Bonds will bear interest in a Term Rate Period, with the Series 2025D Bonds of each maturity bearing interest at the fixed rates shown on the inside cover page of this Official Statement. During the Initial Interest Rate Period, interest on the Series 2025D Bonds will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2026. During the Initial Interest Rate Period, interest on the Series 2025D Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

After the Initial Interest Rate Period, the Outstanding Bonds may be remarketed or converted into another Term Rate Period or may be remarketed or converted to one or more of a Daily Interest Rate Period, a Weekly Interest Rate Period, a Commercial Paper Interest Rate Period or an Index Rate Period(s). ***This Official Statement describes the terms of the Bonds only during the Initial Interest Rate Period and must not be relied upon after the Bonds have been converted to another Interest Rate Period.***

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date, shall be paid to the Person in whose name that Bond is registered, at the close of business on the 15th day of the Month immediately preceding the Month in which such Interest Payment Date falls (the “*Regular Record Date*”).

Any interest on any Bond which is payable, but is not punctually paid or duly provided for on any Interest Payment Date (“*Defaulted Interest*”), shall forthwith cease to be payable to the Person who was the registered owner on the relevant Regular Record Date; and such Defaulted Interest shall be paid by CCCFA to the Persons in whose names the Bonds are registered at the close of business on a date (the “*Special Record Date*”) for the payment of such Defaulted Interest, which shall be fixed in the following manner. CCCFA shall notify the Bond Registrar in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time CCCFA shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to and approved in writing by the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as provided in the Indenture. Thereupon the Bond Registrar will then fix a Special Record Date for the payment of such Defaulted Interest which will be not more than 15 days or less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Bond Registrar of the written notice of the proposed payment. The Bond Registrar shall promptly notify CCCFA of such Special Record Date and, in the name and at the expense of CCCFA, will cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Bondholder at its address as it appears upon the registry books, not less than 10 days prior to such Special Record Date.

Increased Interest Rate Upon Ledger Event

If a Ledger Event occurs and MSCG does not exercise its option to purchase the Funding Agreement, MSCG will be obligated to pay the Energy Supplier, and the Energy Supplier will be obligated to pay CCCFA, scheduled Ledger Event Payments calculated to provide a sum sufficient (together with the interest component of the Scheduled Debt Service Deposits) to enable CCCFA to pay additional interest on the Bonds at the Increased Interest Rate of 8% per annum. The Indenture provides that, subject to CCCFA’s receipt of such Ledger Event Payments from the Energy Supplier, interest on the Bonds will be paid at the Increased Interest Rate after the occurrence of a Ledger Event.

See “THE PREPAID ENERGY SALES AGREEMENT—Ledger Event” below for a description of the provisions of the Prepaid Energy Sales Agreement relating to a Ledger Event and the amounts payable by the Energy Supplier to CCCFA following a Ledger Event. See “THE ENERGY MANAGEMENT AGREEMENT—Ledger Event Payments” for a description of the provisions of the Energy Management Agreement relating to the amounts payable by MSCG to the Energy Supplier following a Ledger Event.

Subject to CCCFA’s receipt of the Ledger Event Payments, as described above, the Bonds will bear interest at the Increased Interest Rate during an Increased Interest Rate Period that begins on the day on which a Ledger Event occurs to but not including the earliest of (a) the date on which an Early Termination Payment Date occurs under the Prepaid Energy Sales Agreement, (b) the end of the Initial Interest Rate Period, and (c) the Interest Payment Date immediately succeeding the last day on which the Energy Supplier paid a Ledger Event Payment. Under the Prepaid Energy Sales Agreement, any Ledger Event would occur on and as of the first day of a Month.

Interest on the Bonds at the Increased Interest Rate will be payable on each regular Interest Payment Date, any redemption date and the Mandatory Purchase Date. CCCFA will give prompt notice to the Trustee of the occurrence of a Ledger Event and whether the Increased Interest Rate becomes payable on the Bonds. Interest on the Bonds at an Increased Interest Rate will be computed on the basis of a 360-day

year consisting of twelve 30-day months and will be payable in the same manner as the interest borne by the Bonds on the Initial Issue Date.

For purposes of the Indenture:

(a) any Ledger Event Payments received by CCCFA from the Energy Supplier in respect of a Ledger Event shall not constitute an item of “Revenues” and shall be deposited directly into the Debt Service Account; and

(b) the Scheduled Debt Service Deposits required by the Indenture shall be computed on the basis of the interest rates borne by the Bonds on the Initial Issue Date and shall not be re-computed in the event that the Bonds bear interest at an Increased Interest Rate.

Tender

Mandatory Tender. The Bonds maturing on October 1, 2055 are required to be tendered for purchase on July 1, 2034 (the “*Mandatory Purchase Date*”), which is the day following the end of the Initial Interest Rate Period. The Purchase Price of the Bonds on the Mandatory Purchase Date is equal to 100% of the principal amount thereof and is payable in immediately available funds *first* from amounts on deposit in the Remarketing Proceeds Account established by the Indenture and *second* from amounts on deposit in the Issuer Purchase Account established by the Indenture. Accrued interest due on any Bonds to be purchased on the Mandatory Purchase Date, which is an Interest Payment Date, shall be paid from amounts on deposit in the Debt Service Account.

The Purchase Price of any Bond on the Mandatory Purchase Date shall be payable only upon surrender of such Bond to the Trustee at its designated corporate trust office, accompanied by an instrument of transfer thereof in form satisfactory to the Trustee, executed in blank by the Owner thereof or by the Owner’s duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange at or prior to 10:00 a.m., New York City time, on the date specified for such delivery in a notice provided to the Owners by the Trustee, such notice to be given no less than 30 days prior to the applicable Mandatory Purchase Date. In the event that any Owner of a Bond so subject to mandatory tender for purchase shall not surrender such Bond to the Trustee for purchase on the Mandatory Purchase Date, then such Bond shall be deemed to be an Undelivered Bond, and no interest shall accrue thereon on and after the Mandatory Purchase Date, and the Owner thereof shall have no rights under the Indenture other than to receive payment of the Purchase Price thereof.

Failed Remarketing. Under the Indenture, a “*Failed Remarketing*” means, (a) with respect to the Bonds on any Mandatory Purchase Date, a failure to either (i) pay the Purchase Price of the Bonds required to be purchased on such date or (ii) redeem such Bonds in whole on such date (including from any funds required from an Assignment Payment to the Assignment Payment Fund), or (b) with respect to the Bonds (i) if, on the last day of the current Reset Period prior to a Mandatory Purchase Date, CCCFA has not entered into a bond purchase agreement, firm remarketing agreement or similar agreement with respect to the remarketing or refunding of the Bonds, or (ii) if the conditions of (b)(i) above are satisfied, but the Purchase Price of the Bonds required to be purchased on the Mandatory Purchase Date is not delivered to the Trustee by 12:00 noon, New York City time, on the fifth Business Day preceding such Mandatory Purchase Date. A Failed Remarketing will result in an Early Termination Payment Date under the Prepaid Energy Sales Agreement and the extraordinary redemption of the Bonds on the Mandatory Purchase Date.

No Optional Tender. The Bonds are **not** subject to optional tender by Bondholders during the Initial Interest Rate Period.

Redemption

Optional Redemption of Series 2025D Bonds. The Series 2025D Bonds are subject to redemption at the option of CCCFA in whole or in part (in such amounts and by such maturities as may be specified by CCCFA and by lot within a maturity) on any date prior to April 1, 2034 at a Redemption Price, calculated by a quotation agent selected by CCCFA, equal to the greater of:

- (a) the sum of the present values of the remaining unpaid payments of principal and interest to be paid on the Series 2025D Bonds to be redeemed from and including the date of redemption (not including any portion of the interest accrued and unpaid as of the redemption date) to the earlier of the stated maturity date of such Series 2025D Bond or the Mandatory Purchase Date, discounted to the date of redemption on a semiannual basis at a discount rate equal to the Applicable Tax-Exempt Municipal Bond Rate (defined below) for such Series 2025D Bonds minus 0.25% per annum, provided, however, that if the Applicable Tax-Exempt Municipal Bond Rate results in a discount rate less than zero percent, such discount shall be 0.00% in any event, and
- (b) the Amortized Value (defined below) thereof;

in each case plus accrued and unpaid interest to the date of redemption at the initial interest rates on the Series 2025D Bonds or the Increased Interest Rate, whichever is then in effect.

The Series 2025D Bonds maturing on the Mandatory Purchase Date are subject to redemption at the option of CCCFA in whole or in part (in such amounts and by such maturities as may be specified by CCCFA and by lot within a maturity) on any date on or after April 1, 2034 at a Redemption Price equal to the Amortized Value thereof as of the date of redemption, plus \$0.21 per \$1,000 of the principal amount thereof plus accrued and unpaid interest to the date of redemption at the initial interest rates on the Series 2025D Bonds or the Increased Interest Rate, whichever is then in effect; provided that, if the optional redemption date is the Mandatory Purchase Date, the Redemption Price will be 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to the date of redemption.

The Series 2025D Bonds maturing after the Mandatory Purchase Date are subject to redemption at the option of CCCFA in whole or in part (in such amounts and by such maturities as may be specified by CCCFA and by lot within a maturity) on any date on or after April 1, 2034 at a Redemption Price equal to the Amortized Value thereof as of the date of redemption, plus \$0.22 per \$1,000 of the principal amount thereof plus accrued and unpaid interest to the date of redemption at the initial interest rates on the Series 2025D Bonds or the Increased Interest Rate, whichever is then in effect; provided that, if the optional redemption date is the Mandatory Purchase Date, the redemption price will be 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to the date of redemption.

In lieu of redeeming Series 2025D Bonds pursuant to the Indenture, the Trustee may, upon the Written Direction of CCCFA, use such funds as may be available by CCCFA or as are otherwise available under the Indenture to purchase such Series 2025D Bonds on the applicable redemption date at a Purchase Price equal to the applicable Redemption Price of such Series 2025D Bonds. Any Series 2025D Bonds so purchased may be remarketed in a new Interest Rate Period or may be cancelled by the Trustee, in either case as set forth in the Written Direction of the Issuer.

The “*Applicable Tax-Exempt Municipal Bond Rate*” means, for the Bonds of any maturity, the “Comparable AAA General Obligations” yield curve rate for the year of such maturity or Mandatory Purchase Date, as applicable, as published by Refinitiv Global Markets, Inc. at least one Business Day and not more than 15 Business Days prior to the date that notice of redemption is required to be given pursuant to the Indenture. If no such yield curve rate is established for the applicable year, the “Comparable AAA General Obligations” yield curve rate for the two published maturities most closely corresponding to the applicable year shall be determined, and the Applicable Tax-Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis. This rate is made available daily by Refinitiv Global Markets, Inc. and is available to its subscribers through the internet address: www.tm3.com. In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Refinitiv Global Markets, Inc. no longer publish the “Comparable AAA General Obligations” yield curve rate, then the Applicable Tax-Exempt Municipal Bond Rate shall equal the Consensus Scale yield curve rate for the applicable year. The Consensus Scale yield curve rate is made available daily by Municipal Market Analytics and is available to its subscribers through its internet address: www.mma-research.com. In the further event Municipal Market Analytics no longer publishes the Consensus Scale, the Applicable Tax-Exempt Municipal Bond Rate shall be determined by a major market maker in municipal securities, as the quotation agent, based upon the rate per annum equal to the annual yield to maturity, calculated using semi-annual compounding, of those tax-exempt general obligation bonds rated in the highest Rating Category by Moody’s and S&P with a maturity date equal to the stated maturity date or Mandatory Purchase Date, as applicable, of such Bonds having characteristics (other than the ratings) most comparable to those of such Bonds in the judgment of the quotation agent. The quotation agent’s determination of the Applicable Tax-Exempt Municipal Bond Rate shall be final and binding on all parties in the absence of manifest error and may be conclusively relied upon in good faith by the Trustee.

“*Amortized Value*” means, with respect to any Bond to be redeemed during the Initial Interest Rate Period, the principal amount of such Bond multiplied by the price of such Bond expressed as a percentage, calculated by a major market maker in municipal securities, as the quotation agent, selected by CCCFA, based on the industry standard method of calculating bond prices (as such industry standard prevailed on the date such Bond began to bear interest at its current Term Rate), with a delivery date equal to the date of redemption of such Bond, a maturity date equal to the earlier of (a) the stated maturity date of such Bond or (b) the Term Rate Tender Date of such Bond and a yield equal to such Bond’s original reoffering yield (as set forth on the inside cover page of this Official Statement) on the date such Bond began to bear interest at its current Term Rate. The Amortized Value of the Bonds as of certain dates during the Initial Interest Rate Period is shown on APPENDIX H.

Extraordinary Mandatory Redemption. The Bonds shall be subject to mandatory redemption prior to maturity in whole, and not in part, on the first day of the Month following the Early Termination Payment Date, which redemption date in the case of a Failed Remarketing will be the same day as the current Mandatory Purchase Date, at a Redemption Price equal to the Amortized Value thereof, plus accrued and unpaid interest to the redemption date at the initial interest rates on the Bonds or the Increased Interest Rate, whichever is then in effect. See APPENDIX H for a schedule showing the Redemption Price (excluding accrued interest) of the Bonds upon an extraordinary mandatory redemption following an Early Termination Payment Date that occurs during the Initial Interest Rate Period.

CCCFA shall provide the Trustee with Written Notice of the Early Termination Payment Date (x) on the date on which a Failed Remarketing occurs, and (y) in all other cases, not more than five (5) Business Days after such date is determined.

Notice of Redemption. In the case of every redemption of Bonds, the Trustee must give notice, in the name of CCCFA, of the redemption of such Bonds by first-class mail, postage prepaid, to the registered owner of each Bond being redeemed, at its address as it appears on the bond registration books of the Trustee or at such address as such owner may have filed with the Trustee in writing for that purpose, as of the Regular Record Date, not less than 15 days prior to the redemption date in the case of an extraordinary mandatory redemption described above and not less than 30 days prior to the redemption date in the case of mandatory sinking fund redemption or optional redemption of the Series 2025D Bonds.

Each notice of redemption must identify the Bonds to be redeemed and must state (i) the redemption date, (ii) the Redemption Price or the manner in which it will be calculated, (iii) that the Bonds called for redemption must be surrendered to collect the Redemption Price, (iv) the address at which the Bonds must be surrendered, and (v) that interest on the Bonds called for redemption ceases to accrue on the redemption date. Failure of the registered owner of any Bonds which are to be redeemed to receive any such notice, or any defect in such notice, shall not affect the validity of the proceedings for the redemption of any Bonds.

In the event that the Bonds may be subject to extraordinary redemption as a result of a Failed Remarketing that could occur if the Trustee has not received the Purchase Price of the Bonds by noon New York City time on the fifth Business Day preceding a Mandatory Purchase Date, a notice of extraordinary redemption of the Bonds may be a conditional notice of redemption, delivered in each case not less than 15 days prior to such Mandatory Purchase Date, stating that: (a) such redemption shall be conditioned upon the Trustee's failure to receive, by noon New York City time on the fifth Business Day preceding such Mandatory Purchase Date, the Purchase Price of the Bonds required to be purchased on such Mandatory Purchase Date, and (b) if the full amount of the Purchase Price has been received by the Trustee by noon New York City time on the fifth Business Day preceding such Mandatory Purchase Date, the Bonds shall be purchased pursuant to a mandatory tender on such Mandatory Purchase Date rather than redeemed. If the full amount of the Purchase Price has been received by the Trustee by noon New York City time on the fifth Business Day preceding such Mandatory Purchase Date, the Trustee shall withdraw such conditional notice of redemption prior to such Mandatory Purchase Date and the Bonds shall be purchased pursuant to the provisions of the Indenture relating to mandatory tender on such Mandatory Purchase Date rather than redeemed.

With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice such Bonds will be deemed to have been paid under the Indenture, such notice must state that such redemption will be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of and interest on the Bonds to be redeemed, and that if such money shall not have been so received said notice will be of no force and effect, and CCCFA will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption will not be made and the Trustee must within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

Effect of Redemption. Notice having been given in the manner provided in the Indenture and, in the case of optional redemption of Bonds, sufficient moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on such Bonds being held by the Trustee, the Bonds or portions thereof so called for redemption will become due and payable on the redemption date so designated at the applicable Redemption Price, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, will be paid at the Redemption Price. If there

shall be drawn for redemption less than all of a Bond, CCCFA must execute and the Trustee must authenticate and the Paying Agent must deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, Bonds of like Series, maturity and tenor in any of the Authorized Denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. Upon the payment of the Redemption Price of the Bonds or portions thereof being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Selection of Bonds to be Redeemed. If less than all of the Bonds of like series, tenor and maturity are called for redemption, the particular Bonds or portions of Bonds of such series, tenor and maturity to be redeemed must be selected by lot in such manner as the Trustee shall determine, in its sole discretion, from Bonds of such series, tenor and maturity not previously called for redemption; *provided, however*, that the portion of any Bond of a denomination of more than a minimum Authorized Denomination to be redeemed shall be in the principal amount of such minimum Authorized Denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of a minimum Authorized Denomination which is obtained by dividing by such minimum Authorized Denomination the principal amount of such Bond to be redeemed in part.

Book-Entry System

The Bonds will be initially issued in book-entry only form through the facilities of DTC. The Bonds will be transferable and exchangeable as set forth in the Indenture and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of and premium, if any, and interest on the Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which, in turn, will remit such amounts to DTC participants for subsequent disbursement to the Beneficial Owners. See APPENDIX G — “BOOK-ENTRY SYSTEM”.

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DEBT SERVICE REQUIREMENTS

Set forth in the following table are the Debt Service requirements on the Bonds in each bond year during the Initial Interest Rate Period, excluding the purchase price of the Bonds that mature on October 1, 2055 that is payable on the Mandatory Purchase Date (July 1, 2034)¹.

YEAR ENDING JULY 1	PRINCIPAL AMOUNT	INTEREST	TOTAL
2026		\$46,931,967	\$46,931,967
2027		50,284,250	50,284,250
2028		50,284,250	50,284,250
2029		50,284,250	50,284,250
2030	\$5,910,000	50,284,250	56,194,250
2031	15,730,000	49,792,875	65,522,875
2032	16,710,000	48,996,500	65,706,500
2033	17,375,000	48,150,625	65,525,625
2034	18,255,000	47,271,000	65,526,000
TOTAL	73,980,000	442,279,967	516,259,967

¹. As of the Mandatory Purchase Date, \$931,705,000 principal amount of the Bonds will remain outstanding and the Bonds outstanding are required to be purchased pursuant to mandatory tender.

THE PREPAID ENERGY SALES AGREEMENT

Purchase and Sale

Under the Prepaid Energy Sales Agreement, the Energy Supplier agrees to deliver an Annual Quantity of EPS Compliant Energy in each Contract Year, to be delivered on a monthly basis, set forth in the Prepaid Energy Sales Agreement (the “*Prepaid Energy*”) during the Delivery Period and CCCFA has agreed to make a lump sum advance payment to the Energy Supplier for all of the cost of the Prepaid Energy to be delivered during the Delivery Period. The total quantity of expected Prepaid Energy to be delivered by the Energy Supplier during the Initial Reset Period is approximately 5.9 million MWh and is subject to change as described below under the heading “*Aggregate Quantity*”.

For discussion of the Contract Price, see “THE POWER SUPPLY CONTRACT — *Pricing Provisions*”.

Delivery of Prepaid Energy

Assigned Energy. Assigned Energy delivered under the Prepaid Energy Sales Agreement shall be Scheduled at the delivery point specified in the applicable Assignment Agreement (an “*Assigned Delivery Point*”). Scheduling and transmission of Assigned Energy shall be in accordance with the applicable Assignment Agreement. At the start of the Delivery Period, the Project Participant is expected to assign the initially Assigned PPA, as described under “– *Assignment of Power Purchase Agreements*” below, for delivery of the quantity of Assigned Energy equal to the quantity of Prepaid Energy required to be delivered by the Energy Supplier during the term of such assignment.

Base Energy. If the Assigned Energy for any measurement period during the term of the Prepaid Energy Sales Agreement is less than the quantity of Prepaid Energy required to be delivered during such period, the Energy Supplier is required to deliver Base Energy for remarketing under the terms of the

Prepaid Energy Sales Agreement. Base Energy is not expected to be delivered during the Initial Reset Period.

Title. Title to and risk of loss of the Energy delivered under the Prepaid Energy Sales Agreement shall pass from the Energy Supplier to CCCFA at the applicable Delivery Point. The transfer of title and risk of loss for all Assigned Energy shall be set forth in the applicable Assignment Agreement; provided that all Assignment Agreements shall provide for the transfer of Renewable Energy Credits in accordance with the Western Renewable Energy Generation Information System or its successor.

Aggregate Quantity. The aggregate quantity of Energy to be delivered during the term of the Delivery Period varies based on the quantities of Prepaid Energy CCCFA has agreed to deliver to the Project Participant under the Power Supply Contract. The aggregate average quantity of Monthly Projected Quantities under the Prepaid Energy Sales Agreement during the Initial Reset Period is approximately 56,500 MWh.

Assignment of Power Purchase Agreements

The Project Participant has assigned its Initial Assigned Rights and Obligations to MSCG pursuant to a limited assignment agreement with respect to one power purchase agreement providing for the delivery of EPS Compliant Energy for a term ending December 31, 2027. Upon the expiration of this initially Assigned PPA, the Project Participant expects to assign one or more additional PPAs to MSCG or the Energy Supplier in order to enable the Energy Supplier to meet its Energy delivery obligations under the Prepaid Energy Sales Agreement for the remainder of the Initial Reset Period.

Upon any EPS Energy Period terminating or expiring, or any subsequent Assignment Agreement being entered into, the Prepaid Energy Sales Agreement and the Power Supply Contract include provisions to recalculate Assigned Quantities and quantities of Base Energy. As such, upon a replacement of the Assigned Rights and Obligations under an Assigned PPA, the quantities of Base Energy will be reduced as provided in the Prepaid Energy Sales Agreement. Quantities of Base Energy may also be revised to reflect any Replacement Assigned Rights and Obligations.

Failure to Deliver or Receive Energy

Assigned Quantities. Neither CCCFA nor the Energy Supplier shall have any liability or other obligation to one another for any failure to Schedule, receive, or deliver Assigned Quantities, except as described under the following subheading “— *Provisional Payments and Energy Remarketing.*”

Base Energy. As Base Energy does not qualify as EPS Compliant Energy, CCCFA will have no obligation to take Base Quantities under the Prepaid Energy Sales Agreement. However, because CCCFA will have prepaid for all Energy to be delivered under the Prepaid Energy Sales Agreement, any Base Energy that is required to be delivered will be remarketed as described under the heading “*Provisional Payments and Energy Remarketing – Base Quantities.*”

See “THE POWER SUPPLY CONTRACT — *Pricing Provisions*”. **Base Energy is not expected to be delivered during the Initial Reset Period.**

Provisional Payments and Energy Remarketing

Assigned Quantities. In the event (a) the Annual Quantity has not been delivered for the then current Contract Year as of the end of a month, and (b) Assigned Quantities equivalent to the Monthly Projected Quantities for any month are not delivered under an Assigned PPA, the Energy Supplier will be obligated to make a payment to CCCFA equal to the quantity of Assigned Energy not delivered multiplied by the Day-Ahead Average Price, minus any applicable (as described below) Provisional Payment Fee (any such payment, a “Provisional Payment”). To the extent that the Energy Supplier makes one or more Provisional Payments to CCCFA in any Contract Year and the Annual Quantity is not delivered in full within such Contract Year, the Energy Supplier will be deemed to have remarketed such undelivered Assigned Quantities (other than any portion thereof that was not delivered due to Force Majeure) and to have purchased such Assigned Quantities for its own account (at a price equal to the weighted average price of such Provisional Payments), and such purchase will constitute a private-business use sale; provided no remarketing shall occur with respect to any Provisional Payment required to be made for Assigned Quantities not delivered due to Force Majeure. In such case, the Project Participant shall be obligated to use Commercially Reasonable Efforts to remediate the proceeds of such sales with other qualifying purchases of Energy. To the extent the Project Participant has not remediated the proceeds of any such sale within twelve months of the first day of the Month prior to the Month in which CCCFA or the Project Participant receives the proceeds of such remarketing sale, the Energy Supplier is required to use Commercially Reasonable Efforts to remediate such proceeds through Qualifying Sales to the Project Participant or any Municipal Utilities (as defined in Appendix B).

To the extent that both (i) less than 95% of the Monthly Projected Quantities in aggregate under an Assigned PPA are delivered in a Contract Year and (ii) less than 95% of the Monthly Projected Quantities under the same Assigned PPA are delivered in the four consecutive Months preceding the end of such Contract Year (provided that, for the purpose of clauses (i) and (ii), any Monthly Projected Quantities not delivered due to Force Majeure shall be disregarded), the Provisional Payment Fee shall be applicable to Provisional Payments for Assigned Products under such Assigned PPA commencing with Energy Supplier’s Provisional Payment for the last Month of such Contract Year and such Provisional Payment Fee shall continue to apply with respect to such Assigned PPA until such Assigned PPA has delivered 95% or more of the Monthly Projected Quantities for such Assigned PPA for three consecutive Months. In addition, to the extent that none of the Monthly Projected Quantities are actually delivered under an Assigned PPA for six consecutive Months due to Force Majeure, then (i) an “Assigned PPA FM Provisional Payment Event” shall be in effect until such Assigned PPA has delivered 95% or more of the Monthly Projected Quantities for such Assigned PPA for three consecutive Months and (ii) the Provisional Payment Fee shall be applicable to Provisional Payments for Assigned Products under such Assigned PPA commencing with Seller’s Provisional Payment for the sixth consecutive Month of non-deliveries until such Assigned PPA FM Provisional Payment Event is no longer in effect.

Base Quantities. In the event of any expiration or termination of an Assigned PPA, the Project Participant is required to use Commercially Reasonable Efforts to enter into a new limited assignment agreement relating to one or more additional PPAs, providing for the assignment of its rights to delivery of quantities of EPS Compliant Energy equivalent to the Prepaid Quantities for the term of such assignment. If (i) the Project Participant exercises Commercially Reasonable Efforts to enter into a limited assignment agreement for the redelivery of EPS Compliant Energy under its Power Supply Contract and (ii) the Project Participant is not in default under its Power Supply Contract, then:

- the Energy Supplier shall be obligated to remarket Base Energy and purchase such Base Energy for its own account at the applicable index price;
- the Project Participant shall be obligated to use Commercially Reasonable Efforts to remediate the proceeds of such sales with other qualifying purchases of energy; and
- to the extent the Project Participant has not remediated the proceeds of such sales within twelve months, the Energy Supplier is required to use Commercially Reasonable Efforts to remediate such proceeds through Qualifying Sales to the Project Participant or other Municipal Utilities.

To the extent that the Project Participant (i) has not exercised commercially reasonable efforts to enter into a limited assignment agreement for the redelivery of EPS Compliant Energy under its Power Supply Contract, (ii) is otherwise in default under its Power Supply Contract or (iii) does not require or is unable to receive all or a portion of the Prepaid Quantities under its Power Supply Contract as a result of decreased Energy requirements, decreased demand by its retail customers or EPS Compliant Energy not being available for delivery under the Prepaid Energy Sales Agreement, then:

- the Energy Supplier is required to use Commercially Reasonable Efforts to remarket equivalent quantities of Base Energy first to Municipal Utilities for a Qualifying Use, and if unable to remarket all or any portion of such quantities for a Qualifying Use at a net price not less than the applicable index price, to sell such remaining quantities in a non-private business sale; and
- to the extent the Energy Supplier cannot remarket such quantities to Municipal Utilities for a Qualifying Use, it is required to purchase such quantities for its own account.

The Energy Supplier shall pay to CCCFA the proceeds of any sales to Municipal Utilities or non-private business sales (net of a remarketing fee), and to the extent the Energy Supplier purchases quantities for its own account the Energy Supplier shall pay CCCFA an amount based on the applicable index price for such quantities; provided any such amounts payable by the Energy Supplier shall not be less than the Contract Price.

Financial Responsibility

If (a) the Energy Supplier or MSCG has entered into an Assignment Agreement that does not include a Receivables setoff provision substantially in the form prescribed in the Receivables Purchase Provisions (permitting the Energy Supplier to apply the face amount of Receivables relating to Assigned Product purchased by MSCG pursuant to the Assigned Rights and Obligations to reduce any Delivered Product Payment Amount) or (b) reasonable grounds arise for insecurity of payments due under the Power Supply Contract, the Energy Supplier may request that the CCCFA exercise its rights under the Power Supply Contract to demand adequate assurance, and CCCFA shall promptly exercise such rights if commercially reasonable.

In the event of a dispute or if the Project Participant fails to provide adequate assurance when requested, the Energy Supplier may suspend deliveries to CCCFA and remarket the Contract Quantity under the Prepaid Agreement until the demand is satisfied and the term of deliveries to any replacement customer (to which such Energy has been remarketed) is completed. Reasonable grounds include but are not limited

to the occurrence of an insolvency or liquidation proceeding with respect to the Project Participant or the downgrading of the Project Participant's credit rating below investment grade (in accordance with the applicable rating scale of the rating agency), or such facts and circumstances which would constitute reasonable grounds for insecurity under applicable Law.

Payment After Delivery of Annual Quantity

After the Annual Quantity has been delivered for any Contract Year, the Energy Supplier shall pay CCCFA the Day-Ahead Average Price with respect to any remaining Monthly Projected Quantities for any such Contract Year.

Ledger Event

Except as described under the heading "Provisional Payments and Energy Remarketing" above, the Energy Supplier is required to use Commercially Reasonable Efforts to remarket Base Energy first in Qualifying Sales and next in non private business sales. If the Energy Supplier is unable to remarket Base Energy required to be remarketed under the Prepaid Energy Sales Agreement in Qualifying Sales or in non-private business sales, it must purchase such Base Energy for its own account. To the extent the Energy Supplier purchases such electricity, CCCFA will exercise commercially reasonable efforts to use the proceeds of such remarketing to purchase Energy (other than Priority Energy, as described below) for resale in qualified sales.

If after two years there are remaining remarketing proceeds from sales to purchasers other than Municipal Utilities or other qualified users, such balance will count against either a limit equivalent to a quantity of Energy, in MWh, equal to \$15 million divided by a specified fixed price per MWh under the Prepaid Energy Sales Agreement (or such higher limit determined in a Favorable Opinion of Bond Counsel) or a limit of 10% of the original quantity of Energy purchased under the Prepaid Energy Sales Agreement (or such higher limit determined in a favorable opinion of Bond Counsel), depending on the status of the purchaser at the time the proceeds are received by CCCFA. Both limits apply in the aggregate over the term of the Prepaid Energy Sales Agreement. Once either limit has been exceeded, a Ledger Event will be deemed to have occurred.

The occurrence of a Ledger Event could cause interest on the Bonds to become subject to federal income taxation, possibly retroactive to the Initial Issue Date of the Bonds. A Ledger Event results in an Energy Delivery Termination Date under the Prepaid Energy Sales Agreement. A Ledger Event does not, by itself, result in an Early Termination Payment Date under the Prepaid Energy Sales Agreement, however upon the occurrence of a Ledger Event MSCG will have the option to purchase the Funding Agreement from the Energy Supplier, which will result in an Early Termination Payment Date and mandatory redemption of the Bonds. See "Investment Considerations – *Loss of Tax Exemption on the Bonds*" herein.

Payment Provisions

The prepayment from CCCFA to the Energy Supplier will be due prior to the inception of the term of the Prepaid Energy Sales Agreement. To the extent any other amount becomes due to the Energy Supplier or CCCFA thereunder (for example, as a result of remarketing or failure to deliver by the Energy Supplier), such amount will be due to the other party on or before the later of (x) the 25th or 22nd day, respectively, of the month following the month in which such amount accrues or (y) the 10th day following

the relevant party's receipt of a billing statement (or if either such day is not a Business Day, the preceding Business Day).

Force Majeure

Each of CCCFA and the Energy Supplier are excused from their respective obligations to receive and deliver Energy under the Prepaid Energy Sales Agreement to the extent prevented by Force Majeure (as defined in APPENDIX B). The Energy Supplier is required to pay to CCCFA the applicable index price with respect to any Base Energy not delivered due to Force Majeure.

Assignment

Neither party may assign its rights under the Prepaid Energy Sales Agreement without the other party's prior written consent except:

(a) pursuant to the Indenture, CCCFA may transfer, sell, pledge, encumber or assign the Prepaid Energy Sales Agreement to the Trustee in connection with a financing arrangement; *provided* that CCCFA may not assign its rights under the Prepaid Energy Sales Agreement unless, contemporaneously with the effectiveness of such assignment, CCCFA also assigns the CCCFA Commodity Swap and CCCFA Custodial Agreement to the same assignee; and

(b) the Energy Supplier may assign the Prepaid Energy Sales Agreement to an affiliate, which assignment shall constitute a novation; provided that (i) the Energy Supplier delivers a Rating Confirmation with respect to such assignment, (ii) contemporaneously with the effectiveness of such assignment, the Energy Supplier also assigns the Energy Supplier Commodity Swap, the Energy Supplier Custodial Agreement and the Master Custodial Agreement to the same assignee and either (A) the Energy Supplier assigns the Funding Agreement and the Energy Management Agreement to the same assignee or (B) the assignee provides a guarantee of its obligations by Morgan Stanley, and (iii) the assignee is a special purpose entity approved by CCCFA or its obligations under the Prepaid Energy Sales Agreement are guaranteed or otherwise supported by the Funding Recipient to the satisfaction of CCCFA.

If either (a) the Energy Supplier notifies CCCFA that the Funding Agreement will not be replaced, re-financed or re-priced as of the end of any Interest Rate Period for the Bonds, (b) the Energy Supplier is unable to provide under the Re-Pricing Agreement an estimated Available Discount for any Reset Period that is equal to or greater than the applicable minimum discount under the Power Supply Contract, or (c) both (i) the Energy Supplier has agreed under the Re-Pricing Agreement to provide an Available Discount equal to or greater than the applicable minimum discount but for a Reset Period shorter than the entire remaining term to maturity of the Prepaid Energy Sales Agreement and (ii) CCCFA has identified a potential assignee that has agreed to provide an Available Discount equal to or greater than the applicable minimum discount for a Reset Period equal to the entire remaining term to maturity of the Prepaid Energy Sales Agreement, then, at the request of CCCFA, the Energy Supplier will reasonably cooperate with CCCFA to cause the Energy Supplier's (or the Energy Supplier's affiliate's) right, title and interest in the Prepaid Energy Sales Agreement, the Re-Pricing Agreement, the Energy Supplier Commodity Swap, the Energy Supplier Custodial Agreement and any Debt Service Account Investment Agreement with a term that extends past the then-current Interest Rate Period to which the Energy Supplier or any of its affiliates is a party and all agreements related to any of the foregoing (collectively, the "Transaction Documents") to

be novated to a replacement seller. The Prepaid Energy Sales Agreement and the Indenture impose certain requirements, including delivery of a Rating Confirmation, for any such novation.

Termination

Acceleration Event. Following the occurrence of an Acceleration Event, the Energy Supplier is required to pay the Termination Payment on the Early Termination Payment Date. An Acceleration Event will occur the Prepaid Energy Sales Agreement under the following circumstances each an “*Acceleration Event*”):

- the Funding Agreement is accelerated pursuant to the provisions of the Funding Agreement due to an Event of Default thereunder;
- the Energy Supplier is unable to replace, refinance or re-price the Funding Agreement for any Reset Period by the date that is one week prior to the beginning of the first Month following a Reset Period;
- the Project Participant makes a Remarketing Election under the Power Supply Contract for any Reset Period (a “*PSC Remarketing Event*”), and MSCG exercises its option to designate an EMA Early Termination Date under the Energy Management Agreement;
- MSCG purchases the Funding Agreement from the Energy Supplier pursuant to the Energy Management Agreement following the occurrence of a Ledger Event; or
- a Failed Remarketing occurs.

Energy Delivery Termination Events. An Energy Delivery Termination Date will occur automatically under the Prepaid Energy Sales Agreement upon the occurrence of an Acceleration Event or an Energy Delivery Termination Event. If an Energy Delivery Termination Date occurs, the Delivery Period under the Prepaid Energy Sales Agreement will end and the Energy Supplier will be required to make the payment or payments. An Energy Delivery Termination Date will occur under the following circumstances (each, an “*Energy Delivery Termination Event*”):

- the occurrence of a Ledger Event;
- both (a) an EMA Early Termination Date occurs under the Energy Management Agreement and (b) the Energy Supplier is unable to enter into a replacement Energy Management Agreement by the date that is 120 days following such early termination date;
- both (a) an early termination date is designated under the CCCFA Commodity Swap for any reason or occurs automatically pursuant to the terms of the CCCFA Commodity Swap based on an event of default or a termination event thereunder and (b) either the Energy Supplier Commodity Swap or the CCCFA Commodity Swap is not replaced within the Swap Replacement Period; or
- both (a) an early termination date is designated (or occurs automatically) under the Energy Supplier Commodity Swap for any reason and (b) either the Energy Supplier Commodity

Swap or the CCCFA Commodity Swap is not replaced within the Swap Replacement Period.

Termination Payment

Following an Acceleration Event, the Energy Supplier is required to pay the Termination Payment to the Trustee on the Early Termination Payment Date. Except in the case of a Failed Remarketing, the “Early Termination Payment Date” is the last Business Day of the Month that commences after an Acceleration Event occurs. In the case of an Acceleration Event that results from a Failed Remarketing, the Early Termination Payment Date will be the last Business Day of the current Interest Rate Period. The obligation of the Energy Supplier to pay the Termination Payment on the Early Termination Payment Date is unconditional, and the Energy Supplier waives all rights to set-off, counterclaim, recoupment and any other defenses that might otherwise be available with regard to its obligation to pay the Termination Payment on the Early Termination Payment Date.

The amount of the Termination Payment is set forth on an exhibit to the Prepaid Energy Sales Agreement. The Termination Payment schedule generally corresponds to the amount payable by the Funding Recipient upon the maturity or prior redemption or acceleration of the Funding Agreement, or the price MSCG would pay to purchase the Funding Agreement from the Energy Supplier. The Termination Payment payable by the Energy Supplier, together with the amounts required to be on deposit in certain Funds and Accounts held by the Trustee, has been calculated to provide a sum at least sufficient to pay the Redemption Price of the Bonds, assuming that the Funding Recipient and the Energy Supplier pay and perform their respective obligations under the Funding Agreement, the Prepaid Energy Sales Agreement and the Energy Management Agreement when due.

Receivables Purchase Provisions

General. Pursuant to the Receivables Purchase Provisions of the Prepaid Energy Sales Agreement, the Energy Supplier has agreed to purchase from CCCFA the rights to payment of net amounts owed by the Project Participant under the Power Supply Contract (the “*Put Receivables*”). CCCFA is required to sell and the Energy Supplier is required to purchase Put Receivables under the circumstances described below under “*Put Receivables*.”

Put Receivables. Upon a payment default by the Project Participant under the Power Supply Contract, CCCFA shall put to the Energy Supplier and the Energy Supplier shall purchase Put Receivables with a face value equal to the amount of the non-payment by the Project Participant. CCCFA shall exercise its put option by delivering notice (the “*Put Option Notice*”) to the Energy Supplier on the Business Day following the date on which the relevant payment default occurs. The Put Option Notice shall include a description of the Put Receivables (including the relevant Project Participant, aging information and face amount of the Put Receivables) to be sold to the Energy Supplier (collectively, the “*Put Identified Receivables*”).

Receivables Purchase by MSCG. Under the Energy Management Agreement, MSCG has agreed to accept as payment from the Energy Supplier any Put Receivables purchased by the Energy Supplier under the Receivables Purchase Provisions. See “The Energy Management Agreement.”

THE RE-PRICING AGREEMENT

General

CCCFA and the Energy Supplier will enter into the Re-Pricing Agreement which provides for the determination of Reset Periods subsequent to the Initial Reset Period to correspond to the related Interest Rate Periods on the Bonds. The Initial Reset Period under the Prepaid Energy Sales Agreement and the Power Supply Contract begins on September 1, 2025 and ends on the last day of May 2034. The Initial Reset Period under the Prepaid Energy Sales Agreement ends one month before the end of the Initial Interest Rate Period, and each subsequent Reset Period will end one month before the end of the corresponding Interest Rate Period.

The debt service requirements on the Bonds for each Reset Period will not be known until the interest rate on the Bonds has been determined for such Reset Period. The Power Supply Contract includes provisions for the adjustment of the Energy sales price for each Reset Period so as to provide Revenues sufficient to enable CCCFA to meet the debt service requirements on the Bonds during each Reset Period. Accordingly, the Re-Pricing Agreement further provides for the calculation of the amount of the Available Discount (in cents per MWh) for sales of Energy to the Project Participant under the Power Supply Contract during each Reset Period.

In the event that the Available Discount for any Reset Period is less than the Minimum Discount specified in the Power Supply Contract (which includes both monthly discounts and any annual refunds), the Project Participant may elect not to take its Contract Quantities of Energy during the Reset Period, and to have such Energy remarketed for the duration of the Reset Period (a “*Remarketing Election*”) by giving notice of such election to CCCFA, the Energy Supplier and the Trustee. Any Energy that is covered by a Remarketing Election will be remarketed in accordance with the provisions of the Indenture and the Prepaid Energy Sales Agreement. In the event that the Project Participant makes a PSC Remarketing Election, MSCG will have the option to terminate the Energy Management Agreement. If MSCG exercises this option, an Acceleration Event and an Early Payment Termination Date will occur under the Prepaid Energy Sales Agreement. See “THE PREPAID ENERGY SALES AGREEMENT—*Energy Remarketing*” and “—*Termination*”.

Replacement of Funding Agreement

The Re-Pricing Agreement includes provisions that enable the Energy Supplier to obtain proposals from the Funding Recipient and other qualified funding providers for funding agreements to replace the Funding Agreement upon its maturity (which coincides with the end of the Initial Interest Rate Period). CCCFA agrees to cooperate in good faith with the Energy Supplier and to take all steps reasonably within its control to cause the Bonds to be remarketed or refunded for the Interest Rate Period that corresponds to each Reset Period.

THE FUNDING AGREEMENT

Set forth below is a summary of certain provisions of the Funding Agreement. This summary does not purport to be a complete description of the terms and conditions of the Funding Agreement and accordingly is qualified by reference to the full text thereof.

General

In connection with the Energy Project, the Energy Supplier (referred to in this section as the “Holder”), will purchase that certain Funding Agreement, dated July 15, 2025 (the “*Funding Agreement*”) from Forethought Life Insurance Company (“*FLIC*”) or (the “*Funding Recipient*”). The Funding Recipient is a life insurance company organized under the laws of the State of Indiana. Funding agreements are unsecured obligations of FLIC.

Payments

On or prior to each Interest Payment Date (as set forth in the Annex of the Funding Agreement, the “*Funding Agreement Interest Payment Date*”), FLIC shall pay the interest accrued from the preceding Funding Agreement Interest Payment Date to the day preceding the relevant Funding Agreement Interest Payment Date to the Holder in accordance with the provisions of the Funding Agreement. FLIC shall make Amortization Payments to the Holder in accordance with Schedule I in the Annex of the Funding Agreement. FLIC waives all rights to set-off, counterclaim, recoupment and any other defenses that might otherwise be available to FLIC with regard to FLIC’s obligations pursuant to the terms of the Funding Agreement.

Events of Default and Termination

The Funding Agreement will provide that an “Event of Default” will occur upon the occurrence of one or any combination of the following:

(a) FLIC’s failure to make any payment due under the Funding Agreement, if such failure to pay is not corrected within five (5) business days after such payment becomes due and payable; or

(b) if FLIC: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger in which the resulting entity assumes the obligations of FLIC under this Agreement); (ii) becomes insolvent or is unable to pay its debts as they become due and payable or fails or admits in writing its inability generally to pay its debts as they become due and payable; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it an administrative or legal proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any supervision, rehabilitation, liquidation, bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its rehabilitation, winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within sixty (60) days of the institution or presentation thereof; (v) has a resolution passed for its rehabilitation, winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger in which the resulting entity assumes the obligations of FLIC under this Agreement); (vi) seeks or becomes subject to the appointment of an administrator, supervisor, rehabilitator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured

party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within sixty (60) days thereafter; (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) (inclusive); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Upon the occurrence of any of the above events of default the Energy Supplier may demand payment of the Redemption Amount as specified in the Annex (the “Redemption Amount”), and the Redemption Amount shall be immediately due and payable upon the Energy Supplier’s delivery of any such written demand to FLIC. Upon payment of such Redemption Amount by FLIC to the Energy Supplier, the Funding Agreement will terminate.

Governing Law

The Funding Agreement issued by FLIC will be governed by, and construed in accordance with, the laws of the State of Delaware.

Insolvency of Forethought Life Insurance Company

The Funding Agreement is an unsecured obligation of FLIC and, in the event of FLIC’s insolvency, will be subject to the provisions of state insurance laws.

In the event of FLIC’s impairment or insolvency, the Commissioner of the Indiana Department of Insurance will be authorized and directed to commence delinquency proceedings for the purpose of liquidating, rehabilitating, reorganizing or conserving FLIC pursuant to Sections 27-1-12.7-10 and 27-9-3-40 of the Indiana Insurance Code. In conducting delinquency proceedings, claims are prioritized and an order of distribution is specified pursuant to 27-9-3-40 of the Indiana Insurance Code. There are nine classes within the priority scheme, with each successive class being fully junior to the preceding class. Class 1 priority is given to the costs and expenses of administration of the insurer during the delinquency proceedings and Class 2 priority is given to the claims (1) of the insurer’s policyholders, beneficiaries and insureds, (2) of guaranty associations and (3) under funding agreements of the insurer. Faegre Drinker Biddle & Reath LLP, special counsel to FLIC, has opined that, subject to the limitations, qualifications and assumptions set forth in its opinion letter, under the Indiana law as in effect on the date of the Funding Agreement, the claims with respect to scheduled payments under a Funding Agreement would be accorded a priority in liquidation equal to that of policyholders of FLIC (*i.e.*, would rank *pari passu* with the claims of policyholders) and in a superior position to the claims of general creditors of FLIC. In the event of FLIC’s insolvency, there is no assurance that claims under the Funding Agreement would be eligible for coverage by the Indiana Life and Health Insurance Guaranty Association or by any other insurance guarantee fund or similar protection. Furthermore, if the Funding Agreement so provides, FLIC may be required to pay additional amounts in connection with certain tax events.

Faegre Drinker Biddle & Reath LLP has advised that its opinion is based on its interpretation of the relevant provisions of the Indiana Insurance Code as construed by relevant administrative and judicial authority. However, the Indiana Insurance Code and regulations, interpretations and decisions are subject to change, either prospectively or retroactively, and many of the issues addressed in counsel’s opinion depend upon a facts and circumstances analysis that has received little or no administrative or judicial

consideration. Therefore, the Indiana Commissioner of Insurance, in his/her capacity as liquidator, rehabilitator or otherwise, or the courts could disagree in whole or in part with the analysis in their opinion.

The scope of the Faegre Drinker Biddle & Reath LLP opinion regarding a delinquency proceeding with respect to FLIC is limited to an Indiana delinquency proceeding under Indiana law and to only those claims that are made in domiciliary proceedings in Indiana court. The opinion of Faegre Drinker Biddle & Reath LLP recites basic facts with respect to the transaction in which the Funding Agreement is issued, and those facts are implicitly assumed in connection with the rendering of the opinion. The limitations and qualifications in the opinion are that it is limited to the application of the law of the State of Indiana and the federal law of the United States and that the opinion is rendered solely as of the date thereof.

Additional Information

For additional information with respect to the Funding Recipient, see APPENDIX J.

THE ENERGY MANAGEMENT AGREEMENT

Set forth below is a summary of certain provisions of the Energy Management Agreement. This summary does not purport to be a complete description of the terms and conditions of the Energy Management Agreement and accordingly is qualified by reference to the full text thereof.

General

Under the Energy Management Agreement, MSCG agrees to sell and deliver the monthly or hourly Contract Quantity of electricity on a firm basis; *provided that* Assigned Energy to be delivered by MSCG in its capacity as a PPA Supplier under an Assignment Agreement shall be delivered pursuant to such Assignment Agreement and not under the Energy Management Agreement. The Energy Supplier agrees to pay MSCG for the electricity delivered (or remarketed by MSCG) under the Energy Management Agreement in an amount equal to the applicable index price set forth in the Energy Management Agreement, plus a specified fee per each MWh of electricity (the “*MSCG Fee*”), reduced by any amounts the Energy Supplier is required to remit under the Prepaid Energy Sales Agreement in respect of any energy subject to remarketing or provisional payments thereunder. The Contract Quantity, delivery points and delivery period under the Energy Management Agreement match the corresponding provisions of the Prepaid Energy Sales Agreement and, in turn, the corresponding provisions of the Power Supply Contract. The provisions of the Energy Management Agreement with respect to failures to deliver or take electricity match the corresponding provisions of the Prepaid Energy Sales Agreement.

MSCG as Agent

General. Under the Energy Management Agreement, the Energy Supplier appoints and directs MSCG as its agent and MSCG agrees to issue notices and other communications, billing statements and to take any other actions that the Energy Supplier is required or permitted to take under any of the agreements entered into by the Energy Supplier in connection with the Clean Energy Project, including the Prepaid Energy Sales Agreement and the Energy Management Agreement (collectively, the “*Energy Documents*”); provided that MSCG’s agency role shall be limited to ordinary course actions required in connection with the Clean Energy Project and MSCG shall have no right to waive, modify or amend the terms of the Energy Management Agreement on the Energy Supplier’s behalf or to act on the Energy Supplier’s behalf with

respect to any dispute thereunder. In exercising this agency power, MSCG shall have the authority to take any such actions as it deems necessary under the Energy Documents.

Standard of Care. In the conduct and performance of its agency role, MSCG shall conduct itself consistent with and observe the same standard of care as it has in similar transactions in which MSCG has acted as the seller under prepaid commodity sales agreements, and the Energy Supplier acknowledges and agrees that MSCG shall have no obligation to observe a standard of care greater than it has in such similar transactions or to take any actions or measures beyond those it typically takes in connection with such transactions. MSCG shall not be liable for any action taken or omitted by it in acting as agent on behalf of the Energy Supplier.

Energy Remarketing. Under the Energy Management Agreement, the Energy Supplier delegates, and MSCG assumes, all of the Energy Supplier's electricity remarketing obligations under the remarketing provisions of the Prepaid Energy Sales Agreement, and MSCG agrees to comply with such provisions. Pursuant to this delegation, all electricity remarketing notices, directions and other actions will be given to or by, and will be performed by, MSCG, except as described below.

Receivables Purchases. MSCG agrees in the Energy Management Agreement to accept as a credit against payment owed by the Energy Supplier any Put Receivables purchased by the Energy Supplier under the Receivables Purchase Provisions.

Payment Provisions

Amounts due from MSCG to the Energy Supplier under the Energy Management Agreement (for example, as a result of remarketing or failure to deliver by MSCG) will be due on or before the 22nd day of the month following the month in which such amount accrues. Amounts due from the Energy Supplier to MSCG under the Energy Management Agreement will be due on or before the 26th day of the month following the month in which such amount accrues. MSCG is not entitled to net amounts due and owing by it thereunder, but the Energy Supplier is entitled to net any amounts due and owing by MSCG against its monthly payments due to MSCG.

Force Majeure

Each of the Energy Supplier and MSCG are excused from their respective obligations to receive and deliver electricity under the Energy Management Agreement to the extent prevented by *force majeure*, defined generally as any cause not within the reasonable control of, or the result of the negligence of, the party claiming an excuse to its obligations, and which by the exercise of due diligence such party is unable to overcome or avoid.

MSCG Obligations Following a Ledger Event

Option to Purchase Funding Agreement. Following the occurrence of a Ledger Event, and receipt of notification by MSCG of a Ledger Event, MSCG shall have the option to purchase the Funding Agreement from the Energy Supplier for an amount equal to (i) the Termination Payment for the Month following the Month in which MSCG purchases the Funding Agreement, plus (ii) any scheduled monthly payments due under the Funding Agreement from the date of MSCG's purchase of the Funding Agreement until the resulting Early Termination Payment Date, provided that MSCG shall be deemed to have elected not to exercise such option if it does not purchase the Funding Agreement by the end of the Month in which

it received notice that a Ledger Event has occurred. MSCG's purchase of the Funding Agreement will constitute an Acceleration Event under the Prepaid Energy Sales Agreement and that accordingly an Early Termination Payment Date will occur as of the last Business Day of the Month following MSCG's purchase of the Funding Agreement, and MSCG shall not owe any payments described in the following paragraph.

Ledger Event Payments

If a Ledger Event occurs under the Prepaid Energy Sales Agreement and MSCG has not purchased the Funding Agreement, MSCG will be required to pay to the Energy Supplier scheduled Ledger Event Payments calculated to provide a sum sufficient (together with the interest component of the Scheduled Debt Service Deposits) to enable CCCFA to pay interest on the Bonds at the Increased Interest Rate. Such payments are due to the Energy Supplier on (a) the Business Day preceding each Interest Payment Date and the Mandatory Purchase Date, and (b) any Early Termination Payment Date under the Prepaid Energy Sales Agreement. See "The Prepaid Energy Sales Agreement — Ledger Event," and "The Bonds — Increased Interest Rate Upon Ledger Event."

Assignment

Neither party may assign its rights under the Energy Management Agreement without the other party's consent, except that MSCG may assign the Energy Management Agreement to an affiliate of MSCG (which assignment shall constitute a novation) to the extent that either the Morgan Stanley Guarantee continues to apply to the assignee's obligations or Morgan Stanley otherwise guarantees such assignee's obligations thereunder.

Defaults and Termination Events

MSCG Default. Each of the following events constitutes a "*MSCG Default*" under the Energy Management Agreement:

- (a) MSCG fails to pay when due any amounts owed to the Energy Supplier pursuant to the Energy Management Agreement and such failure continues for two business days after receipt by MSCG of notice thereof, unless Morgan Stanley has made such payment under the Morgan Stanley Guarantee;
- (b) certain bankruptcy or insolvency events with respect to MSCG;
- (c) any representation or warranty made by MSCG in the Energy Management Agreement proves to have been incorrect in any material respect when made; and
- (d) the Morgan Stanley Guarantee ceases to be in full force and effect or is declared to be null and void, or Morgan Stanley contests the validity or enforceability of the Morgan Stanley Guarantee; provided that no such event will occur as a consequence of Morgan Stanley becoming subject to a receivership, insolvency, liquidation, resolution or similar proceeding.

Energy Supplier Default. Each of the following events constitutes a "*Energy Supplier Default*" under the Energy Management Agreement:

(a) the Energy Supplier fails to pay when due any amounts owed to MSCG pursuant to the Energy Management Agreement and such failure continues for five business days after receipt by the Energy Supplier of notice thereof;

(b) certain bankruptcy or insolvency events with respect to the Energy Supplier; and

(c) any representation or warranty made by the Energy Supplier in the Energy Management Agreement proves to have been incorrect in any material respect when made.

Optional Non-Default Termination Event. The Energy Supplier is required to provide prompt written notice to MSCG of any PSC Remarketing Election by the Project Participant. Such notice will constitute an “*Optional Non-Default Termination Event*” under the Energy Management Agreement.

Automatic Non-Default Termination Event. The occurrence of an Energy Delivery Termination Date under the Prepaid Energy Sales Agreement will constitute an “*Automatic Non-Default Termination Event*” under the Energy Management Agreement.

Remedies and Termination

If an MSCG Default or an Energy Supplier Default has occurred and is continuing, the non-defaulting party may designate an early termination date under the Energy Management Agreement by notice to the defaulting party (an “*EMA Early Termination Date*”). If an Optional Non-Default Termination Event has occurred and is continuing, MSCG may designate an EMA Early Termination Date by notice to the Energy Supplier; provided that MSCG’s right to designate an EMA Early Termination Date will expire if not exercised within two Business Days of such event. An EMA Early Termination Date will occur automatically upon the occurrence of an Automatic Non-Default Termination Event.

If an Energy Delivery Termination Date occurs, the Delivery Period for electricity under the Energy Management Agreement will end and the obligations of the parties to deliver and receive electricity will terminate.

Option to Purchase Funding Agreement at Reset

In the six months preceding the Mandatory Purchase Date of the Bonds, MSCG has the option (but is under no obligation) to purchase the Funding Agreement from Prepay LLC for an amount equal to the outstanding principal balance and accrued interest thereunder to the extent that such amount and other amounts available would be sufficient for the early redemption of the Bonds in connection with the establishment of a new Reset Period.

Morgan Stanley Guarantee

The payment obligations of MSCG under the Energy Management Agreement are unconditionally guaranteed by Morgan Stanley under a guarantee agreement (the “*Morgan Stanley Guarantee*”). Any description of the Morgan Stanley Guarantee is qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of police and regulatory powers by federal and state authorities.

Neither the Trustee nor the Bondholders have any rights to enforce the Morgan Stanley Guarantee.

THE ENERGY SUPPLIER, MSCG, MSCS AND MORGAN STANLEY

Set forth below is certain information regarding the Energy Supplier, MSCG, MSCS and Morgan Stanley that has been obtained from such persons and other sources believed to be reliable. CCCFA assumes no responsibility for such information and cannot guarantee the accuracy thereof. Under no circumstance is the Energy Supplier, MSCG, MSCS or Morgan Stanley obligated to pay any amounts owed in respect of the Bonds.

Energy Supplier. The Energy Supplier is a Delaware limited liability company organized for the sole purpose of entering into the transactions on its part with respect to the Clean Energy Project. MSCG is the sole member (the “*Member*”) and the Manager (the “*Manager*”) of the Energy Supplier and will fund the Energy Supplier by the purchase of a subordinated note of the Energy Supplier (the “*Subordinated Note*”) under a note purchase agreement (the “*Subordinated Note Purchase Agreement*”) with the Energy Supplier and the capital contribution described below.

The Energy Supplier is governed by a three-member board of directors. One director is appointed by MSCG, one director is appointed by CCCFA, and the third director is an independent director appointed by MSCG. The directors have appointed MSCG as the manager of the Energy Supplier. The Energy Supplier agrees to indemnify the directors (other than the director appointed by MSCG), the Member, the Manager and their affiliates (“*Covered Persons*”) for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Energy Supplier and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by the Energy Supplier’s limited liability company agreement; provided that the Energy Supplier’s indemnification obligations to any Covered Person shall not in any event exceed \$500,000 in the aggregate.

The director appointed by CCCFA has the sole consent rights with respect to certain matters, including: the enforcement of the Energy Management Agreement and the Morgan Stanley Guarantee and the designation of an EMA Early Termination Date under the Energy Management Agreement; the removal and replacement of MSCG as the Manager of the Energy Supplier and as the Energy Supplier’s agent under the Prepaid Energy Sales Agreement if the Energy Management Agreement between MSCG and the Energy Supplier has been terminated due to a MSCG Default; the removal and replacement of the Master Custodian (defined below); and certain determinations with respect to Reset Periods under the Re-Pricing Agreement.

CCCFA covenants in the Indenture that, in any vote that comes before the board of directors of the Energy Supplier regarding the Product Supplier Documents (as defined in the Indenture), it will instruct the CCCFA-appointed director to exercise its voting rights in favor of (a) observing and performing the Energy Supplier’s obligations under the Prepaid Energy Sales Agreement, (b) the Energy Supplier enforcing the provisions of the Product Supplier Documents, and (c) not permitting any assignment, rescission, amendment or waiver to or of the Product Supplier Documents which will in any manner materially impair or materially adversely affect the rights of CCCFA thereunder or the rights or security of the Bondholders under the Indenture. The director appointed by MSCG has sole consent rights with respect to other matters, including: the termination or replacement of the Energy Supplier Commodity Swap; and the entry into any contracts, transactions or other arrangements for the acquisition or sale of electricity by the Energy Supplier, including agreement by the Energy Supplier on the terms thereof including but not limited to pricing. The independent director is required to consider only the interests of the Energy Supplier and its creditors in acting or voting on certain material actions that require the unanimous consent of the directors. No

resignation or removal of the independent director will be effective until a successor independent director has been appointed.

MSCG. Pursuant to the Energy Management Agreement, MSCG will act as the upstream electricity supplier to the Energy Supplier in connection with the Clean Energy Project. MSCG is the sole member and the manager of the Energy Supplier. MSCG is an indirect, wholly-owned subsidiary of Morgan Stanley. MSCG is engaged, among other things, in client facilitation and market-making activities in commodities and commodity derivative contracts. MSCG is registered as a swap dealer with the CFTC. The short-term and long-term issuer ratings of MSCG are “A-1” and “A+” from S&P Global Ratings and “P-1” and “Aa3” from Moody’s. The payment obligations of MSCG under the Debt Service Account Investment Agreement are guaranteed by Morgan Stanley under the Morgan Stanley Investment Agreement Guarantee described herein.

MSCS. MSCS engages primarily in OTC derivative transactions as a market maker and provides trading related services to a broad range of customers and clients, including affiliates. MSCS is conditionally registered with the SEC as a security-based swap dealer and is registered as an OTC derivative dealer. MSCS is also registered with the CFTC as a swap dealer and is a member with ICE Clear Europe Ltd, ICE Clear Credit, LLC and LCH Clearnet Group Ltd. MSCS is an indirect subsidiary of Morgan Stanley. The short term and long term issuer ratings of MSCS are “A-1” and “A+” from S&P Global Ratings and “P-1” and “Aa3” from Moody’s.

Morgan Stanley. Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Morgan Stanley was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. Morgan Stanley is a financial holding company regulated by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended. Morgan Stanley conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the U.S., and its principal offices in London, Tokyo, Hong Kong and other world financial centers. Morgan Stanley’s principal executive offices are at 1585 Broadway, New York, New York 10036, and its telephone number is (212) 761-4000.

The senior unsecured long-term debt of Morgan Stanley is rated “A1” by Moody’s, “A-” by S&P, and “A+” by Fitch.

Morgan Stanley is unconditionally guaranteeing the payment obligations of MSCG under the Energy Management Agreement pursuant to the Morgan Stanley Guarantee and under the Debt Service Account Investment Agreement pursuant to the Morgan Stanley Investment Agreement Guarantee.

Energy Supplier Master Custodial Agreement. The Energy Supplier, MSCG, CCCFA and The Bank of New York Mellon, as custodian (the “*Master Custodian*”), will enter into an SPE Master Custodial Agreement (the “*Master Custodial Agreement*”) to administer:

(a) the amounts payable to the Energy Supplier under (i) the Funding Agreement, (ii) the Energy Management Agreement, (iii) the Prepaid Energy Sales Agreement, (iv) the Energy Supplier Commodity Swap, (v) the Subordinated Note Purchase Agreement and (vi) the Credit Default Swap (defined below), and

(b) the amounts payable by the Energy Supplier under (i) the Prepaid Energy Sales Agreement, (ii) the Energy Management Agreement, (iii) the Energy Supplier Commodity Swap, (iv) the Credit Default Swap, (v) as a distribution to MSCG in its capacity as the sole member of the Energy Supplier, and (vi) the Subordinated Note..

The Master Custodial Agreement establishes a revenue account (the “*Energy Supplier Revenue Account*”) and a capital account (the “*Energy Supplier Capital Account*”) with the Master Custodian. The amounts payable to the Energy Supplier under the Funding Agreement, the Energy Management Agreement, the Prepaid Energy Sales Agreement and the Energy Supplier Commodity Swap are to be paid directly into the Energy Supplier Revenue Account.

Under the Master Custodial Agreement, the Master Custodian will, to the extent of the amounts on deposit in the Energy Supplier Revenue Account and so long as no Early Termination Payment Date has occurred under the Prepaid Energy Sales Agreement, make monthly transfers for the payment of amounts due by the Energy Supplier under (and in the following order of priority): (i) the Energy Supplier Commodity Swap; (ii) the Prepaid Energy Sales Agreement (other than the Ledger Event Payments payable after the occurrence of a Ledger Event which shall be transferred promptly to the Trustee); and (iii) the Energy Management Agreement. Following these monthly transfers, any remaining funds in the Energy Supplier Revenue Account are transferred to the Energy Supplier Capital Account. Pending their application, the amounts in the Energy Supplier Revenue Account are held in trust for the benefit of the Energy Supplier. Following receipt of notice from the Energy Supplier that an Early Termination Payment Date has occurred under the Prepaid Energy Sales Agreement, the Master Custodian will withdraw amounts on deposit in the Energy Supplier Revenue Account for the payment of other specified obligations of the Energy Supplier.

The Energy Supplier Capital Account will be initially funded by MSCG by the purchase of the Subordinated Note in the amount of \$12,663,357 and a capital contribution of \$1,000,000. The capital contribution may be in the form of cash or Cash Equivalents (defined below). In addition, MSCS and the Energy Supplier have entered into a credit default swap transaction (the “*Credit Default Swap*”) under which MSCS agrees to pay to the Energy Supplier specified amounts upon the occurrence of an Event of Default with respect to the Funding Agreement and an acceleration of the Funding Agreement pursuant to the terms of the Funding Agreement.

Collectively, the proceeds of the Subordinated Note, the capital contribution and the amounts payable under the Credit Default Swap equal at least three percent of the outstanding (unamortized) amount of the prepayment under the Prepaid Energy Sales Agreement (approximately \$29.2 million as of the Initial Issue Date).

Under the Master Custodial Agreement, the amounts in the Energy Supplier Capital Account may be invested only in: direct obligations of (or unconditionally guaranteed by) the United States (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States) maturing not more than two years from the date of acquisition thereof; certain certificates of deposit and demand deposits; certain money market funds; and cash (“*Cash Equivalents*”).

Amounts on deposit in the Energy Supplier Capital Account shall be withdrawn by the Master Custodian pursuant to instructions provided by the Energy Supplier and applied to: (a) meet the Energy Supplier’s collateral posting obligations under the credit support annexes to the Energy Supplier Commodity Swap; (b) to make up any deficiency of the amounts on deposit in the Energy Supplier Revenue

Account for the purposes described above; and (c) pay fees or other amounts due to the Master Custodian and the Independent Director. The Master Custodian shall have a lien, security interest and right of set-off for the payment of any claim by the Master Custodian for compensation, reimbursement or indemnity under the Master Custodial Agreement.

To the extent that the amounts on deposit in the Energy Supplier Capital Account (including any amounts posted by Energy Supplier as collateral under the Energy Supplier Commodity Swap) at any time exceed the greater of a scheduled amount specified in the Master Custodial Agreement or \$12,663,357 (the greater of these amounts is referred to as the “*Minimum Deposit Amount*”), and after the payment of the Energy Supplier’s obligations under the Energy Supplier Commodity Swap, the Prepaid Energy Sales Agreement and the Energy Management Agreement, the Master Custodian is instructed to withdraw amounts on deposit in the Energy Supplier Capital Account to be applied first to the payment of amounts due by the Energy Supplier under the Credit Default Swap, second as a distribution to MSCG in its capacity as the sole member of Energy Supplier, and third to the payment of amounts due, if any, under the Subordinated Note for any given Month; provided that the Master Custodian shall not transfer any amount from the Energy Supplier Capital Account to the extent the remaining balance in the Energy Supplier Capital Account following such transfer will be less than the Minimum Deposit Amount.

THE POWER SUPPLY CONTRACT

General

Under the Power Supply Contract, CCCFA has agreed to sell and deliver to the Project Participant, and the Project Participant has agreed to purchase and receive from CCCFA at the delivery point, quantities of EPS Compliant Energy, which shall be comprised of Assigned Energy and other EPS Compliant Energy delivered to CCCFA by the Energy Supplier under the Prepaid Energy Sales Agreement.

The Power Supply Contract will remain in full force and effect for a primary term ending at the end of the Delivery Period under the Prepaid Energy Sales Agreement; *provided, however*, that if the Prepaid Energy Sales Agreement is terminated, the Power Supply Contract will terminate on the Termination Date.

THE OBLIGATION OF THE PROJECT PARTICIPANT TO MAKE PAYMENTS TO CCCFA UNDER THE POWER SUPPLY CONTRACT IS NOT, NOR SHALL IT BE CONSTRUED AS, A GUARANTY OR ENDORSEMENT OF OR A SURETY FOR, THE BONDS. SUCH OBLIGATION OF THE PROJECT PARTICIPANT IS NOT A GENERAL OBLIGATION OF THE PROJECT PARTICIPANT AND IS PAYABLE SOLELY FROM THE REVENUES DERIVED FROM SALES OF ENERGY TO THEIR CUSTOMERS. THE INDENTURE DOES NOT MORTGAGE THE CLEAN ENERGY PROJECT OR ANY TANGIBLE PROPERTIES OR ASSETS OF CCCFA OR THE PROJECT PARTICIPANT.

For information regarding the Project Participant, see APPENDIX A.

Pricing Provisions

Contract Price. For each MWh of Prepaid Energy delivered to the Project Participant, the Project Participant shall pay CCCFA the applicable Contract Price; provided that CCCFA shall owe a payment to the Project Participant to the extent that the Contract Price is negative. The Contract Price for Assigned

Energy is inclusive of any amounts due in respect of other Assigned Products. The “*Contract Price*” means (i) for Monthly Projected Quantities, the Day-Ahead Average Price for the Month in which Energy is delivered minus the Monthly Discount; and (ii) for Monthly Excess Quantities and Assigned Paygo Quantities, the Day-Ahead Average Price for the Month in which Energy is delivered. With respect to Monthly Excess Quantities and Assigned Paygo Quantities (as such terms are defined in APPENDIX B), the Project Participant’s payment obligations under the Power Supply Contract shall be satisfied by its payment of the “Retained Payment Amount” consistent with the terms of the Participant Custodial Agreement (as such terms are defined in APPENDIX B).

If Base Energy is required to be delivered and remarketed pursuant to the Prepaid Energy Sales Agreement, the Energy Supplier will remarket such Base Energy at a price, net of applicable costs, not less than the Day-Ahead Market Price. See “THE PREPAID ENERGY SALES AGREEMENT — *Provisional Payments and Energy Remarketing*”.

Through the Clean Energy Project, the Project Participant anticipates realizing a discount to existing fixed contract prices or to market Energy prices. No assurance can be given as to the total actual discount the Project Participant will realize.

Project Administration Fee

Under the Prepaid Clean Energy Project Administration Agreement, the Project Participant is required to pay to CCCFA annually a Project Administration Fee in an amount sufficient to pay any Operating Expenses then due and for which payment has not been made from the Operating Fund.

Assignment of Power Purchase Agreements

General. Concurrently with the execution of its Power Supply Contract, the Project Participant will assign the Initial Assigned Rights and Obligations to the Energy Supplier for delivery under the Prepaid Energy Sales Agreement.

Under the terms of a letter agreement, commencing six months prior to the expiration of any EPS Energy Period, or otherwise immediately upon the early termination or anticipated early termination of an EPS Energy Period, the Project Participant shall exercise Commercially Reasonable Efforts to assign the Assigned Rights and Obligations under one or more Assigned PPAs (pursuant to which the Project Participant is purchasing EPS Compliant Energy) either to the Energy Supplier or MSCG, subject to MSCG’s and the Energy Supplier’s consent to such assignment. For any Assigned PPA assigned to MSCG, MSCG will be obligated to sell and deliver Assigned Energy and associated attributes it receives under all Assigned Rights and Obligations pursuant to such Assigned PPA to the Energy Supplier pursuant to the Energy Management Agreement, and the Energy Supplier will be obligated to deliver such Assigned Energy and associated attributes to CCCFA pursuant to the Prepaid Energy Sales Agreement. See “THE CLEAN ENERGY PROJECT - *Assignment of Power Purchase Agreements by the Project Participant*”.

Failure to Obtain EPS Compliant Energy. Under the terms of a letter agreement, to the extent an EPS Energy Period terminates or expires and the Project Participant and MSCG have been unable to obtain EPS Compliant Energy for delivery, then the Energy Supplier shall remarket the Base Energy pursuant to the Prepaid Energy Sales Agreement, the obligations of the Project Participant and the Energy Supplier described under this heading shall continue to apply and the Project Participant may not make any new commitment to purchase Priority Energy during such a remarketing. See “THE PREPAID ENERGY SALES

AGREEMENT – *Provisional Payments and Energy Remarketing*” and “THE POWER SUPPLY CONTRACT – *Remarketing of Energy*”.

Billing and Payment

Not later than ten days following the end of the Month during the Delivery Period, CCCFA must provide a monthly billing statement of the amount due for the Energy actually delivered in the previous Month. The due date for payment by the Project Participant will be the 20th day of the month following the month of delivery (or if such day is not a Business Day, the preceding Business Day). The due date for payment from CCCFA will be the 28th day of the month following the month of delivery (or if such day is not a Business Day, the preceding Business Day). If the Project Participant disputes the appropriateness of any charge or calculation in any billing statement, the Project Participant, within the time provided for payment, must notify CCCFA of the existence of and basis for such dispute and, absent manifest error, must pay all amounts billed by CCCFA, including any amounts in dispute. If it is ultimately determined that the Project Participant did not owe the disputed amount, CCCFA must pay the Project Participant the disputed amount plus interest.

Annual Refunds

CCCFA has agreed to provide annual refunds to the Project Participant from amounts available for distribution pursuant to the Indenture. In determining the amount of such refunds, CCCFA may reserve such funds as may be required under the terms of the Indenture or as it deems reasonably necessary and appropriate to cover anticipated costs and expenses to be incurred in the next succeeding bond year, with certain limitations.

Covenants of the Project Participant

Operating Expense. The Project Participant covenants (a) to make the payments on its part due under the Power Supply Contract from the revenues of its electric utility system, and only from such revenues, as an item of operating expense and (b) that it will not pledge or encumber its revenues in any way which creates a prior or superior obligation to its obligation to make payments under the Power Supply Contract.

Maintenance of Rates and Charges. The Project Participant has covenanted and agreed that it will establish, maintain, and collect rates and charges for its electric utility system so as to provide revenues sufficient, together with all available electric system revenues, to enable it to pay to CCCFA all amounts legally payable from such revenues and to maintain required reserves.

Qualifying Use. The Project Participant has agreed that it will (a) provide such information with respect to its electric utility system as may be requested by CCCFA in order to establish the tax-exempt status of the Bonds, and (b) act in accordance with such written instructions as CCCFA may provide from time to time in order to enable CCCFA to maintain the tax-exempt status of interest on the Bonds. Without limiting the foregoing, the Project Participant has further agreed to use the Energy purchased under the Power Supply Contract (a) in a “qualifying use” as defined in the applicable U.S. Treasury Regulation, (b) in a manner that will not result in any private business use of that Energy within the meaning of Section 141 of the Code, and (c) consistent with its Federal Tax Certificate (collectively, the “*Qualifying Use Requirements*”).

In the event that any portion of the Project Participant's contract quantity is remarketed in a manner that does not comply with the Qualifying Use Requirements, the Project Participant agrees to exercise Commercially Reasonable Efforts to use the proceeds of such remarketing to purchase Energy (other than Priority Energy, which are described below) for use in compliance with such Qualifying Use Requirements. The Project Participant further agrees to provide monthly remediation certificates to CCCFA and the Energy Supplier with respect to other purchases of Energy that is used in compliance with the Qualifying Use Requirements to remediate the proceeds from sales of Energy that were sold in a transaction that does not comply with the Qualifying Use Requirements

Priority Energy. The Project Participant agrees to purchase and receive the Base Energy and Assigned Quantities to be delivered under its Power Supply Contract (a) in priority over and in preference to all other Energy available to it that are not Priority Energy; and (b) on at least a *pari passu* and non-discriminatory basis with other Priority Energy. For purposes of this covenant and during the Delivery Period, "*Priority Energy*" means (a) the Contract Quantity, and (b) other Energy that the Project Participant is obligated to take under a long-term agreement that is purchased with or generated using capacity that was constructed using the proceeds of tax-exempt bonds, notes, or other obligations.

Delivery Points; Title and Risk of Loss

Assigned Energy. Assigned Energy delivered under the Power Supply Contract shall be Scheduled for delivery to and receipt at the applicable Assigned Delivery Point specified in the applicable Assignment Agreement. All other Assigned Energy will be delivered pursuant to the terms of the applicable Assignment Agreement. Scheduling and transmission of Assigned Energy shall be in accordance with the applicable Assignment Agreement.

Title. Title to and risk of loss of the Prepaid Energy delivered under each Power Supply Contract shall pass from the CCCFA to the Project Participant at the applicable Assigned Delivery Point. The transfer of title and risk of loss for Assigned Energy shall be in accordance with the applicable Assignment Agreement.

Failure to Perform

To the extent that specified quantities of Assigned Product are not delivered to the Project Participant for reasons other than Force Majeure, the remarketing provisions of the Prepaid Energy Sales Agreement shall apply. See "THE PREPAID ENERGY SALES AGREEMENT — *Provisional Payments and Energy Remarketing*". Neither the Project Participant nor CCCFA has any liability to one another for any failure to take or deliver Assigned Energy, except as described in this section under "— *Assignment of Power Purchase Agreements*."

Remarketing of Energy

Under the Prepaid Energy Sales Agreement, in the event the Project Participant is in default under its Power Supply Contract or does not require or is unable to receive all or any portion of its Contract Quantity under its Power Supply Contract as a result of (i) the Project Participant's decreased Energy requirements, (ii) decreased demand by its retail customers, or (iii) EPS Compliant Energy not being available for delivery under the Prepaid Energy Sales Agreement, or if the Assigned Energy for any measurement period is not equal to or greater than the quantity of Prepaid Energy required to be delivered during such period for any reason other than Force Majeure, then the Energy Supplier is required to

remarket such portion of the Contract Quantity as required under the Remarketing Provisions. Under the Prepaid Energy Sales Agreement, CCCFA arranges for sales through the Energy Supplier in accordance with the Remarketing Provisions. If the Energy Supplier successfully makes such a sale or sales, CCCFA must credit against the amount owed by the Project Participant to CCCFA the amount received from the Energy Supplier, such credit not to exceed the Contract Price for the Energy so sold. See “The Prepaid Energy Sales Agreement — *Provisional Payments and Energy Remarketing*”.

Force Majeure

Except with regard to a party’s obligation to make payments under the Power Supply Contract, neither party shall be liable to the other for failure to perform its obligations under the Power Supply Contract to the extent such performance is prevented by an event of “*Force Majeure*” (as defined in APPENDIX B).

Default

Each of the following is a default under the Power Supply Contract:

(a) Any representation or warranty made by a party in the Power Supply Contract shall prove to have been incorrect in any material respect when made; and

(b) A party fails to perform, observe or comply with any covenant, agreement or term contained in the Power Supply Contract, subject to such grace period and notice or, knowledge provisions set forth therein.

In addition, each of the following is a default by the Project Participant under the Power Supply Contract:

(a) Failure by the Project Participant to pay when due any amounts owed to CCCFA under the Power Supply Contract, subject to a grace period; and

(b) The insolvency or bankruptcy of the Project Participant.

Upon the occurrence of a default by the Project Participant described in (b) above, the Power Supply Contract will automatically terminate and all amounts due to CCCFA will be immediately due and payable. Upon the occurrence of the other defaults described above, the non-defaulting party may terminate the Power Supply Contract and/or declare all amounts due to it to be immediately due and payable. During the existence of a default, the non-defaulting party may exercise all other rights and remedies available to it at law or in equity, including without limitation mandamus, injunction and action for specific performance, to enforce any covenant, agreement or term of the Power Supply Contract.

In addition to the remedies described above, during the existence of any payment default by the Project Participant, CCCFA may suspend its performance under the Power Supply Contract and discontinue the supply of all or any portion of the Energy otherwise to be delivered to the Project Participant under the Power Supply Contract.

If CCCFA exercises its right to discontinue Energy deliveries to the Project Participant, such service may only be reinstated, at a time determined by CCCFA, upon (a) payment in full by the Project Participant of all amounts then due and payable under its Power Supply Contract and (b) payment in

advance by the Project Participant at the beginning of each month amounts estimated by CCCFA to be due from the Project Participant for the future delivery of Energy for such month. If the Project Participant fails to accept the Energy tendered, CCCFA has the right to sell the Energy to third parties.

Assignment

The provisions of the Power Supply Contract are binding on the successors and assigns of such contract. Neither party may assign the Power Supply Contract to another party without the prior written consent of the other party, except that CCCFA may assign its interests to secure its obligations under the Indenture. Prior to assigning all or any part of its interest in the Power Supply Contract, the Project Participant is required to deliver to CCCFA a Rating Confirmation from each rating agency then rating the Bonds. Any applicable Assignment Agreement will terminate concurrent with the assignment of the Power Supply Contract.

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

General

CCCFA is a joint powers authority formed pursuant to the Act and the joint powers agreement (“the *JPA Agreement*”) made among those public agencies which are its members. CCCFA was incorporated and organized in 2021. As of the date of this Official Statement the members of CCCFA are Ava Community Energy, Central Coast Community Energy, Clean Power Alliance of Southern California, Marin Clean Energy and Silicon Valley Clean Energy Authority (each a “*Founding Member*”) and the Project Participant (San Diego Community Power), Peninsula Clean Energy Authority, Pioneer Community Energy, the City of San José through its community choice aggregator program known as San José Clean Energy, Sonoma Clean Power Authority and Valley Clean Energy Alliance (each an “*Associate Member*” and, together with the Founding Members and any additional members which may later be added as parties to the JPA Agreement, a “*Member*”).

Each Member is a community choice aggregator, and a public agency as defined in the Act, which operates a community choice aggregation program with the authority to group retail electricity customers to solicit bids, broker, and contract for electricity and energy services for those customers, and to enter into agreements for services to facilitate the sale and purchase of electricity and other related services, and to study, promote, develop, conduct, operate and manage energy-related programs.

CCCFA was formed for, among other purposes, the purpose of financing energy prepayments which can be financed with tax advantaged bonds for the benefit of its Members.

Powers and Authority

Under the provisions of the Act, CCCFA has all of the powers common to the Members, and any and all power in connection with the financing or refinancing of energy prepayments that can be financed with tax advantaged bonds and other obligations, including: (i) the purchase and sale of electric energy and associated capacity and environmental attributes, (ii) the design, acquisition, maintenance, or operation of any Public Capital Improvement (as defined in the Act) or other facility or improvement, or the leasing thereof, (iii) the provision of working capital, and (iv) any other project, program, public capital improvement or purpose authorized by the Act or other law to be undertaken, financed, or refinanced by CCCFA, in connection with the financing or refinancing of energy prepayments that can be financed with

tax advantaged bonds and other obligations (a “*Prepayment Project*”). CCCFA shall have the power to issue, incur, sell and deliver bonds in accordance with the provisions of the Act and other applicable laws for the purpose of acquiring, undertaking, financing, or refinancing one or more Prepayment Projects.

Under the provisions of the JPA Agreement and the Act, CCCFA has (among others) the following powers:

- (a) to acquire, purchase, finance, operate, maintain, utilize and/or dispose of one or more Prepayment Projects and any facilities, programs or other authorized costs relating thereto;
- (b) to make and enter contracts (including without limitation interest rate, commodity, basis and similar hedging contracts intended to hedge payment, rate, cost or similar exposure);
- (c) to employ agents and employees;
- (d) to acquire, manage, maintain or operate any building, works or improvements;
- (e) to acquire, hold, lease or dispose of property;
- (f) to incur debts (including without limitation through the issuance or incurrence of bonds), liabilities or obligations (which shall not constitute debts, liabilities, or obligations of any of the Members);
- (g) to sue and be sued in its own name;
- (h) to receive gifts, contributions and donations of real or personal property, funds, services and other forms of assistance from any source;
- (i) to receive, collect, invest and disburse moneys;
- (j) to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;
- (k) to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer energy-related programs;
- (l) to defend, hold harmless, and indemnify, to the fullest extent permitted by law, each Member from any liability, claims, suits, or other actions; and
- (m) to exercise any other power and take any other action permitted by law to accomplish the purposes of the JPA Agreement.

The JPA Agreement shall continue in full force and effect until terminated as provided in therein; *provided, however*, the JPA Agreement cannot be terminated while either (a) any bonds of CCCFA, including the Bonds, remain outstanding, or (b) CCCFA is the owner, lessor or lessee of any real or personal property financed from the proceeds of any bonds.

Governance and Management

Board of Directors. CCCFA is governed by a Board of Directors (the “*Board*”) consisting of one director for each Founding Member. The Board shall have the authority to provide for the general management and oversight of the affairs, property and business of CCCFA. The Board may appoint a part-time or full-time General Manager and may appoint one or more part-time or full-time Assistant General Managers. The General Manager would be responsible for the day-to-day operation and management of CCCFA. The names of the current directors of CCCFA are listed on the roster page at the front of this Official Statement.

Management. The Board has not appointed a General Manager or Assistant General Manager. CCCFA’s current management team consists of Garth Salisbury as Treasurer/Controller and David J. Ruderman of Colantuono, Highsmith & Whatley, PC as General Counsel.

Other CCCFA Projects

CCCFA previously issued its bonds (a) on September 23, 2021 to purchase prepaid electricity from Morgan Stanley Energy Structuring, L.L.C. (“MSES”) which is delivered to its Members, Ava Community Energy (formerly known as East Bay Community Energy Authority) and Silicon Valley Clean Energy Authority, (b) on November 24, 2021 to purchase prepaid electricity from Aron Energy Prepay 5 LLC, which is delivered to its Member, Marin Clean Energy, (c) on July 12, 2022 to purchase prepaid electricity from MSES, which is delivered to its Member, Ava Community Energy, (d) on January 4, 2023 to purchase prepaid electricity from Aron Energy Prepay 15 LLC, which is delivered to its Member, Pioneer Community Energy, (e) on January 27, 2023 to purchase prepaid electricity from MSES, which is delivered to its Member, Silicon Valley Clean Energy Authority (f) on February 23, 2023 to purchase prepaid electricity from Aron Energy Prepay 14 LLC, which is delivered to its Member, Clean Power Alliance of Southern California, (g) on June 15, 2023 to purchase prepaid electricity from Aron Energy Prepay 16 LLC, which is delivered to its Member, Clean Power Alliance of Southern California, (h) on August 16, 2023 to purchase prepaid electricity from MSES, which is delivered to its Member, Ava Community Energy, (i) on October 26, 2023 to purchase prepaid electricity from Aron Energy Prepay 22 LLC, which is delivered to it Member, Central Coast Community Energy, (j) on December 15, 2023 to purchase prepaid electricity from Aron Energy Prepay 21 LLC, which is delivered to its Member, Marin Clean Energy, (k) on January 25, 2024 to purchase prepaid electricity from MSES, which is delivered to its Member Silicon Valley Clean Energy Authority, (l) on August 27, 2024 to purchase prepaid electricity from Aron Energy Prepay 41 LLC, which is delivered to its Member, Clean Power Alliance of Southern California, (m) on October 10, 2024 to purchase prepaid electricity from Aron Energy Prepay 43 LLC, which is delivered to its Member, Peninsula Clean Energy Authority, (n) on November 4, 2024 to purchase prepaid electricity from MSES, which is delivered to its Member the City of San José, (o) on November 14, 2024 to purchase prepaid electricity from Royal Bank of Canada, which is delivered to its Member, Clean Power Alliance of Southern California, (p) on November 20, 2024 to purchase prepaid electricity from Energy Prepay IV, LLC, which is delivered to its Member, San Diego Community Power, (q) on November 27, 2024 to purchase prepaid electricity from Aron Energy Prepay 45 LLC, which is delivered to its Member, Sonoma Clean Power Authority, (r) on December 20, 2024 to purchase prepaid electricity from Aron Energy Prepay 46 LLC, which is delivered to its Member, Clean Power Alliance of Southern California, (s) on March 13, 2025 to purchase prepaid electricity from Aron Energy Prepay 44 LLC, which is delivered to its Member, Valley Clean Energy Alliance, and (t) on June 18, 2025 to purchase prepaid electricity from Aron Energy Prepay 52 LLC, which is delivered to its Member, Marin Clean Energy. Each series of bonds is secured by a separate bond indenture.

CCCFA may issue future bonds to purchase prepaid electricity supplies for sale to participating municipal utilities, with the revenues from such sales pledged to the payment of such bonds. Such revenues will not be pledged, nor may such revenues be used, to pay amounts due with respect to the Bonds.

In furtherance of its corporate and public purposes, CCCFA intends to acquire and finance supplies of electricity on a prepaid basis for sale to other community choice aggregators. CCCFA is currently developing additional Clean Energy Projects under transaction and financing structures that are expected to be generally similar to the structure of the Clean Energy Project. CCCFA can give no assurance as to the timing or terms of these projects or that they will be completed. A range of factors that are outside of the control of CCCFA, including the final negotiation of transaction documents, the approval of commodity supply contracts by the prospective project participants, changes in market prices and rates, the receipt of bond ratings, and other factors could result in these transactions not being completed.

Any additional Clean Energy Projects that may be undertaken by CCCFA will be separate and distinct transactions, and the bonds issued to finance these projects will be payable solely from the commodity sales and other revenues pledged for their payment. In no event will the Revenues and Trust Estate pledged to the payment of the Bonds be used to pay any other bonds of CCCFA.

Separate Obligations

THE BONDS, PREVIOUS BONDS ISSUED BY CCCFA, ANY FUTURE BONDS THAT MAY BE ISSUED BY CCCFA AND ANY FUTURE CONTRACTS THAT CCCFA MAY ENTER INTO TO ACQUIRE ADDITIONAL ENERGY OR ELECTRICITY ARE AND WILL BE SEPARATE AND DISTINCT OBLIGATIONS OF CCCFA. ANY FUTURE BONDS OR CONTRACTS WILL NOT BE SECURED BY OR PAYABLE FROM THE REVENUES PLEDGED BY THE INDENTURE TO THE PAYMENT OF THE BONDS, AND THE BONDS WILL NOT BE SECURED BY OR PAYABLE FROM THE REVENUES DERIVED FROM ANY FUTURE PROJECT, CLEAN ENERGY PROJECT OR CONTRACT OF CCCFA.

Limited Liability

CCCFA DOES NOT HAVE THE POWER TO LEVY AD VALOREM PROPERTY TAXES. ALL BONDS ISSUED BY CCCFA ARE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM ITS ACTIVITIES PURSUANT TO ITS STATUTORY PURPOSES AND POWERS AND IN ACCORDANCE WITH THE APPLICABLE FINANCING DOCUMENTS. THE BONDS ARE PAYABLE SOLELY FROM AND SECURED SOLELY BY THE TRUST ESTATE PLEDGED PURSUANT TO THE INDENTURE.

COMMUNITY CHOICE AGGREGATORS

General

The Project Participant is a “community choice aggregator” pursuant to Section 331.1 of the Public Utilities Code (a “CCA”). See APPENDIX A for information with respect to the Project Participant.

Establishment of Community Choice Aggregators

A CCA may be established by any city, county, or city and county whose governing board elects to combine the loads of its residents, businesses, and municipal facilities in a community-wide Energy buyers' program, and by any group of cities, counties, or cities and counties whose governing boards have elected to combine the loads of their programs, through the formation of a joint powers agency established under Joint Powers Act, provided in either case that the entity is not within the jurisdiction of a local publicly owned electric utility that provided electrical service as of January 1, 2003. "Local publicly owned electric utility" means a municipality or municipal corporation operating as a "public utility" and certain municipal utility districts, public utility districts, irrigation districts, or joint powers authorities that include one or more of these agencies and that owns generation or transmission facilities or furnishes electric services over its own or its members' electric distribution systems.

Community Choice Service Model

Once a community forms or joins a CCA, the CCA is the default energy provider in that community. The CCA procures energy for customers in that community, but the investor-owned utility for that community continues to provide transmission, distribution and billing services to customers. Revenues from the sale of energy by the CCA are delivered by the investor-owned utility to the CCA as they are received over the course of the billing period.

Service Contract Requirements and Registration with the Public Utilities Commission

CCAs are required to have an operating service agreement with the applicable investor-owned utility prior to furnishing electric service to consumers within its jurisdiction. The service agreement must include performance standards that govern the business and operational relationship between the CCA and the investor-owned utility. CCAs are also required to register with the California Public Utilities Commission (the "PUC"), which may require additional information to ensure compliance with basic consumer protection rules and other procedural matters. Once notified of a CCA program, the applicable investor-owned utility is required to transfer all applicable accounts to the CCA within a 30-day period from the date of the close of the utility's normally scheduled monthly metering and billing process.

Customer Participation and Opt-out Rights

Participation in a CCA is voluntary. Each local government seeking to form or join a CCA must adopt an appropriate authorizing resolution or ordinance. When a community forms or joins a CCA, customers are given advance notice and have the choice to opt-out of the CCA program prior to or after transition to the CCA, and instead receive Energy from the applicable investor-owned utility. Customers that do not opt-out are automatically enrolled in the program. Customers that opt-out may be subject to a fee.

Regulatory Compliance

CCAs are "load-serving entities" and as such are required to comply with the renewable portfolio standards and reliability standards established by the PUC and the California Energy Commission (the "CEC") and file integrated resource plans and other periodic reports with the PUC and the California Energy Commission.

Cost Recovery Related to Transfer of Customers to a CCA

Although investor-owned utilities do not purchase power for CCA customers, they continue to deliver the power. Investor-owned utilities also have the obligation to provide electric service to customers that opt out of CCA service as the “provider of last resort.” In order to compensate investor-owned utilities for investments in power generation and long-term power purchase contracts associated with the loss of customers to CCAs, the PUC has established a “power charge indifference adjustment” (the “*PCIA*”) applicable to CCA customers. The *PCIA* is calculated by taking the difference between (i) the “actual portfolio cost” related to utility’s power procurement (e.g., utility-owned generation and purchased power), and (ii) the “market value of the portfolio,” which is measured by the Market Price Benchmark (the “*MPB*”) and the megawatt hours of generation.

The *MPB* is based on a PUC approved methodology for calculating the current market cost of renewables and natural gas-fueled power. If the investor-owned utility’s actual portfolio cost is above-market value, the departing load customers pay their share of the difference in the form of a *PCIA* based on their power consumption. The amount of the *PCIA* applicable to a CCA customer depends on when a customer left the investor-owned utility and what the investor-owned utility’s portfolio was at the time. Each departing load customer pays the assigned “vintage *PCIA*.” For example, a customer who departed in 2019 pays the “2019 vintage *PCIA*” which only includes the above market costs of pre-2020 vintage power procured by the investor-owned utility.

In addition to *PCIA* charges, CCA customers are required to pay certain other “non-bypassable departing load charges”, including a nuclear decommissioning charge, a public purpose charge and a cost allocation charge to pay for new resources needed for ongoing system reliability.

THE COMMODITY SWAPS

CCCFA Commodity Swap

CCCFA has entered into the CCCFA Commodity Swap under which CCCFA will pay a floating Energy price at a specified pricing point and will receive a fixed Energy price for the notional quantities specified in the CCCFA Commodity Swap for each month of such term.

Under the CCCFA Commodity Swap, for each calendar month that the relevant floating price of Energy is greater than the fixed price specified in the CCCFA Commodity Swap on an aggregate net basis for all delivery hours in such month, CCCFA will be obligated to pay to the Commodity Swap Counterparty (on an aggregate net basis for all hours in such month) an amount equal to the product of (x) the difference between the floating price and the fixed price for each such hour multiplied by (y) a notional quantity equal to the quantity of Prepaid Energy scheduled to be delivered during such hour by the Energy Supplier under the Prepaid Energy Sales Agreement. If the fixed price specified in a CCCFA Commodity Swap is greater than the relevant floating price of Prepaid Energy for on an aggregate net basis for all delivery hours in such month, the Commodity Swap Counterparty will be obligated to pay CCCFA (on an aggregate net basis for all hours in such month) an amount equal to the product of (x) the difference between the fixed price and floating price multiplied by (y) a notional quantity equal to the quantity of Prepaid Energy scheduled to be delivered during such hour by the Energy Supplier under the Prepaid Energy Sales Agreement. If the relevant floating price for a calendar month is equal to the specified fixed price, no payment will be owed by either party to the other under the CCCFA Commodity Swap for such month.

Energy Supplier Commodity Swap

The Energy Supplier has entered into a comparable Energy Supplier Commodity Swap with the same Commodity Swap Counterparty under which the Energy Supplier pays a fixed Energy price and receives a floating Energy price for the same notional quantities at the same pricing points.

Form of Commodity Swaps and Term

The Commodity Swaps have been entered into as a confirmation under a 2002 ISDA Master Agreement with certain amendments and elections under the Master Agreement that have been agreed to by the parties. The Commodity Swaps have an initial term of two months and thereafter rolling one-month terms that renew automatically upon the payment due date of each monthly net settlement amount due thereunder through the term of the Delivery Period under the Prepaid Energy Sales Agreement unless an early termination date occurs under the Commodity Swaps.

Payment

For each month of scheduled deliveries and notional amounts, each party with a net obligation under a Commodity Swap (based on the relative values of the fixed price and relevant index prices) will pay that net obligation to the other party on (x) in the case of the CCCFA Commodity Swap, the 25th day and (y) in the case of the Energy Supplier Commodity Swap, the 23rd day, in each case, of the calendar month following the month to which the applicable day-ahead market prices relate (or if such day is not a business day, either the following business day of such month or the preceding business day, respectively).

Early Termination

General. Each of the Commodity Swaps will be subject to early termination under certain circumstances. This early termination can be triggered automatically or upon the election by the non-defaulting party or the non-affected party as described below. No settlement or other termination payment (other than previously accrued amounts) would be due to any party as a result of any early termination of either Commodity Swap, except that in the case of any designation by the Energy Supplier of an early termination date under the Energy Supplier Commodity Swap that is conditioned on the termination of the CCCFA Commodity Swap, subject to certain conditions, the Energy Supplier, in addition to previously accrued unpaid amounts, shall owe the Commodity Swap Counterparty a make-whole amount equal to the discounted present value of the fee the Commodity Swap Counterparty would have received for the remainder of the then-current Reset Period (a “Termination Fee”).

Automatic Termination of Both Commodity Swaps. The occurrence of an Energy Delivery Termination Event under the Prepaid Energy Sales Agreement for any reason would result in the automatic termination of the CCCFA Commodity Swap and the Energy Supplier Commodity Swap; provided that, in the case of any designation by the Energy Supplier of an early termination date under the Energy Supplier Commodity Swap that is conditioned on the termination of the CCCFA Commodity Swap, subject to certain conditions, the Energy Supplier, in addition to previously accrued unpaid amounts, shall owe the Commodity Swap Counterparty a Termination Fee as noted in the previous paragraph. Upon the occurrence of an EMA Early Termination Date and written notice thereof to the Commodity Swap Counterparty, both the CCCFA Commodity Swap and the Energy Supplier Commodity Swap will terminate automatically as of the EMA Termination Date.

Automatic Termination of the CCCFA Commodity Swap. The Energy Supplier's delivery of notice designating an early termination date under the Energy Supplier Commodity Swap results in the automatic termination of the CCCFA Commodity Swap.

Elective Termination of the CCCFA Commodity Swap. Each of the following events of default and termination events would provide the non-defaulting party or the non-affected party (or, in the case of tax indemnification, the party required to make an additional payment or receive a reduced payment) the right to terminate the CCCFA Commodity Swap if it is not cured within the applicable cure period:

- a party's failure to pay amounts due to the other party under the CCCFA Commodity Swap (notwithstanding any payment from the Custodian to CCCFA under the Energy Supplier Custodial Agreement following the Commodity Swap Counterparty's failure to pay any amounts when due);
- if a party becomes subject to certain insolvency events;
- the Commodity Swap Counterparty's Credit Rating is not at least "Baa3" from Moody's and "BBB-" from S&P, where "*Commodity Swap Counterparty's Credit Rating*" means the credit rating assigned by the applicable rating agency to the Commodity Swap Counterparty's senior, unsecured long-term debt obligations (not supported by third party credit enhancements);
- if certain provisions of the Prepaid Energy Sales Agreement related to termination of the Prepaid Energy Sales Agreement or the Receivables Purchase Provisions are modified without the Commodity Swap Counterparty's consent, and the Commodity Swap Counterparty notifies CCCFA (within a specified period) of its determination that such amendment, if not rescinded, would have certain effects on termination of the Prepaid Energy Sales Agreement, the Energy Management Agreement, the CCCFA Commodity Swap and/or the Energy Supplier Commodity Swap;
- CCCFA fails to exercise its right to suspend all energy deliveries under the Power Supply Contract to the Project Participant upon the Project Participant's failure to pay when due any amounts owed to CCCFA thereunder; and
- if the Indenture is modified in breach of the Commodity Swap Counterparty's consent rights under the Indenture.

Automatic Termination of Energy Supplier Commodity Swap. The Commodity Swap Counterparty's delivery of notice designating an early termination date under the CCCFA Commodity Swap results in the automatic termination of the Energy Supplier Commodity Swap.

Elective Termination of the Energy Supplier Commodity Swap. Each of the following events of default or termination events would provide the non-defaulting party or non-affected party (or, in the case of tax indemnification, the party required to make an additional payment or receive a reduced payment) the right to terminate an Energy Supplier Commodity Swap if it is not cured within the applicable cure period:

- a party's failure to pay amounts due to the other party under the Energy Supplier Commodity Swap;

- if a party becomes subject to certain insolvency events;
- credit support default with respect to a party;
- the Commodity Swap Counterparty's Credit Rating is not at least "Baa3" from Moody's and "BBB-" from S&P, with "Commodity Swap Counterparty's Credit Rating" having the meaning described above under *"Elective Termination of the CCCFA Commodity Swap"*;
- if certain provisions of the Prepaid Energy Sales Agreement related to termination of the Prepaid Energy Sales Agreement or the Receivables Purchase Provisions are modified without the Commodity Swap Counterparty's consent, and the Commodity Swap Counterparty notifies the Energy Supplier (within a specified period) of its determination that such amendment, if not rescinded, would have certain effects on termination of the Prepaid Energy Sales Agreement, the Energy Management Agreement, the Energy Supplier Commodity Swap and/or the CCCFA Commodity Swap;
- if the Energy Supplier delivers a notice of termination designating an early termination date under the Energy Supplier Commodity Swap (which must be at least one local business day after the date of such notice), subject to the condition that the CCCFA Commodity Swap must terminate effective as of the same date (provided that, if certain conditions apply, then the Energy Supplier, in addition to previously accrued unpaid amounts, shall owe the Commodity Swap Counterparty a Termination Fee); and
- if the rights and obligations of the Energy Supplier under the Prepaid Energy Sales Agreement are assigned to another entity, or the rights and obligations of either the Energy Supplier or MSCG under the Energy Management Agreement are assigned to another entity, unless either (a) the Commodity Swap Counterparty consents to such assignment or (b) all of the Commodity Swap Counterparty's rights and obligations under the Energy Supplier Commodity Swap are assigned and novated to another entity. See "The Prepaid Energy Sales Agreement—*Assignment*" above.

Other Listed Events. The Commodity Swaps contain other listed events (including breach or repudiation, misrepresentation, illegality and certain tax and credit events) that do not give CCCFA, the Energy Supplier or the Commodity Swap Counterparty the right to designate an early termination date, but which permit the non-defaulting party or the non-affected party to pursue such equitable remedies, including specific performance, as may be available.

Custodial Agreements

The Energy Supplier will enter into the Energy Supplier Custodial Agreement to administer payments under the Energy Supplier Commodity Swap. CCCFA will enter into the CCCFA Custodial Agreement to administer payments under the CCCFA Commodity Swap. The Custodial Agreements contain provisions designed to mitigate risks to CCCFA and Bondholders resulting from a failure of the Commodity Swap Counterparty to make payments to CCCFA under the CCCFA Commodity Swap and mitigate risks to the Energy Supplier resulting from a failure of the Commodity Swap Counterparty to make payments to the Energy Supplier under the Energy Supplier Commodity Swap.

Payments made by the Energy Supplier under the Energy Supplier Commodity Swap will be made to a custodial account maintained by the Custodian under the Energy Supplier Custodial Agreement. Such amounts will not be released until the Custodian has confirmed that the amount payable to CCCFA by a Commodity Swap Counterparty under the CCCFA Commodity Swap for such month has been paid. If a Commodity Swap Counterparty does not make a required payment under the CCCFA Commodity Swap and such payment remains unpaid after the expiration of any grace period, the Custodian will pay the amount that the Energy Supplier paid under the Energy Supplier Commodity Swap (which amount is held in custody) to the Trustee for deposit in the Revenue Fund and that payment will be treated as a Commodity Swap Receipt. Additionally, if the Energy Supplier Commodity Swap terminates, the Energy Supplier will continue to make payments to the custodial account as if the Energy Supplier Commodity Swap were still in effect until the earlier of (i) replacement of the Commodity Swaps in accordance with the requirements of the Prepaid Energy Sales Agreement and (ii) termination of the Prepaid Energy Sales Agreement, and such payments will be used to ensure that CCCFA receives deposits in the Revenue Fund as described in the preceding sentence in the event that the Commodity Swap Counterparty does not make a required payment under the CCCFA Commodity Swap.

Payments made by CCCFA under the CCCFA Commodity Swap will be made to a custodial account maintained by the Custodian under the CCCFA Custodial Agreement. Such amounts will be paid to the Commodity Swap Counterparty on each date when due, provided that if, prior to any such date, the Energy Supplier has instructed the Custodian to hold any scheduled payments to the Commodity Swap Counterparty under the CCCFA Commodity Swap, such amounts will not be released until the Custodian has received confirmation that the amount payable to the Energy Supplier by the Commodity Swap Counterparty under the Energy Supplier Commodity Swap for such month has been paid. If the Commodity Swap Counterparty does not make a required payment under the Energy Supplier Commodity Swap and such payment remains unpaid after the expiration of any grace period, the Custodian will pay the amount that CCCFA paid under the CCCFA Commodity Swap (which amount is held in custody) to the Energy Supplier. Additionally, if the CCCFA Commodity Swap terminates, CCCFA will continue to make payments to the custodial account as if the CCCFA Commodity Swap were still in effect until the earlier of (i) replacement of the Commodity Swaps in accordance with the requirements of the Prepaid Energy Sales Agreement and (ii) termination of the Prepaid Energy Sales Agreement, and such payments will be withdrawn by the Custodian and paid to the Energy Supplier.

THE COMMODITY SWAP COUNTERPARTY

Set forth below is certain information regarding the Commodity Swap Counterparty. CCCFA assumes no responsibility for such information and cannot guarantee the accuracy thereof. Under no circumstance is the Commodity Swap Counterparty obligated to pay any amount owed in respect of the Bonds.

Royal Bank of Canada (referred to in this section as “Royal Bank”) is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter and governs its operations. Royal Bank’s corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec, H3B 3A9, Canada.

Royal Bank is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 97,000+ employees who leverage their imaginations and insights to bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada’s biggest bank, and one of the largest in the world based on market

capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our more than 19 million clients in Canada, the U.S. and 27 other countries.

Royal Bank had, on a consolidated basis, as at April 30, 2025, total assets of C\$2,242.1 billion (approximately US\$1,614.3 billion¹), equity attributable to shareholders of C\$132.4 billion (approximately US\$96 billion¹) and total deposits of C\$1,446.8 billion (approximately US\$1,048.9 billion¹). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank's unaudited Interim Condensed Consolidated Financial Statements included in its quarterly Report to Shareholders for the fiscal period ended April 30, 2025.

The senior long-term debt² of Royal Bank has been assigned ratings of A (stable outlook) by S&P Global Ratings, A1 (stable outlook) by Moody's Investors Service and AA- (stable outlook) by Fitch Ratings. The legacy senior long-term debt³ of Royal Bank has been assigned ratings of AA- by S&P Global Ratings, Aa1 by Moody's Investors Service and AA by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol "RY." Its preferred shares are listed on the Toronto Stock Exchange.

On written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Official Statement is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, South Tower, Toronto, Ontario, M5J 2J5, Canada, or by calling 416-842-2000, or by visiting rbc.com/investorrelations⁴.

The delivery of this Official Statement does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

¹ As at April 30, 2025: C\$1.00 = US\$0.725

² Includes senior long-term debt issued on or after September 23, 2018 which is subject to conversion under the Canadian Bank Recapitalization (Bail-in) regime.

³ Includes senior long-term debt issued prior to September 23, 2018 and senior long-term debt issued on or after September 23, 2018 which is excluded from the Bail-in regime.

⁴ This website URL is an inactive textual reference only, and none of the information on the website is incorporated in this Official Statement.

The foregoing information regarding the Commodity Swap Counterparty has been obtained from sources CCCFA believes to be reliable, but CCCFA assumes no responsibility for the content thereof.

CONTINUING DISCLOSURE

CCCFA. CCCFA will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the MSRB's EMMA system for municipal securities disclosures ("*EMMA*"), pursuant to the requirements of Section (b)(5) of Rule 15c2-12 ("*Rule 15c2-12*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

A failure by CCCFA to comply with the Undertaking will not constitute an event of default under the Indenture or the Bonds and Beneficial Owners of the Bonds shall only be entitled to the remedies for

any such failure described in the Undertaking. A failure by CCCFA to comply with the Undertaking must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Undertaking and commitments of CCCFA described under this heading and in APPENDIX D hereto to furnish the above-described documents and information are agreements and commitments solely of CCCFA, and the Underwriter has no responsibility to ensure that CCCFA complies with any such Undertaking or commitment. In addition, the Underwriter makes no representation that any such documents or information will be furnished, or that any such documents or information so furnished will be accurate or complete, or sufficient for the purposes for which they may be used.

CCCFA has previously entered into continuing disclosure undertakings pursuant to Rule 15c2-12. CCCFA has adopted a written policy that sets forth procedures for compliance with the federal tax and continuing disclosure requirements applicable to its bonds. The policy includes, among other things, procedures that are intended to promote CCCFA's compliance with the Undertaking.

During the five-year period preceding the date of this Official Statement, CCCFA has determined that certain financial information relating to a project participant for its fiscal year ending June 30, 2021 and unaudited financial statements for its fiscal year ending December 31, 2023 were filed late. CCCFA subsequently filed such information and unaudited financial statements on the Municipal Securities Rulemaking Board Electronic Municipal Market Access System. CCCFA has engaged BLX Group to assist with its continuing disclosure obligations.

Project Participant. Pursuant to the Power Supply Contract, the Project Participant has agreed to provide to CCCFA certain annual operating and financial information, which information will enable CCCFA to comply with the Undertaking. Failure of the Project Participant to provide such information is not a default under its Power Supply Contract, but any such failure entitles CCCFA to take such actions and to initiate such proceedings as shall be necessary to cause the Project Participant to comply with its undertaking as set forth in its Power Supply Contract.

LITIGATION

There are no legal proceedings pending against CCCFA relating to the issuance, sale or delivery of the Bonds which could adversely affect the Clean Energy Project. In addition, there is no litigation pending or, to the knowledge of CCCFA, threatened against or affecting CCCFA or in any way questioning or in any manner affecting the validity or enforceability against CCCFA of the Bonds, the Power Supply Contract, the Prepaid Energy Sales Agreement, the CCCFA Commodity Swap, the Receivables Purchase Provisions, the Debt Service Account Investment Agreement, the Custodial Agreements, the Indenture, or the pledge of the Trust Estate under the Indenture.

The Project Participant reports that there is no litigation pending or, to its knowledge, threatened against it questioning or in any manner affecting the validity or enforceability of the Power Supply Contract.

FINANCIAL STATEMENTS

CCCFA's audited financial statements for the fiscal year ended December 31, 2023 are available on EMMA, and are hereby incorporated into this Official Statement.

Pursuant to the Undertaking described under "CONTINUING DISCLOSURE" above, CCCFA has agreed to file its audited financial statements and the audited financial statements of the Project Participant, commencing with its audited financial statements for its fiscal year ended December 31, 2024 and the Project Participant's audited financial statements for its fiscal year ended June 30, 2025, on EMMA.

FINANCIAL ADVISOR

PFM Financial Advisors LLC (the "*Financial Advisor*") has served as financial advisor to CCCFA in connection with the Clean Energy Project and the Bonds. Among other responsibilities, the Financial Advisor has provided advice and recommendations to CCCFA with respect to the structure, timing, terms of and similar matters relating to the Bonds, bond market conditions, costs of issuance and other matters relating to the Bonds and the Clean Energy Project. The Financial Advisor has also provided advice and recommendations to CCCFA, and has served as CCCFA's "qualified independent representative," with respect to the CCCFA Commodity Swap. The Financial Advisor has reviewed this Official Statement, but has not audited, authenticated or otherwise verified the information set forth herein, and makes no guaranty, warranty or representation with respect to the accuracy and completeness of the information contained in this Official Statement. The Financial Advisor's fees are contingent upon the sale and delivery of the Bonds, and are based, in part, on the proceeds of the Bonds.

UNDERWRITING

Pursuant to the purchase contract relating to the Bonds between CCCFA and Morgan Stanley & Co. LLC, as the underwriter of the Bonds (the "*Underwriter*"), the Underwriter has agreed, subject to certain conditions to purchase the Bonds from CCCFA at an aggregate purchase price of \$1,021,932,949.96 (representing the principal amount of the Bonds, plus original issue premium of \$21,473,280.40, less Underwriter's discount of \$5,225,330.44). The obligation of the Underwriter to purchase the Bonds is subject to certain terms and conditions set forth in the purchase contract. The Underwriter is obligated to purchase all the Bonds if any are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter. The Underwriter has no obligations other than those that are set forth in the purchase contract. The payment of the Bonds is not guaranteed by the Underwriter.

Morgan Stanley & Co. LLC has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Morgan Stanley & Co. LLC (together with its affiliates) is a full service financial institution engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Morgan Stanley & Co. LLC and its affiliates have provided, and may in the future provide, a variety of these services to CCCFA and to persons

and entities with relationships with CCCFA, for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own accounts and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of CCCFA (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with CCCFA. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriter is not acting as financial advisor to CCCFA in connection with the Bonds or the offering or sale of the Bonds.

CERTAIN RELATIONSHIPS

The Energy Supplier is the prepaid seller under the Prepaid Energy Sales Agreement, the Receivable Purchaser, the electricity purchaser under the Energy Management Agreement, the lender under the Funding Agreement and a party to the Energy Supplier Commodity Swap, and is wholly owned by MSCG. MSCG is the sole member of the Energy Supplier and the electricity seller under the Energy Management Agreement, the Investment Agreement Provider and a wholly owned subsidiary of Morgan Stanley. Morgan Stanley & Co. LLC, the Underwriter, is a wholly owned subsidiary of Morgan Stanley. The payment obligations of MSCG under the Energy Management Agreement are unconditionally guaranteed by the Morgan Stanley Guarantee and under the Debt Service Account Investment Agreement are unconditionally guaranteed by the Morgan Stanley Investment Agreement Guarantee.

Neither the Energy Supplier nor Morgan Stanley has guaranteed or is responsible for the payment of the Bonds.

RATING

Moody's Investors Service, Inc. has assigned a municipal bond rating of "A2" to the Bonds.

CCCFA has furnished to each rating agency that is expected to rate the Bonds certain information, including information not included in this Official Statement, about CCCFA and the Bonds. Generally, a rating agency bases its ratings on that information and on independent investigations, studies and assumptions made by each rating agency. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating, once obtained, will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the opinion of the rating agency, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the marketability or market price of the Bonds. CCCFA has not undertaken any responsibility after issuance of the Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to CCCFA, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. CCCFA has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and

compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of CCCFA, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. CCCFA has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend CCCFA or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, the Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which CCCFA legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause CCCFA or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number

(“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

APPROVAL OF LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to CCCFA. A complete copy of the proposed form of the opinion of Bond Counsel is contained in APPENDIX E to this Official Statement.

Certain legal matters will be passed upon for CCCFA by Orrick, Herrington & Sutcliffe LLP; for the Project Participant by Chapman and Cutler LLP; for the Energy Supplier by its counsel, Sheppard, Mullin, Richter & Hampton LLP; and for the Underwriter by Nixon Peabody LLP.

CCCFA will receive an opinion from counsel to the Project Participant on the date of original delivery of the Bonds, to the effect that the Power Supply Contract of the Project Participant has been duly authorized, executed and delivered by the Project Participant and constitutes the legal, valid and binding obligation of the Project Participant enforceable in accordance with its terms. The enforceability of the Power Supply Contract may be limited by or subject to applicable bankruptcy, insolvency, moratorium, reorganization, other laws affecting creditors’ rights generally and by general principles of equity, public policy and commercial reasonableness.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, estimates or forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. The Appendices attached hereto are an integral part of this Official Statement and must be read in conjunction with the foregoing material. This Official Statement is not to be construed as a contract or agreement between CCCFA and the purchasers or owners of the Bonds.

The delivery of this Official Statement has been duly authorized by the Board of Directors of CCCFA.

**CALIFORNIA COMMUNITY CHOICE FINANCING
AUTHORITY**

By: /s/ Garth Salisbury
Treasurer/Controller

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APPENDIX A

THE PROJECT PARTICIPANT

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APPENDIX A

SAN DIEGO COMMUNITY POWER

Introduction

San Diego Community Power (“SDCP”) is a joint powers authority organized and existing under the Joint Exercise of Powers Act (constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500), as amended or supplemented from time to time) (the “*Joint Powers Act*”), as a “community choice aggregator” (“CCA”) as defined in Section 331.1 of the Public Utilities Code of the State of California, as amended (the “*Public Utilities Code*”). For a general description of “community choice aggregators” in California, see the section “COMMUNITY CHOICE AGGREGATORS” in this Official Statement.

Formation, History, and Purpose of SDCP

General. SDCP was created on October 1, 2019, under the name “San Diego Regional Community Choice Energy Authority” as a CCA in California under a Joint Powers Agreement, as amended, by and among the cities participating in SDCP and named therein (the “JPA”).

San Diego Community Power was established to provide electricity services at competitive rates to residents and businesses within the municipal boundaries of its member public agencies. Pursuant to its JPA, SDCP focuses on delivering a cleaner energy portfolio and achieving energy consumption reduction goals and the following key priorities:

- **Promotion of Renewable and Distributed Energy Resources:** SDCP prioritizes the use and development of local, cost-effective, renewable, and distributed energy sources, supporting local power generation and storage initiatives. Currently, SDCP procures clean energy from solar, wind, geothermal, large-hydro, and biomass sources.
- **Exclusion of Coal and Avoidance of Nuclear Contracts:** SDCP seeks to exclude coal and avoid entering into nuclear contracts as part of its overall procurement strategy.
- **Economic and Workforce Development:** SDCP aims to benefit the region economically by supporting workforce programs and development initiatives, such as working closely and collaboratively with local and regional developers and unions. This helps promote long-term electric rate stability and energy reliability for residents and businesses, by, for example, prioritizing local long-term power purchase agreements that lock in renewable energy supply, allowing SDCP to build its power supply portfolio while also providing power supply cost certainty.
- **Community Ownership and Energy Reliability:** SDCP promotes personal and community ownership of renewable generation and energy storage resources, in order to foster a sustainable and energy-independent future.

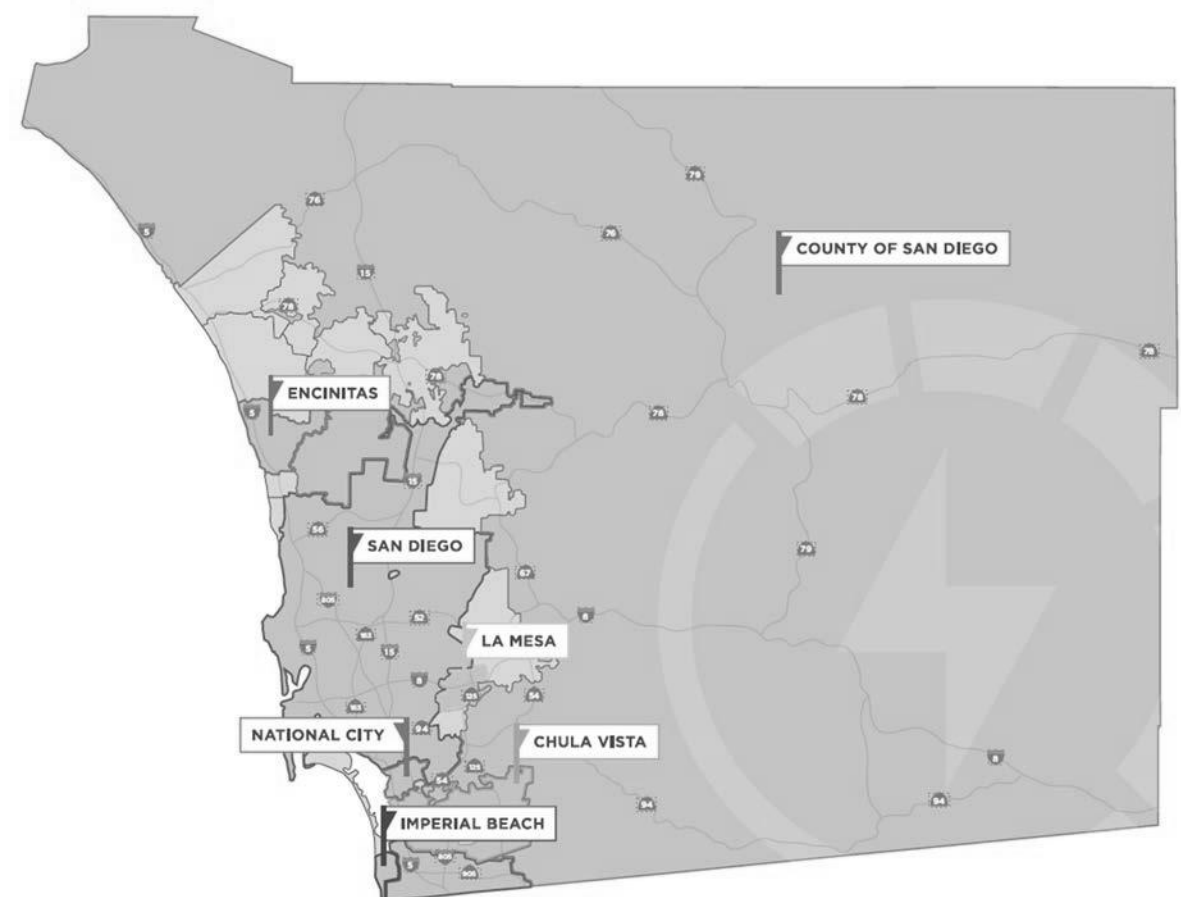
The parties to SDCP’s JPA consist of local governments whose governing bodies elect to join SDCP. Under the Public Utilities Code, when new parties join SDCP, all electricity customers in their jurisdiction, except those served under California’s Direct Access Program, automatically become SDCP’s customers for electric generation, provided customers are allowed to “opt-out.”

Commencement of Service and Expansion. SDCP began operations in March 2021 by serving approximately 600 municipal accounts. SDCP enrolled approximately 72,000 municipal and business customers in June 2021. SDCP enrolled approximately 700,000 residential customer accounts throughout 2022 across the city limits of San Diego, Chula Vista, La Mesa, Encinitas, and Imperial Beach. SDCP enrolled approximately 180,000 residential and non-residential customer accounts in National City and Unincorporated areas of San Diego County in 2023. As of April 21, 2025, SDCP was serving 956,724 active accounts with approximately 7,700,000 MWh of annual retail sales.

Service Area

SDCP currently serves seven jurisdictions in the County of San Diego. These jurisdictions include six cities (including San Diego, Chula Vista, Encinitas, La Mesa, Imperial Beach, and National City) and the unincorporated communities of the County of San Diego. SDCP is responsible for acquiring electric power for its service area.

Service Area Map. The service area of SDCP is shown in blue on the map below:



Governance and Management

Board of Directors. SDCP is governed by a seven-member board of directors (the “*Board of Directors*”), with a board member from each of the seven jurisdictions in the County of San Diego. SDCP’s Board of Directors has the rights and powers to set rates for the services SDCP furnishes, incur indebtedness, and issue bonds or other obligations. SDCP’s local government structure ensures public transparency. The Board of Directors meets monthly to discuss matters related to the operation of SDCP. All meetings are open to the public, and public comments are encouraged.

Management.

Karin Burns, Chief Executive Officer. As Chief Executive Officer of SDCP, Karin Burns leads the 2nd largest community choice aggregator in California with a team of mission-driven professionals providing affordable, clean electricity to approximately 956,700 customer accounts in San Diego County. In this capacity, she oversees a budget in excess of \$1.0 billion, ensures sufficient and reliable clean power procurement, and develops and executes the organization’s strategic plan in collaboration with the Board and staff.

Before becoming CEO, Karin most recently served as Vice President of Corporate Development and Regional Vice President of the Pacific Region at Franklin Energy, a national provider of energy efficiency, demand response, electrification, and grid optimization solutions. Before Franklin Energy acquired its assets, Karin served as Chief Executive Officer of Build It Green, where she oversaw a team of 40+ personnel, managed a diverse set of programs across energy efficiency, workforce development, low-income solar and energy efficiency direct installation, healthy homes and reach codes for utilities and local governments.

Previously, Karin served as Executive Director of the nonprofit Code REDD, an environmental company she built into a globally recognized brand. She spearheaded strategic planning and operations, sourced funding from USAID and the McArthur Foundation, and built the successful Stand for Trees campaign.

Before leading high-growth organizations, Karin was a Managing Director at Ambata Capital, where she managed investment and advisory projects in electric vehicles, sustainable agriculture, green buildings, and clean energy. She was previously a Vice President at Gulf Capital, where she sourced, conducted due diligence, and invested in alternative energy, new media, and energy services companies across the Gulf Cooperation Council. She has served on several boards and advisory boards of non-profits, early-stage companies and investment funds from the U.S. to Asia. She began her M&A and corporate finance career at JPMorgan Chase in Hong Kong. Karin earned a Fulbright Scholarship to India, speaks multiple languages, and spent several years overseas in emerging markets from Brazil to China. She has earned Certificates in Energy Innovation and Innovation & Entrepreneurship from Stanford School of Engineering, an M.P.A. in international development from Harvard University, an M.B.A. in finance with distinction from Edinburgh Business School, and a B.A. with Honors from Duke University.

Dr. Eric Washington, Chief Financial Officer. Dr. Eric Washington manages SDCP's annual operating budget, capital investment plan, investment portfolio, and risk management functions. He helps SDCP balance decarbonization goals with the mandate of affordable clean energy at competitive rates. Eric led the development of strategies for SDCP that strengthened the organization's net asset position and cash flow. He was also critical in growing SDCP's net revenue from \$15 million to over \$1 billion in two years. Among his many contributions to SDCP, Eric spearheaded credit facility negotiations, which increased SDCP's credit access from \$35 million to \$150 million.

At various points in his career, Eric has managed the administration and compliance of a \$350 million nonprofit finance program, managed a \$158 million real estate loan portfolio, including construction finance to developers and acquisition finance to real estate investors, and built and managed a diverse team of professionals who provided corporate fiscal analyses, compliance monitoring, and finance reporting in support of several loan officers at various production offices.

Before his role at SDCP, Eric served as a military leader in the U.S. Navy for 26 years, fostering collaboration among diverse teams to meet organizational objectives. Eric also has 25 years of experience in corporate banking and finance. He has served as a vice president, senior credit manager, senior portfolio manager, and senior relationship manager at several regional banking institutions (including California Bank & Trust and Torrey Pines Bank). Eric received his Doctor of Education (Ed.D.) from San Diego State University, M.B.A. from Webster University, and a Bachelor of Science from Southern Illinois University, Carbondale.

Jack Clark, Chief Operating Officer. Jack Clark oversees the day-to-day financial and operational management of SDCP. He works closely with the CEO and CFO to operationalize and execute the strategy and vision for SDCP. Jack has over twenty years of experience overseeing energy, environmental, and cultural programming directed at developing solutions to climate change. Jack has overseen large-scale clean energy market transformation initiatives that help stabilize the relationship between people and the environment.

Before his role at SDCP, Jack was Vice President of Partnerships for commercial vehicle electrification infrastructure at Ideanomics. He was also Senior Director of Customer Programs at Clean Power Alliance of Southern California, California's largest community choice aggregator. Before his time at Clean Power Alliance, Jack was Vice President of Sustainable Energy Use at DNV GL.

Before that, Jack was the Deputy Director of the Energy & Sustainability Division at the City of San Diego, where he was responsible for implementing the City's comprehensive energy strategy, working with staff, other City departments, and community members to incorporate a broad range of energy efficiency, clean, renewable generation, and environmental quality issues into City operations and community programming. He oversaw the city operations of energy use of over 3500 accounts, billing, rates, Municipal Energy Plan, community energy and sustainability programs, compliance with the City Climate Action Plan, and Community Choice Aggregation feasibility analysis on San Diego's goal of reaching 100% Renewable Electricity by 2035.

Prior to his role with the City of San Diego, Jack was the Director of Programs at the Center for Sustainable Energy, where he led the organization's growth from a regional to a national non-profit focusing on strategy, development, and execution of renewable energy, energy efficiency, clean transportation, distributed generation, and advanced clean energy market transformation initiatives. Jack received a Master of Administration in Sustainable Planning and a Bachelor of Science in Anthropology and Environmental Sciences, both from Northern Arizona University.

Veera Tyagi, General Counsel. Veera Tyagi serves as the General Counsel for SDCP. In this capacity, Veera is responsible for ensuring compliance with general governance laws, regulatory requirements, and overseeing all contracting. Veera brings nearly twenty years of legal experience, primarily as in-house counsel for regulatory agencies, to SDCP. In that capacity, Veera handled various matters, including advising and ensuring compliance with the California Environmental Quality Act, the Federal and State Clean Air Acts, and other environmental laws, and in litigating actions in both federal and state courts that are brought under those laws. Veera also has extensive experience advising on general governmental law issues, including the Public Records Act, the Brown Act, and contract laws. Veera's background is a Bachelor's in Environmental Earth Systems Science from Queen's University, and a Juris Doctorate, Cum Laude from the University of La Verne College of Law. Veera is a member of the State Bar of California.

Chief Commercial Officer (Vacant). SDCP is currently evaluating candidates for the role of Chief Commercial Officer with the position expected to be fulfilled by summer 2025.

Customers

General. SDCP currently provides energy to approximately 956,700 municipal, residential, commercial, and industrial accounts in its service area. SDCP's current customer load mix is approximately 41% residential, 37% medium and large commercial/industrial, 19% small commercial, and 3% agricultural and lighting-based.

Customer Energy Choices. As part of its ongoing efforts to provide clean energy at the greatest value for its customers, SDCP offers four service plans: PowerBase, PowerOn, Power100, and Power100 Green+. PowerBase is SDCP's most affordable service plan and is currently 45% renewable and currently priced with an approximately 5.0% discount under San Diego Gas & Electric (SDG&E) rates. PowerOn is 54% renewable and currently priced approximately 3.0% below SDG&E rates. Power100 and Power100 Green+ are 100% renewable, carbon-free, and the latter is Green-e® certified. PowerOn is SDCP's default electricity service offering. Most customers within SDCP's service territory are automatically enrolled in PowerOn, with the exception of the City of Encinitas, whereby per City Council decision, customers within its city limits are automatically enrolled in SDCP's Power100 service, which costs \$0.01/kWh more than PowerOn.

Customers can choose to opt- up to the Power100 and Power100 Green+ options and purchase 100% renewable and carbon-free electricity at a slight premium. These options enable SDCP's customers to take a more significant step towards reducing their carbon footprint. Power100 Green+ provides 100% renewable, carbon-free, and Green-e® certified energy for businesses seeking LEED certification or requiring Green-e® certification to meet their corporate

social responsibility goals. Power100 Green+ costs \$0.02 per kWh more than the standard PowerOn service level. Power100 Green+ allows customers to meet their organization's reliability standards. Residents and businesses that do not require specific certification can still obtain 100% renewable and carbon-free power through Power100.

In 2025, the average SDCP residential customer is projected to use 341 kWh per month such that PowerOn will cost the average residential customer \$1 per month above PowerBase. Compared to SDG&E's rates, PowerOn is expected to cost approximately \$1.50 per month less for a typical residential customer. Compared to SDG&E's rates, Power100 is expected to cost about \$2 per month extra for a typical residential customer.

Customer Enrollment. Most customers within SDCP's service territory are automatically enrolled in PowerOn, except for the City of Encinitas, wherein the City Council voted to automatically enroll customers within its city limits in SDCP's Power100 service. Once enrolled, customers may opt up to Power100 or Power100 Green+ service, opt down to PowerBase service, or opt out of SDCP's service.

New Customers. FY 2023-24 was SDCP's first full year of operations, with its seven-member jurisdictions reaching full enrollment. There are no near-term plans for expansion.

Customer Election to Opt-out of Service. Customers have the right to opt out of SDCP service at any time and will not be charged any fees by SDCP if they opt out or cancel electric services. Customers who opt out before starting SDCP service or within the first 60 days of SDCP service may return to SDCP service at any time. Customers who opt out after the first 60 days of service with SDCP will be prohibited by SDG&E from returning to SDCP for one year and will be charged a one-time customer re-entry fee by SDG&E and will also be required to choose one of two options: an immediate return to SDG&E service, or a 6-month return to SDG&E service.

Cumulative Opt-Out Rate and Customer Retention. As of April 21, 2025, SDCP is serving a cumulative total count of 956,724 active accounts for a total participation rate of 95.4%. Customers with newly established accounts or who have moved into a new service address within any of SDCP's member jurisdictions receive two post-enrollment notices through the mail at their mailing address on file within 60 days of their account start date to notify them that they have defaulted to SDCP electric generation service.

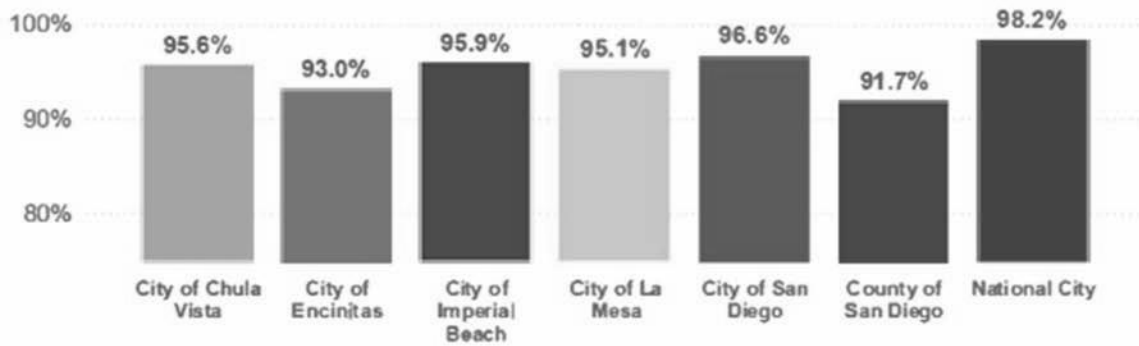
The following graphic illustrates SDCP's opt-out rate and customer retention data through April 21, 2025, reflected as a percentage of participation rates by jurisdiction.

**Enrolled
Accounts**
956,724

**Participation
Rate**
95.4%

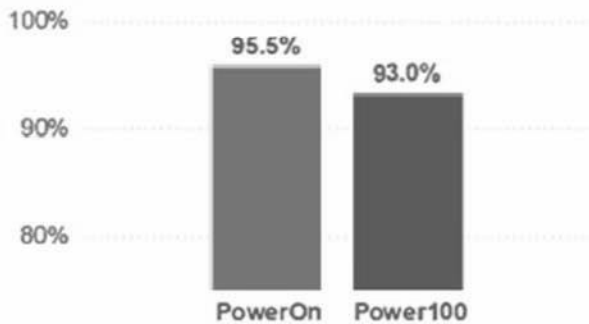
Participation (as of April 21, 2025)

Participation by Jurisdiction

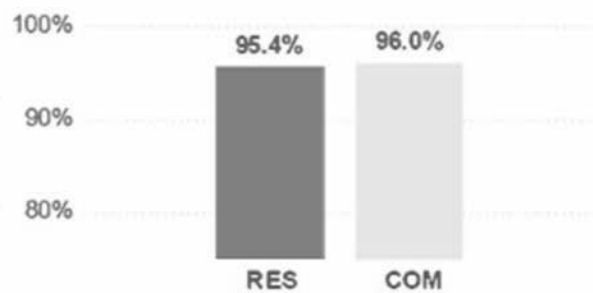


Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	98,640	94,268	95.6%
City of Encinitas	Power100	28,827	26,809	93.0%
City of Imperial Beach	PowerOn	10,835	10,387	95.9%
City of La Mesa	PowerOn	29,496	28,062	95.1%
City of San Diego	PowerOn	624,957	603,396	96.6%
County of San Diego	PowerOn	190,538	174,698	91.7%
National City	PowerOn	19,451	19,104	98.2%
Total		1,002,744	956,724	95.4%

Participation by Default Service Option



Residential vs Commercial Participation



Service Rates

General. SDCP electric generation rates are managed to provide cleaner electricity at competitive rates. SDCP's Board of Directors determines rates and SDCP's rates are not regulated by the California Public Utilities Commission (the "CPUC"). Any rate changes will be adopted at duly noticed public meetings of the SDCP Board of Directors. Under the terms of the Clean Energy Purchase Contract, SDCP covenants that it will establish, maintain, and set rates and charges to provide revenues sufficient to enable it to pay all amounts payable from the revenues of its operations and to keep any reserves as required by SDCP's reserve policies. SDCP further covenants pursuant to the terms of the Clean Energy Purchase Contract that it will not grant any lien or security interest in, or otherwise pledge or encumber revenues if the effect of such lien, pledge or other encumbrance would result in such lien, pledge or encumbrance having priority over the obligations of SDCP under the Clean Energy Purchase Contract.

Determination of Rates for Energy. A customer's cost of electric service is determined by SDCP's charges for energy and SDG&E charges for transmission, distribution, and other non-by-passable charges. Changes to SDG&E or SDCP rates will impact cost comparisons between SDCP and SDG&E. SDG&E charges SDCP customers a monthly Power Charge Indifference Adjustment, which can vary annually based upon several market factors, including benchmarks for regional energy costs, resource adequacy, the year in which the community joined SDCP and other considerations, as well as a Franchise Fee Surcharge. SDCP has already accounted for these additional charges when calculating its commodity rates. Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Federal Electric Rate Assistance), and Medical Baseline Allowance remain the same for SDCP and SDG&E customers.

Current and Historical Rate Information. SDCP rates are designed to cover the costs of energy, resource adequacy, and operating, fund customer programs, and meet SDCP's reserve and liquidity goals, as described in its Reserve Policy.

On January 18, 2024, the Board of Directors approved rates for SDCP that included:

- A 17.7% year-over-year average decrease, from 2023 to 2024, in SDCP electricity generation rates across all customer classes.
- A 23.2% year-over-year average decrease, from 2023 to 2024, in SDCP electricity generation winter rates and a 12.3% year-over-year average decrease in summer rates across all customer classes.
- Rates that support SDCP to maintain its current reserve levels and to allow it to work toward a 180-day cash-on-hand reserve target, with the goal of providing financial stability and support a credit rating.

Subsequently, on May 30, 2024, the Board of Directors approved the new PowerBase product offering that was effective July 1, 2024, which provided:

- A 2.5% discount for July through December 2024, compared to SDGE's current rates as of March 1, 2024.
- A pathway for customers to return to SDCP's standard service, PowerOn, or opt-up to Power100 more easily than if they opted out of SDCP service entirely.

- Support for SDCP’s mission to provide an affordable option that is cleaner than the competition.
- For 100% renewable energy by 2035 or sooner through customer retention, especially for price-sensitive customers.

On May 30, 2024, the Board of Directors approved the Power100 Green+ product offering, a stand-alone, 100% renewable, carbon-free energy service that is Green-e® certified. Power100 Green+ is priced as a \$0.02/kWh adder to the PowerOn service and allows SDCP customers to earn LEED Tier 2 or 3 points in the renewable energy category. Currently, Power100 Green+ is only available to commercial and industrial customers.

Effective February 1, 2025, SDCP implemented rate changes resulting in the following comparisons for most SDCP customers, though exact comparisons may vary by rate schedule and customer usage:

- SDCP PowerOn is set at a ~3% discount to SDG&E’s rates on a total bill basis.
- SDCP PowerBase is set at a ~5% discount to SDG&E’s rates on a total bill basis.

SDCP’s Power100 and Power100 Green-e Certified services will maintain premiums of \$0.01/kWh and \$0.02/kWh, respectively.

California Renewable Portfolio Standards and Other Regulations

General. Community choice aggregators such as SDCP are “load-serving entities” (“LSEs”) and, as such, are required to comply with California’s Renewable Portfolio Standard, Resource Adequacy requirements, and Power Source Disclosure requirements described below.

Renewable Portfolio Standard. California’s Renewable Portfolio Standard (“RPS”) requires LSEs to supply their retail sales with certain minimum quantities of eligible renewable energy. Senate Bill 100 directs all LSEs to procure 60% of their portfolios from RPS-eligible resources by 2030 and 100% of their retail sales from zero-carbon resources (or eligible renewable resources) by 2045. Based on the most recent Power Content Label filed with the California Energy Commission, in 2023, SDCP met 58.8% of its total retail sales with eligible RPS resources, which was above the 2023 RPS percentage target of 41.3%. SDCP has exceeded the annual RPS regulatory minimum requirements each year since its inception.

Resource Adequacy. Resource Adequacy (“RA”), a California program jointly administered by the CPUC, the California Energy Commission (“CEC”) and the California Independent System Operator (“CAISO”), directs LSEs to secure forward capacity and offer it into the CAISO’s Day-Ahead and Real-Time markets to ensure that there will be enough supply at suitable locations and with sufficient ramping capability to meet load. The RA program is comprised of three products: System RA, Local RA, and Flexible RA. Local RA obligations have been assigned to a Central Procurement Entity as of 2023.

Integrated Resource Planning. Integrated Resource Planning (“IRP”) requires LSEs to forecast their customer load and develop a plan to serve such load in alignment with their own vision and values and in accordance with regulatory requirements. In October 2015, California

codified this LSE responsibility with the passage of SB 350, which requires the CPUC to establish and oversee an IRP process to assist with meeting the state’s aggressive GHG targets (40% below 1990 levels by 2030). The IRP process, which is used in many states across the US, generally produces 10- to 20-year plans that map out both the supply-side and demand-side resources required for meeting customer load. Given the complexity of the grid and the time required to plan and build generating facilities, IRPs are critical for ensuring safe, reliable and clean power in a cost-effective manner. In addition to addressing the long-term planning horizon typical of an IRP process, the IRP process has been used in recent years to direct procurement of new capacity to meet near- and mid-term reliability and clean energy needs per CPUC Decision (“D.”) 19-11-016, D. 21-06-035 and D. 23-02-040. Pursuant to the procurement orders in these CPUC Decisions, LSEs are required to procure “Incremental System Capacity,” which is RA capacity from non-emitting, storage, and/or renewable resources that are in addition to the resources identified on a baseline list of existing, on-line and operating resources. SDCP has a strong track record of meeting its RA obligations, falling short only during periods of extreme resource scarcity. SDCP expects to meet its future RA obligations through its Energy Risk Management Policy to the extent that supply is available in the bilateral markets

Power Source Disclosure. California law requires LSEs to disclose the types of power resources used to supply retail sales. This mandate, known as the Power Source Disclosure Program (“PSDP”), is a consumer information program managed by the CEC. A key output of the PSDP is the Power Content Label (“PCL”). The PCL is an LSE-specific document that shows the breakdown of power resource types for each of the LSE’s energy products used to serve retail load and a breakdown of resource types for the overall California grid. The PCL is distributed to customers each year.

Energy Demand

Long-Term Load Forecast. SDCP’s long-term load forecast is a projection of the electricity that SDCP’s customers will consume. SDCP’s long-term load forecast considers the number and types of customers that SDCP expects to serve, historical electricity use patterns, temperature, and other weather conditions, as well as trends in energy efficiency, behind-the-meter, rooftop solar and electric vehicle adoption, appliance electrification, and other factors.

The table below shows SDCP’s long-term load forecast for 2025-2034 based on SDCP’s 2023 RPS Compliance Report filed with the CPUC on January 25, 2024.

Table 1: SDCP's 2025-2034 Load Forecast (MWh)

Year	Load Forecast
2025	8,094,390
2026	8,239,804
2027	8,386,117
2028	8,428,047
2029	8,470,187
2030	8,512,538
2031	8,555,101
2032	8,597,877
2033	8,640,866
2034	8,684,070

Sources of Energy

General. In its procurement of energy supplies, SDCP prioritizes using and developing local renewable resources, stimulating local job creation through various programs and development, promoting personal and community ownership of distributed renewable resources, and promoting long-term electric rate stability and energy reliability for residents and businesses.

Energy Purchases. During the ordinary course of business, SDCP purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers, generation credits, load, and other charges stemming from SDCP's participation in the CAISO's centralized market.

As SDCP strives to meet its environmental, financial, and regulatory compliance goals and requirements, long-term power purchase agreements ("PPAs") are becoming integral components of its energy supply portfolio. Long-term PPAs provide renewable generation facility developers with a specific revenue stream against which they can finance upfront capital requirements, such that each long-term PPA that SDCP signs with a developing facility will underpin a new, incremental renewable energy project. In addition, long-term PPAs lock in renewable energy supply around which SDCP can build its power supply portfolio while providing cost certainty so that SDCP can develop its pro forma financial model. Moreover, the California RPS, modified in 2015 by Senate Bill 350, requires that SDCP provide 65% of its RPS-required renewable energy from contracts of at least ten years. Finally, in D.21-06-025, the CPUC required each LSE in California to make significant long-term purchase commitments for resource adequacy from new, incremental generation facilities that will achieve commercial operation during 2023 through 2026 for purposes of "Mid Term Reliability". These requirements have been augmented and extended into 2026 and 2027 via CPUC's D.23-02-040.

Over the past 18 months, SDCP staff released four requests for proposals ("RFPs") for eligible Renewable Energy resources, including an RFP for Stand Alone Storage projects and an RFP for clean firm energy, in pursuit of long-term contracts for renewable energy. SDCP evaluated other contracting opportunities to meet SDCP's procurement goals. The SDCP Board, through April 2025, has approved contracts for over 1,670 MW of renewable generation and over 1,960 MW of storage capacity. SDCP staff continues to negotiate with several other developers for

additional renewable energy resources expected to be online between 2025 and 2029. Under CAISO’s revisions to their cluster study process for interconnecting future projects, SDCP staff issued an RFP in August 2024 for CAISO Cluster 15 projects, which will serve as a source of renewable and storage projects that SDCP is most interested in getting studied by the CAISO. SDCP staff and the Energy Contracts Working Group (the “*ECWG*”) evaluate all RFP submissions before entering into negotiations with selected participants. Assuming that SDCP staff and shortlisted developer(s) can agree to mutually agreeable contracts consistent with terms authorized by the ECWG, SDCP staff then review the draft terms with the SDCP Board for approval and authorization for the CEO to execute the relevant documents.

SDCP also has an open request for information regarding local projects (“*RFI*”). The RFI has yielded eight board-approved contracts for local generation and storage facilities in the last twelve months. SDCP also released a request for offers (“*RFO*”) for distributed renewable energy resources (“*DERs*”), which focuses on a broad range of distribution-level renewable projects within San Diego County. The RFO has yielded two board approved contracts for ~25 MW of capacity.

Energy Load and Supply Risk Management. Through SDCP’s Energy Risk Management Policy, SDCP measures and updates its risks using various tools that model programmatic financial projections, market exposure, risk metrics, and short-term budget updates. The following items are measured, monitored, and reported:

- Mark-to-Market Valuation – marking to market determines the current value of contracted energy supply.
- Exposure Reporting – calculates the notional dollar risk exposure and value at risk of open portfolio positions at current market prices.
- Open Position Monitoring— calculates/monitors open positions for all energy and capacity products monthly. If energy open positions for the month following the then current month (prompt month) exceed 10% of the load, SDCP will solicit market energy to close open positions and make a commercial decision to close the position.
- Counterparty Credit Exposure – calculates the notional and mark-to-market exposure to each SDCP counterparty by deal and in the aggregate. Counterparty exposure reporting includes contingent collateral posting risks arising from changes in market prices and other factors.
- Reserve Requirement Targets – no less than once per year, SDCP staff monitors SDCP’s financial reserves to ensure that they meet the targeted thresholds.

SDCP manages market price risk using its planning models, which define forecasted load, energy under contract, and SDCP’s open positions across various energy product types, including renewable energy (Portfolio Content Category I, II, and III), carbon-free energy, and system power relative to SDCP’s procurement targets.

Generally, SDCP manages its exposure to energy suppliers by exhibiting a preference for counterparties with investment-grade credit ratings as determined by Moody’s or S&P Global Ratings and using security requirements in the form of cash or letters of credit. SDCP measures its mark-to-market counterparty credit exposure in a way consistent with industry best practices.

SDCP manages energy delivery risks by ensuring that contracts include appropriate contractual penalties for non-delivery and acquiring energy from a geographically and technologically diverse portfolio of generating assets (with a range of generation profiles generally complementary to how SDCP's customers use electric power). Due to known production variability and supply uncertainty related to renewable and other carbon-free energy products, SDCP includes planning margins in procuring such products to ensure that related targets/mandates are achieved.

SDCP manages load forecasting and related weather risks by contracting with qualified data management and scheduling coordinators. These coordinators independently or jointly provide the systems and data necessary to forecast and schedule load using good utility practice. Load variability is also considered when establishing appropriate planning margins for renewable and carbon-free energy sources.

SDCP manages its regulatory and legislative risk through active participation in working groups and advocacy coalitions, such as the California Community Choice Association. SDCP also regularly participates in regulatory rulemaking proceedings and legislative affairs to protect its interests.

Procurement. All contracting for energy and energy-related products for SDCP, including but not limited to electricity, capacity, energy efficiency, distributed energy resources, demand response, and storage, are overseen by SDCP's Power Services department. All contracts are further reviewed and approved by SDCP's CEO and General Counsel. SDCP procures energy and RA in a way that is consistent with its Energy Risk Management Policy. Procurement is conducted through market-based transactions for products, including Fixed Price Energy, Portfolio Content Category 1 Renewable Energy, Portfolio Content Category 2 Renewable Energy, Carbon-Free Energy, and RA Capacity, as well as through longer-term PPAs entered into pursuant to statutory requirements or voluntary long-term resource acquisition decisions made independently by SDCP under its Integrated Resource Plan or other Board or Director-approved strategies.

Short-term procurement is conducted through participation in the CAISO and bilateral markets. SDCP may use various methods to procure long-term contracts, including competitive solicitations, bilaterally negotiated agreements, or regulatory proceedings, with oversight, including shortlist approvals or procurement recommendations, provided by the ECWG of the Board. Specific long-term procurement (e.g., contract terms longer than three years) is subject to Board approval.

Long-term Contracts. To date, SDCP has contracted for ~1,670 MW of nameplate capacity for renewable energy generation and 1,960 MW of nameplate capacity for energy storage projects, identified in Table 2 below, with expected commercial operation dates between 2024 and 2029.

Table 2: Long Term Contracts

Developer/ Project	Guaranteed Commercial Operation Date	Nameplate	Type
Ormat / Pomona 2	Online	10 MW	Storage (2-hour)
Arevon / Vikings Energy Farm	Online	136.8 MW-AC Generating Facility and 145.5 MW-AC / 582 MWh Storage Facility	Solar + Storage
Pattern / Duran Mesa	Online	50 MW	Wind
Intersect / Oberon II	Online	75 MW	Solar
Ormat / Arrowleaf Solar and Storage	4/15/25	42 MW-AC Generating Facility and 35 MW-AC / 140 MWh Storage Facility	Solar + Storage
NextEra / Yellow Pine	Solar: 6/1/27 Storage: 6/1/27	35 MW-AC Generating Facility and 35 MW-AC / 140 MWh Storage Facility	Solar + Storage
SBE / Athos	1/1/26	200 MW	Storage
Aypa / Vidal	12/1/26	160 MW (solar) 160 MW (storage)	Solar + Storage
Arevon / Avocet	4/15/26	200 MW	Storage
MRP / Border	6/1/26	52 MW	Storage (1-hour)
MRP / Enterprise	6/1/26	52 MW	Storage (1-hour)
Wellhead / CVEC2	6/1/26	49.7 MW	Storage
Baywa / JVR Energy Park	10/31/26	90 MW-AC solar photovoltaic Generation Facility combined with a 70 MW-AC / 280 MWh-AC DC-coupled battery energy storage facility	Solar + Storage
Pattern / SunZia	3/31/27	150 MW	Wind
NextEra / Desert Sands	6/1/27	60 MW	Long Duration Storage
SBE / Pelicans Jaw	9/1/26	440 MW (solar) 238.5 MW (storage)	Solar + Storage
Nobel Solar / Purple Sage	6/1/28	400 MW (solar) 400 MW (storage)	Solar + Storage
Aypa / Euismod	6/1/28	200 MW	Storage

Information Technology, Data Analytics and Cyber Security

SDCP's Information Technology ("IT") and Data Analytics department is comprised of professionals who handle all aspects of information technology management, cloud infrastructure, and cybersecurity. This department is building a secure data platform that will enable and empower SDCP staff to develop full-scale in-house data management, data engineering, data science, and analytics capabilities. SDCP's IT and Data Analytics Team focus on developing core operational competencies such as an Energy Trade & Risk Management application or Distributed Energy Resource Management platform to deliver efficiencies, simplifications, and cost savings for SDCP customers.

This department also oversees and is accountable for developing additional IT policies and standards, including responsible Artificial Intelligence and cybersecurity, identifying risk areas, and helping all personnel comply with policies and standards. All SDCP staff are responsible for reporting any noncompliance to management. SDCP makes information technology accessible only to authorized employees or designated vendors as needed, and only for authorized agency purposes.

SDCP's IT and Data Analytics department has begun a holistic cybersecurity program leveraging the NIST 800 framework and ISO 27001 standards. SDCP's current and new cybersecurity standards work to minimize threats and exposure to its assets and information. SDCP additionally holds cybersecurity insurance coverage.

Financial Information

Revenues from Energy Sales and Operating Expenses. SDCP's operating revenues are from selling electricity to commercial and residential customers throughout its territory. SDCP reports its revenue net of uncollectible accounts. In alignment with SDCP's reserve policy and strategic goals, SDCP set rates in 2023, 2024 and 2025 sufficient to grow revenue and net income to reach its 180-day cash-on-hand goal.

Other Sources of Revenue. In 2023, SDCP began receiving grant revenue from the California Public Utilities Commission Disadvantaged Communities-Green Tariff and Community Solar Green Tariff programs, which enable residential customers in disadvantaged communities who may be unable to install solar on their roof to benefit from a local solar project and receive a 20% bill discount. This funding originates from California Greenhouse Gas Auction Proceeds and Public Purpose Program funds.

In 2024, SDCP was also awarded \$710,000 in grant funding from the California Department of Food and Agriculture to support its provision of technical assistance and refrigeration units to stock healthy food at stores in low income or low food-access areas throughout its service territory.

In January 2025, SDCP accepted, appropriated and developed plans to expend \$124.27 million of funds from the CPUC to administer and implement energy efficiency programs focused on underserved and hard-to-reach residents, businesses, and public agencies in the region. Funds will be expended through the FY2025-29 capital investment plan.

SDCP additionally derives revenue from investment income. As SDCP's operating reserves have grown, its investment income has also grown in lockstep as SDCP invests its reserves in interest-bearing accounts consistent with SDCP's Investment Policy approved by the SDCP Board on June 27, 2024.

Financial Statements. For financial information related to SDCP, see the annual audited financial statements of SDCP for the fiscal years that ended June 30, 2024 and June 30, 2023, which have been posted on the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board in connection with the California Community Choice Financing Authority Clean Energy Project Revenue Bonds, Series 2024F.

Financial Reserves. SDCP maintains financial reserves, pursuant to the Financial Reserve Policy adopted by the Board of Directors, to be able to (a) meet SDCP's strategic objectives; (b) secure, maintain, and improve a standalone investment grade credit rating; (c) secure favorable terms with vendors, including power producers; (d) satisfy working capital requirements; (e) adhere to contractual covenants; (f) provide funds to cover unanticipated expenditures; and (g) support rate stability.

Operating Reserve. SDCP maintains a reserve goal to secure 180 days of cash-on-hand held as unrestricted cash. Unrestricted cash equals total cash less cash held in accounts that are restricted from use (*e.g.*, as collateral or by covenant). The contribution to operating reserves is determined through SDCP's annual budget process as defined in the agency's Budget Policy and SDCP's rate-setting process as defined in the agency's Rate Development Policy. To the extent that SDCP can meet operational expenses and maintain competitive rates, it will establish rates and adopt budgets to build and maintain its operating reserves at or above the 180-day cash-on-hand target level. As of March 31, 2025, its unrestricted net position totaled \$401 million.

Risk Management. SDCP maintains a comprehensive risk management framework to identify and mitigate credit, liquidity, market, operational, regulatory, and other risks associated with participation in the California energy market. The framework employs credit risk strategies, including a preference for transacting with investment-grade counterparties, establishing credit limits, and securing collateral when necessary. SDCP utilizes hedging strategies, netting arrangements, and liquidity monitoring to address market risks. Internal controls and compliance mechanisms are in place to manage operational and regulatory risks, ensuring adherence to legal and market regulations. Risk monitoring and oversight are continuously performed through frequent reporting, with critical risks communicated promptly to stakeholders. This integrated approach enables SDCP to maintain a balanced risk profile while adapting to evolving market conditions.

APPENDIX B

DEFINITIONS OF CERTAIN TERMS

“Account” or *“Accounts”* means, as the case may be, each or all of the Accounts established in and pursuant to the Indenture.

“Act” means the Joint Exercise of Powers Act constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended or supplemented from time to time.

“Administrative Fee Fund” means the Administrative Fee Fund established in the Indenture.

“Advance” means the amounts paid to the Trustee, on behalf of CCCFA, pursuant to the Custodial Agreements.

“Alternate Liquidity Facility” means a Liquidity Facility for a Series of Bonds delivered to the Trustee in substitution for a Liquidity Facility then in effect with respect to such Bonds.

“Amortized Value” means, with respect to any Bond to be redeemed during the Initial Interest Rate Period, the principal amount of such Bond multiplied by the price of such Bond expressed as a percentage, calculated by a major market maker in municipal securities, as the quotation agent, selected by CCCFA, based on the industry standard method of calculating bond prices (as such industry standard prevailed on the date such Bond began to bear interest at its current Term Rate), with a delivery date equal to the date of redemption of such Bond, a maturity date equal to the earlier of (a) the stated maturity date of such Bond or (b) the Term Rate Tender Date of such Bond and a yield equal to such Bond’s original reoffering yield (as set forth on the inside cover page of this Official Statement) on the date such Bond began to bear interest at its current Term Rate. The Amortized Value of the Bonds as of certain dates during the Initial Interest Rate Period is shown on Appendix H.

“Annual Quantity” means, with respect to each Contract Year of the Delivery Period, the quantity (in MWh) of Assigned Product for such Contract Year as set forth in the applicable exhibit to the Power Supply Contract for such Contract Year; provided that the Annual Quantity for any Contract Year shall be reduced by the aggregate quantities of Base Energy required to be remarketed under the Power Supply Contract for any given Contract Year.

“Applicable Factor” means (a) with respect to the initial issuance of a Series of Bonds bearing interest at a SOFR Index Rate, the percentage or factor of the SOFR Index determined by the Underwriter and specified in the Index Rate Determination Certificate for such Series of Bonds, or (b) with respect to a Series of Bonds for which the Interest Rate Period is being converted to a SOFR Index Rate Period (including a change in such Interest Rate Period from one SOFR Index Rate Period to another SOFR Index Rate Period), the percentage or factor of the SOFR Index determined by the Remarketing Agent and specified in the applicable Index Rate Determination Certificate or Index Rate Continuation Notice, provided in each case that the Issuer delivers to the Trustee a Favorable Opinion of Bond Counsel addressing the selection of such percentage or factor. The Applicable Factor shall be determined by the Underwriter or the Remarketing Agent, as applicable, in accordance with the Indenture and included in the applicable Index Rate Determination Certificate, and once determined shall remain constant for the duration of the applicable SOFR Index Rate Period.

“Applicable Spread” means, with respect to a Series of Bonds for which the Initial Interest Rate Period is an Index Rate Period, or for any Series of Bonds for which the Interest Rate Period is converted to an Index Rate Period, the margin or spread, which may be positive or negative, determined by the Underwriter or the Remarketing Agent, as applicable, in accordance with the Indenture, on or prior to the Issue Date or Conversion Date for such Bonds, as applicable, and specified in the applicable Supplemental Indenture or Index Rate Determination Certificate or Index Rate Continuation Notice, as applicable, which shall be added to the applicable Index (or the product of the Applicable Factor and the applicable Index, as the case may be) to determine the Index Rate. Once so determined, Applicable Spread shall remain constant for the duration of the applicable Index Rate Period.

“Assigned Delivery Point” means the delivery point for Assigned Energy as set forth in the applicable Assignment Agreement.

“Assigned Energy” means EPS Compliant Energy assigned pursuant to an Assignment Agreement.

“Assigned Paygo Quantity” means any Assigned Products delivered under the Power Supply Contract in excess of the Annual Quantity for any Contract Year.

“Assigned PPAs” means the initially Assigned PPAs, and any future power purchase contracts assigned by the Project Participant.

“Assigned PPA Index Adder” means the amount (in \$/MWh) specified in the Power Supply Contract for each Month of the Delivery Period.

“Assigned Product” means, as applicable, PCC1 Product, Long-Term PCC1 Product, PCC2 Product, Assigned Energy, Assigned RECs and any other product included in an Assignment Agreement

“Assigned RECs” means any RECs to be delivered to MSCG or the Energy Supplier pursuant to any Assigned Rights and Obligations.

“Assigned Rights and Obligations” means a portion of the Project Participant’s rights and obligations under a power purchase agreement assigned pursuant to an Assignment Agreement.

“Assignment Agreements” mean the Initial Assignment Agreement and any subsequent assignment agreement entered into consistent with the Assignment Letter Agreement.

“Assignment Letter Agreements” means those certain Letter Agreements, dated as of the date of the Prepaid Energy Sales Agreement, by and among MSCG, the Energy Supplier, CCCFA and the Project Participant.

“Assignment Payment” means any payment received from the Energy Supplier, or the Master Custodian on its behalf, in connection with an assignment of the Energy Management Agreement to a replacement Seller, as such term is defined in the Energy Management Agreement.

“Assignment Payment Fund” means the Assignment Payment Fund established under the Indenture.

“Authorized Denominations” means, with respect to the Bonds, denominations of \$5,000 and any integral multiple thereof

“Authorized Newspaper” means The Wall Street Journal or The Bond Buyer or any other newspaper or journal printed in the English language and customarily published on each Business Day devoted to financial news and selected by CCCFA, with prior written notice to and approval of the Trustee, whose decision shall be final.

“Authorized Officer” means (a) the Treasurer/Controller of CCCFA, and (b) any other person or persons designated by the Board by resolution to act on behalf of CCCFA under the Indenture. The designation of such person or persons shall be evidenced by a Written Certificate of CCCFA delivered to a Responsible Officer of the Trustee containing the specimen signature of such person or persons and signed on behalf of CCCFA by its Treasurer/Controller, which incumbency certificate shall be amended by CCCFA, with notice to a Responsible Officer of the Trustee and the Custodian, whenever a person is to be added or deleted from the listing. Such designation as an Authorized Officer shall remain in effect until a Responsible Officer of the Trustee receives actual written notice from CCCFA to the contrary, accompanied by a new certificate.

“Base Energy” means Firm (LD) Energy to be delivered to an Energy Delivery Point.

“Beneficial Owner” means, with respect to Bonds registered in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Bond held by the Securities Depository, and the term “Beneficial Ownership” shall be interpreted accordingly.

“Board” means the Board of Directors of CCCFA, or if said Board is abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the power and duties granted or imposed by the Indenture are given by law, and which shall be identified in a Written Notice of the Issuer delivered to the Trustee.

“Bond Counsel” means Orrick, Herrington & Sutcliffe LLP or any other counsel of nationally recognized standing in matters pertaining to the tax exempt status of interest on obligations issued by states and their political subdivisions and instrumentalities, duly admitted to the practice of law before the highest court of any state of the United States, and selected by CCCFA.

“Bond Payment Date” means each date on which (a) interest on the Bonds is due and payable, (b) an Interest Rate Swap Payment is due, or (c) principal of the Bonds is payable at maturity or pursuant to Sinking Fund Installments.

“Bond Purchase Fund” means the fund by that name established pursuant to the Indenture, including the Remarketing Proceeds Account and the Issuer Purchase Account.

“Bond Registrar” means the Trustee and any other bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by CCCFA to perform the duties of Bond Registrar under the Indenture.

“Bondholder” or *“Holder”* or *“Owner”* means any Person who shall be the registered owner of any Bond or Bonds.

“*Business Day*” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the cities in which are located the designated corporate trust offices of the Trustee, the Custodian, or the Calculation Agent are authorized by law or executive order to close, (c) a day on which the New York Stock Exchange, Inc. is closed, (d) a day on which the payment system of the Federal Reserve System is not operational, and (e) for purposes of determining the SIFMA Index Rate and the SOFR Index Rate, any day that SIFMA recommends that the fixed income departments of its members be closed for the purposes of trading fixed-income securities.

“*CAISO*” means California Independent System Operator or its successor.

“*Calculation Agent*” means, with respect to any Series of Bonds bearing interest at an Index Rate, the Calculation Agent with respect to such Bonds appointed by the Issuer in a Written Instrument to the Trustee, pursuant to the applicable Calculation Agent Agreement and the Indenture.

“*CCCFA*” or the “*Issuer*” means the California Community Choice Financing Authority.

“*CCCFA Custodial Agreement*” means the Custodial Agreement, dated as of the date of issuance of the Bonds, by and among the Commodity Swap Counterparty, CCCFA, and U.S. Bank Trust Company, National Association, as Trustee and custodian, as the same may be amended, modified or supplemented from time to time.

“*CCCFA Commodity Swap*” means the ISDA Master Agreement, Schedule and Confirmation between CCCFA and the Commodity Swap Counterparty, or any replacement agreement permitted by the Indenture, pursuant to which CCCFA will pay to the Commodity Swap Counterparty an index based floating price and the Commodity Swap Counterparty will pay to CCCFA a fixed price in relation to the quantities of Energy to be delivered under the Prepaid Energy Sales Agreement.

“*Cede*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds pursuant to Section 3.09.

“*Clean Energy Project*” means CCCFA’s purchase of Energy pursuant to the Prepaid Energy Sales Agreement and related contractual arrangements and agreements, and the purchase of any Energy to replace Energy not delivered as required pursuant to the Prepaid Energy Sales Agreement.

“*Commercial Paper Interest Rate Period*” means, with respect to a Series of Bonds, each period comprised of CP Interest Terms for the Bonds of such Series, during which CP Interest Term Rates are in effect for the Bonds of such Series.

“*Commercially Reasonable*” or “*Commercially Reasonable Efforts*” means, with respect to any purchase or sale or other action required to be made, attempted or taken by the Project Participant, CCCFA or the Energy Supplier under the Power Supply Contract or the Prepaid Energy Sales Agreement, as applicable, such efforts as a reasonably prudent Person would undertake for the protection of its own interest under the conditions affecting such purchase or sale or other action, including without limitation, the amount of notice of the need to take such action, the duration and type of the purchase or sale or other action, the competitive environment in which such purchase or sale or other action occurs, and the risk to the Party required to take such action.

“Commodity Swap Counterparty” means Royal Bank of Canada and its successors and assigns, and the counterparty to any replacement Commodity Swap that meets the requirements of the Indenture.

“Commodity Swap Payment Fund” means the Commodity Swap Payment Fund established pursuant to the Indenture.

“Commodity Swap Payments” means, as of each scheduled payment date specified in the CCCFA Commodity Swap, the amount, if any, payable to a Commodity Swap Counterparty by CCCFA (including any such amount paid to the Custodian pursuant to the CCCFA Custodial Agreement).

“Commodity Swap Receipts” means, as of each scheduled payment date specified in a Commodity Swap, the amount, if any, payable to CCCFA by a Commodity Swap Counterparty.

“Commodity Swaps” means the CCCFA Commodity Swap and the Energy Supplier Commodity Swap; provided any reference to “Commodity Swap” in Appendix C means the CCCFA Commodity Swap.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking, dated the date of the Indenture, between CCCFA and the Dissemination Agent, as the same may be amended from time to time.

“Contract Price” means (i) with respect to Monthly Projected Quantities, (a) the Day-Ahead Average Price for the Month in which Energy is delivered, minus (b) the Monthly Discount, and (ii) with respect to Monthly Excess Quantities and Assigned Paygo Quantities, the Day-Ahead Average Price. The Contract Price for Assigned Energy is inclusive of any amounts due in respect of other Assigned Products.

“Contract Quantity” means, (a) with respect to the Assigned Energy, the Annual Quantity of Assigned Energy set forth in the applicable exhibit to the Prepaid Energy Sales Agreement for each Contract Year of the Delivery Period and (b) with respect to Base Energy, the Hourly Quantity of Base Energy set forth in the applicable exhibit to the Prepaid Energy Sales Agreement for any Month, as such exhibits shall be updated from time to time in accordance with the Prepaid Energy Sales Agreement.

“Contract Year” means each period of 12 Months from January 1 until December 31 during the Delivery Period.

“Conversion” means (a) a conversion of a Series of Bonds from one Interest Rate Period to another Interest Rate Period, (b) with respect to a Series of Bonds bearing interest at an Index Rate, the establishment of a new Index, a new Index Rate and/or a new Index Rate Period and (c) with respect to a Series of Bonds bearing interest in a Term Rate Period, the establishment of a new Term Rate and/or a new Term Rate Period. A Conversion may occur only on a Mandatory Purchase Date.

“Conversion Date” means the effective date of a Conversion of a Series of Bonds and shall occur only on a Mandatory Purchase Date.

“Cost of Acquisition” means all costs of planning, financing, refinancing, acquiring, transmitting, storing and implementing the Clean Energy Project, including:

- (a) the amount of the prepayment required to be made by CCCFA under the Prepaid Energy Sales Agreement;

(b) the amount for deposit into the Debt Service Account for capitalized interest on the Bonds, with such interest being calculated in accordance with the definition of “Debt Service;”

(c) the costs and expenses incurred in the issuance and sale of the Bonds, including, without limitation, legal, financial advisory, accounting, engineering, consulting, municipal advisory, financing, technical, fiscal agent and underwriting costs, fees and expenses, bond discount, rating agency fees, and all other costs and expenses incurred in connection with the authorization, sale and issuance of the Bonds and preparation of the Indenture;

(d) all other costs incurred in connection with and properly chargeable to, the acquisition or implementation of the Clean Energy Project;

(e) the allowance for working capital requirements of CCCFA with respect to the Clean Energy Project in such amounts as shall be deemed reasonably necessary by CCCFA; and

(f) with respect to any Series of Refunding Bonds, the amounts necessary to purchase, redeem and discharge Bonds being refunded, including the payment of the Purchase Price or the Redemption Price of such Bonds, any necessary deposits to the Debt Service Account, and all other costs and expenses incurred in connection with such Series of Refunding Bonds, including the costs and expenses described in (e) and (f) above.

“*CP Interest Term*” means, with respect to a Commercial Paper Interest Rate Period for a Series of Bonds, each period established in accordance with the Indenture during which a CP Interest Term Rate is in effect for the Bonds of such Series.

“*CP Interest Term Rate*” means, with respect to any Bond of a Series of Bonds in the Commercial Paper Interest Rate Period, an interest rate established periodically for each CP Interest Term in accordance with the Indenture.

“*Custodial Agreements*” means, collectively, the CCCFA Custodial Agreement and the Energy Supplier Custodial Agreement.

“*Custodian*” means U.S. Bank Trust Company, National Association, as Custodian under the Custodial Agreements and its successors and assigns.

“*Daily Interest Rate*” means, with respect to a Series of Bonds, the final daily interest rate for such Bonds determined by the Remarketing Agent by 11:00 a.m. New York City time pursuant to the Indenture.

“*Daily Interest Rate Period*” means, with respect to a Series of Bonds, each period during which a Daily Interest Rate is in effect for such Bonds.

“*Day-Ahead Average Price*” means, for any Assigned Energy in any EPS Energy Period, the result of (i)(x) the sum of the Day-Ahead Market Prices for each Pricing Interval in a Month divided by (y) the number of Pricing Intervals in such Month plus (ii) the Assigned PPA Index Adder for the relevant Month. As used in this definition, “Pricing Interval” means each unit of time for which CAISO establishes a separate price.

“Day-Ahead Market Price” means the Day Ahead Market or Locational Marginal Price for the Energy Delivery Point for each applicable hour as published by CAISO, or as such price may be corrected or revised from time to time by such independent system operator or other entity in accordance with its rules.

“Debt Service” means with respect to any Outstanding Bonds, for any particular period of time, an amount equal to the sum of:

(a) all interest payable during such period on such Bonds, but excluding any interest that is to be paid from Bond proceeds on deposit in the Debt Service Account, plus

(b) the Principal Installments payable during such period on such Bonds, calculated on the assumption that, on the day of calculation, such Bonds cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture;

provided that (i) the interest on any Bonds with a related Interest Rate Swap shall be calculated on the basis of the fixed interest rate payable by CCCFA under the Interest Rate Swap, and (ii) principal and interest due on the first day of a Fiscal Year shall be deemed to have been payable and paid on the last day of the immediately preceding Fiscal Year.

“Debt Service Account” means the Debt Service Account in the Debt Service Fund established under the Indenture.

“Debt Service Fund” means the Debt Service Fund established in Section 5.02 of the Indenture.

“Debt Service Fund Agreement” means any debt service fund agreement, that is a Qualified Investment, among the Trustee, CCCFA and a provider, or between CCCFA and a provider and assigned to the Trustee, relating to amounts deposited in the Debt Service Account of the Debt Service Fund. The initial Debt Service Fund Agreement shall be the Debt Service Account Investment Agreement between the Issuer and the Investment Agreement Provider, dated July 25, 2025.

“Debt Service Fund Agreement Guaranty” means any unconditional guaranty, in favor of CCCFA and the Trustee, guarantying the obligations of the provider under any Debt Service Fund Agreement.

“Defeasance Securities” means (a) Government Obligations and (b) to the extent that such deposits or certificates of deposit are Qualified Investments, deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment, or irrevocable instructions have been given to call for redemption or repayment, of such time deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by Government Obligations to the extent not insured by the Federal Deposit Insurance Corporation.

“Delivered Product Payment Amount” means, in respect of each PPA Monthly Statement, an amount equal to the lesser of (a) the Monthly Projected Quantity under the relevant Assigned PPA for such

Month multiplied by the Assigned Product Price (specified in Exhibit A to the Participant Custodial Agreement) for such Assigned PPA; and (b) the actual quantity of Assigned Product reflected in such PPA Monthly Statement multiplied by the Assigned Product Price then in effect under the relevant Assigned PPA, minus the face amount of any Receivable (as defined in the Prepaid Energy Sales Agreement) that is delivered by the PPA Assignee to the Participant Custodian pursuant to Section 4(e) of the Participant Custodial Agreement; provided that, notwithstanding the foregoing, there shall be no Delivered Product Payment Amount or any other obligations of PPA Assignee with respect to Monthly Excess Quantities or Assigned Paygo Quantities.

“Delivery Period” means the period commencing September 1, 2025 and ending August 31, 2055.

“Delivery Point” means (i) the applicable Assigned Delivery Point(s) for Assigned Energy and (ii) the applicable Energy Delivery Point for Base Energy, as set forth in the Prepaid Energy Sales Agreement.

“Depository” means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by CCCFA as a depository of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

“Dissemination Agent” means that certain dissemination agent appointed by CCCFA, pursuant to the Continuing Disclosure Undertaking, and any successor Dissemination Agent appointed by CCCFA in accordance with the Continuing Disclosure Undertaking.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Early Termination Date” means a date designated pursuant to the Prepaid Energy Sales Agreement upon which the Delivery Period will end and CCCFA’s and the Energy Supplier’s respective obligations to receive and deliver Energy under the Prepaid Energy Sales Agreement will terminate.

“Early Termination Payment Date” means the date payment of a Termination Payment is required to be made by the Energy Supplier under the Prepaid Energy Sales Agreement.

“Electronic Means” means the following communication methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by a Responsible Officer of the Trustee as available for use in connection with its services hereunder.

“Eligible Bonds” means any Bonds other than Bonds which a Responsible Officer of the Trustee actually knows to be owned by, for the account of, or on behalf of CCCFA or a Project Participant.

“EMMA” means the Electronic Municipal Market Access system, the website currently maintained by the Municipal Securities Rulemaking Board and any successor municipal securities disclosure website approved by the Securities and Exchange Commission.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in MWhs.

“Energy Delivery Point” means the delivery point for Base Energy specified in the Prepaid Energy Sales Agreement.

“Energy Management Agreement” means the Energy Management Agreement, dated as of July 15, 2025 between the Energy Supplier and Morgan Stanley Capital Group Inc.

“Energy Remarketing Reserve Fund” means the Energy Remarketing Reserve Fund in established under the Indenture.

“Energy Supplier” means Energy Prepay III, LLC, a Delaware limited liability company.

“Energy Supplier Commodity Swap” means (i) the transaction entered into under the ISDA Master Agreement, dated as of the date of the Indenture, by the Energy Supplier and the Commodity Swap Counterparty (as supplemented by the confirmation in respect of such transaction and the Credit Support Documents thereto), and (ii) each replacement Energy Supplier Commodity Swap entered into pursuant to the Prepaid Energy Sales Agreement.

“Energy Supplier Custodial Agreement” means the Custodial Agreement, dated as of the date of the Initial Issue Date among the Commodity Swap Counterparty, the Energy Supplier, the Trustee, and the Custodian.

“Energy Supplier Documents” means (i) the Prepaid Energy Sales Agreement, (ii) the Energy Management Agreement, (iii) the Funding Agreement, (iv) the Master Custodial Agreement, (v) the Energy Supplier LLCA, and (vi) the Seller Swap (as defined in the Prepaid Energy Sales Agreement).

“Energy Supplier LLCA” means the Amended and Restated Limited Liability Company Agreement of the Energy Supplier, dated as of July 15, 2025.

“EPS” means California’s Emissions Performance Standards, as set forth in Sections 8340 and 8341 of the California Public Utilities Code, as implemented and amended from time to time, and any successor Law.

“EPS Compliant Energy” means Energy that the Project Participant can contract for and purchase in compliance with EPS requirements that are applicable to the Project Participant.

“EPS Energy Period” means the Initial EPS Energy Periods and any subsequent EPS Energy Periods established by future assignments of power purchase agreements consistent with the Assignment Letter Agreements.

“Extraordinary Expenses” means extraordinary and nonrecurring expenses. Termination payments under the CCCFA Commodity Swap shall not be considered an Extraordinary Expense.

“Failed Remarketing” means, (a) with respect to the Bonds on the Mandatory Purchase Date, a failure to either (i) pay the Purchase Price of the Bonds required to be purchased on such date or (ii) redeem such Bonds in whole on such date (including from any funds required from an Assignment Payment to the Assignment Payment Fund) or (b) with respect to the Bonds (i) if, on the last day of the current Reset Period prior to the Mandatory Purchase Date, CCCFA has not entered into a bond purchase agreement, firm remarketing agreement or similar agreement with respect to the remarketing or refunding of such existing Bonds, or (ii) if the conditions of (b)(i) above are satisfied, but the Purchase Price of the Bonds required to

be purchased on the Mandatory Purchase Date is not delivered to the Trustee by noon New York City time on the fifth Business Day preceding such Mandatory Purchase Date.

“Favorable Opinion of Bond Counsel” means an Opinion of Bond Counsel to the effect that an action proposed to be taken is not prohibited by the Indenture and will not, in and of itself, cause interest on the applicable Bonds to be included in gross income for purposes of federal income taxation.

“Fiduciary” or *“Fiduciaries”* means the Trustee, the Paying Agents, the Bond Registrar, the Calculation Agents, the Custodian, the tender agent or any or all of them, as may be appropriate.

“Final Fixed Rate Conversion Date” means, with respect to a Series of Bonds, the date on which such Bonds begin to bear interest for a Term Rate Period which extends to the Final Maturity Date for such Series of Bonds.

“Final Maturity Date” means with respect to the Bonds, October 1, 2055.

“Firm (LD)” means, with respect to the obligation to deliver Energy, that CCCFA or the Energy Supplier shall be relieved of its obligations to sell and deliver or purchase and receive without liability only to the extent that, and for the period during which, such performance is prevented by Force Majeure.

“Fiscal Year” means (a) the twelve-month period beginning on January 1 of each year and ending on and including the next December 31, or (b) such other twelve-month period established by CCCFA from time to time, upon Written Notice to the Trustee, as its fiscal year.

“Fitch” means Fitch Ratings, Inc., its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by CCCFA in a Written Notice delivered to the Trustee.

“Force Majeure” means an event or circumstance which prevents the Project Participant, CCCFA or the Energy Supplier from performing its obligations under the Prepaid Energy Sales Agreement or Power Supply Contract, which event or circumstance was not anticipated as of the execution date, which is not within the reasonable control of, or the result of the negligence of, such party, and which, by the exercise of due diligence, such party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of CCCFA’s or the Project Participant’s markets; (ii) CCCFA’s or the Project Participant’s inability economically to use or resell any Energy purchased under the Prepaid Energy Sales Agreement or Power Supply Contract, respectively; (iii) the loss or failure of CCCFA’s or the Energy Supplier’s supply except if such loss or failure results from curtailment by a Transmission Provider; or (iv) CCCFA’s or the Energy Supplier’s ability to sell the Energy at a higher price. No party may raise a claim of Force Majeure based in whole or in part on curtailment by a Transmission Provider unless (a) such party (or an upstream supplier with respect to the Energy Supplier or the Project Participant with respect to CCCFA) has contracted for firm transmission with such Transmission Provider for the Energy to be delivered to or received at the Energy Delivery Point and (b) such curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the Transmission Provider’s tariff; provided, however, that existence of the foregoing factors shall not be sufficient to conclusively or presumptively prove the existence of Force Majeure absent a showing of other facts and circumstances which in the aggregate with such factors establish that Force Majeure as defined in the first sentence hereof has occurred.

Notwithstanding the foregoing or anything to the contrary herein, (I) to the extent that (x) a PPA Supplier fails to deliver any Assigned Energy and claims force majeure with respect to such failure to deliver or (y) a PPA Supplier otherwise is unable to deliver any portion of the Annual Quantity due to an event that would be considered Force Majeure if it affected CCCFA or the Energy Supplier directly, then such event shall be deemed to constitute Force Majeure in respect of the CCCFA or the Energy Supplier, as applicable; (II) to the extent that an Assignment Agreement is terminated early, such termination shall constitute Force Majeure with respect to the Energy Supplier under the Prepaid Energy Sales Agreement and with respect to CCCFA under the Power Supply Contract, in each case, until the earlier of (A) the commencement of an “Assignment Period” under a replacement Assignment Agreement, (B) the commencement of the delivery of EPS Compliant Energy procured by the Energy Supplier or MSCG, as applicable, consistent with the Assignment Letter Agreement or (C) the end of the second Month following the Month in which such early termination occurs; and (III) any invocation of Force Majeure by the Energy Supplier under the Prepaid Energy Sales Agreement shall constitute Force Majeure in respect of CCCFA under the Power Supply Contract.

“*Funding Agreement*” means the Funding Agreement from the Funding Recipient.

“*Funding Recipient*” means Forethought Life Insurance Company, a life insurance company organized under the laws of the State of Indiana.

“*General Reserve Fund*” means the General Reserve Fund established in the Indenture.

“*Government Agency*” means the United States of America, any state thereof, any municipality, or any local jurisdiction, or any political subdivision of any of the foregoing, including, but not limited to, courts, administrative bodies, departments, commissions, boards, bureaus, agencies, or instrumentalities.

“*Government Obligations*” means:

(a) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, obligations unconditionally guaranteed as to principal and interest by the United States of America, and evidences of ownership interests in such direct or unconditionally guaranteed obligations; or

(b) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which: (i) are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice; (ii) are rated in the two highest Rating Categories of S&P and Moody’s; and (iii) are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in clause (a) above, which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable notice, as appropriate; or

(c) Any other bonds, notes or obligations of the United States of America or any agency or instrumentality thereof which, if deposited with the Trustee for the purpose described in the Indenture, will result in a rating on the Bonds which are deemed to have been paid pursuant to the Indenture that is in the same Rating Category of the obligations listed in subsection (a) above.

The determination as to whether any bond, note or other obligation constitutes a Government Obligation shall be made solely at the time of initial investment or purchase; *provided that*, the Trustee shall have no responsibility for monitoring any ratings or determining whether any bond, note or other obligation is or continues to be a Government Obligation.

“*Hour*” means each 60-minute period commencing at 00:00 PPT on the first day of the Delivery Period. The term “Hourly” shall be construed accordingly.

“*Hourly Quantity*” means, with respect to each Delivery Hour during a Delivery Period, the quantity (in MWh) of Base Energy set forth in the Prepaid Energy Sales Agreement for the Month in which such Delivery Hour occurs, as updated from time to time in accordance with the Prepaid Energy Sales Agreement.

“*Increased Interest Rate*” means (a) during the Initial Interest Rate Period, 8% per annum, and (b) during any subsequent Interest Rate Period, the rate (if any) set forth in a Supplemental Indenture or Written Direction of the Issuer with respect to such Interest Rate Period; provided that the Increased Interest Rate shall be payable for the Increased Interest Rate Period only to the extent Issuer receives Ledger Event Payments.

“*Increased Interest Rate Period*” means the period from and including the date on which a Ledger Event occurs to but not including the earliest of: (a) the date on which an Early Termination Payment Date occurs and (b) the Initial Mandatory Purchase Date or any prior redemption date, and (c) the Interest Payment Date immediately succeeding the last date on which the Energy Supplier paid a Ledger Event Payment.

“*Indenture*” means the Trust Indenture as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms hereof.

“*Index*” means the SIFMA Index or the SOFR Index, as applicable.

“*Index Rate*” means a SIFMA Index Rate or the SOFR Index Rate, as applicable.

“*Index Rate Continuation Notice*” means a Written Notice delivered by the Issuer in the form provided in the Indenture.

“*Index Rate Determination Certificate*” means a Written Certificate delivered by CCCFA in the form attached to the Indenture.

“*Index Rate Period*” means, with respect to a Series of Bonds, an Interest Rate Period during which the Bonds of such Series bear interest at an Index Rate.

“*Index Rate Reset Date*” means, with respect to a Series of Bonds bearing interest at an Index Rate, each date on which the applicable Index Rate is determined by the Calculation Agent based on the change in the applicable Index as of such date, which shall be the date or dates so specified in the applicable Index Rate Determination Certificate with respect to such Index Rate Period (including, by way of example and not limitation, Thursday of each week, the first Business Day of each calendar month or the first Business Day of a calendar quarter).

“Initial Assignment Agreement” means the Assignment Agreement to be entered into among the Project Participant, MSCG and Clean Power Alliance of Southern California, as seller.

“Initial EPS Energy Period” means the period during which the Initial Assignment Agreement is in effect, which commences on first day of the Initial Reset Period and ends on December 31, 2027.

“Initial Interest Rate Period” means, with respect to the Series 2025D Bonds, the period from the date of issuance of the Bonds to and including June 30, 2034.

“Initial Issue Date” means the date of initial issuance and delivery of the Bonds.

“Initial PPA Supplier” means Clean Power Alliance of Southern California.

“Interest Accrual Date” means, with respect to any Bond (a) during any Daily Interest Rate Period or Weekly Interest Rate Period for such Bond, the first day thereof and, thereafter, each Interest Payment Date in respect thereof other than the last such Interest Payment Date during that Daily Interest Rate Period or Weekly Interest Rate Period, as applicable, (b) during any Index Rate Period for such Bond, the first day thereof and, thereafter each Interest Payment Date in respect thereof other than the last such Interest Payment Date during that Index Rate Period, except as otherwise provided in the Supplemental Indenture for such Bond, (c) during any Term Rate Period for such Bond, the first day thereof and, thereafter, each Interest Payment Date in respect thereof other than the last such Interest Payment Date during that Term Rate Period, and (d) for each CP Interest Term for such Bond within a Commercial Paper Interest Rate Period, the first day thereof.

“Interest Payment Date” means, with respect to the Series 2025D Bonds, (a) each January 1 and July 1, commencing January 1, 2026, (b) any redemption date for such Bond, (c) any Mandatory Purchase Date for such Bond, and (d) the Maturity Date for such Bond.

“Interest Rate Period” means a Daily Interest Rate Period, a Weekly Interest Rate Period, a Commercial Paper Interest Rate Period, a Term Rate Period or an Index Rate Period. Notwithstanding anything contained in the Indenture to the contrary, all Bonds of a Series shall at all times bear interest in the same Interest Rate Period. All Interest Rate Periods for all Series of Bonds shall terminate on the first to occur of the day prior to (a) the next occurring Mandatory Purchase Date or (b) the Final Maturity Date.

“Interest Rate Swap” means the ISDA Master Agreement, the Schedule thereto and the Confirmations thereunder between the Issuer and the Interest Rate Swap Counterparty, and any replacement interest rate swap agreement permitted by the Indenture.

“Interest Rate Swap Counterparty” means the Energy Supplier.

“Interest Rate Swap Payments” means, as of each scheduled payment date specified in the Interest Rate Swap, the amount, if any, payable to the Interest Rate Swap Counterparty by CCCFA.

“Interest Rate Swap Receipts” means, as of each scheduled payment date specified in the Interest Rate Swap, the amount, if any, payable to CCCFA by the Interest Rate Swap Counterparty.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, including the applicable U.S. Treasury Regulations promulgated thereunder.

“Investment Agreement Provider” means Morgan Stanley Capital Group Inc.

“Issuer Purchase Account” means the Account by that name in the Bond Purchase Fund.

“Law” means any statute, law, rule or regulation or any judicial or administrative interpretation thereof having the effect of the foregoing enacted, promulgated, or issued by a Government Agency whether in effect as of the execution date of the Prepaid Energy Sales Agreement or at any time in the future.

“Ledger Event” has the meaning assigned to such term in Exhibit C to the Prepaid Energy Sales Agreement.

“Ledger Event Payment” means a payment made from the Energy Supplier, as required by the Prepaid Energy Sales Agreement, at the Increased Interest Rate, directly into the Debt Service Account and which relates to a Ledger Event.

“Liquidity Facility” means, with respect to a series of bonds issued under the Indenture, a standby bond purchase agreement, letter of credit or similar facility providing liquidity support for such series of bonds and any Alternate Liquidity Facility provided in substitution of the foregoing.

“Liquidity Facility Provider” means, with respect to a Liquidity Facility for a series of bonds issued under the Indenture, the commercial bank or other financial institution providing the same and any other commercial bank or other financial institution issuing or providing (or having primary obligation for, or acting as agent for the financial institutions obligated under) an Alternate Liquidity Facility.

“Long-Term PCC1 Product” means bundled renewable energy and RECs meeting the requirements of Portfolio Content Category 1, and the California Long-Term Contracting Requirements, to be delivered to MSCG, the Energy Supplier or any successors thereto pursuant to any Assigned Rights and Obligations.

“Mandatory Purchase Date” means July 1, 2034.

“Master Custodial Agreement” means that certain Master Custodial Agreement, dated as of the date of the Indenture, by and among Seller, Morgan Stanley Capital Group Inc., the Issuer and the Master Custodian, as the same may be amended, modified or supplemented from time to time.

“Master Custodian” means The Bank of New York Mellon Trust Company, N.A., as custodian under the Master Custodial Agreement, and its successors as Master Custodian under the Master Custodial Agreement.

“Maturity Date” means each date upon which principal of the Bonds is due, as set forth in the Indenture.

“Maximum Lawful Rate” means the maximum interest rate permitted by applicable law.

“Maximum Rate” means the lesser of 12% per annum and the Maximum Lawful Rate.

“Minimum Discount” has the meaning specified in the Power Supply Contract.

“*Minimum Rate*” means 0.00% per annum.

“*Minimum Rating*” means the credit rating of the Funding Recipient.

“*Month*” means a calendar month.

“*Monthly Excess Quantity*” means, for any Month, the amount, if any, by which the total quantity (in MWh) of Assigned Product delivered under an Assigned PPA in such Month exceeds the Monthly Projected Quantity for such Assigned PPA for such Month.

“*Monthly Projected Quantity*” means, with respect to each Assigned PPA and each Month of the Delivery Period, the projected quantity (in MWh) of Assigned Product for such Month as set forth in the Prepaid Energy Sales Agreement and the Power Supply Contract, as updated from time to time in accordance therewith.

“*Moody’s*” means Moody’s Investors Service, Inc., its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by CCCFA in a Written Notice delivered to the Trustee.

“*Morgan Stanley*” means Morgan Stanley, a Delaware corporation.

“*Morgan Stanley Guarantee*” means the guarantee of Morgan Stanley of MSCG’s payment obligation under the Energy Management Agreement.

“*Morgan Stanley Investment Agreement Guarantee*” means the guarantee of Morgan Stanley of MSCG’s payment obligation under the Debt Service Account Investment Agreement.

“*MSCG*” means Morgan Stanley Capital Group Inc., a Delaware corporation.

“*Municipal Utility*” means any Person that (a)(i) is a “governmental person” as defined in Treasury Regulation Section 1.141-1(b) and (ii) owns an electric distribution utility (or provides Energy at wholesale to entities described in clause (i) that own such utilities) or (b) is a community choice aggregator organized under the Laws of the State of California. CCCFA may from time to time revise the definition of “*Municipal Utility*” under the Prepaid Energy Sales Agreement to conform to the applicable provisions of the Code or Treasury Regulations by delivery of written notice to Energy Supplier setting forth the revised definition together with an Opinion of Bond Counsel to the effect that such change will not adversely affect the tax-exempt status of the Bonds.

“*MWh*” means a megawatt-hour.

“*Net Participant Shortfall Amount*” means, for any Month in which the Project Participant fails to pay the full amount due under the Power Supply Contract in time for such amount to be credited to the Revenue Fund for application pursuant to the Indenture and the full amount due by the Project Participant is not otherwise paid by the Energy Supplier pursuant to the Receivables Purchase Provisions, an amount equal to the positive result (if any) of (i) the Project Participant’s Payment Deficiency Index Baseline for such Month minus (ii) the greater of (a) the Project Participant’s Payment Deficiency Fixed Baseline for such Month, and (b) the actual amount paid by the Project Participant for such Month, *provided* that if the

foregoing does not result in a positive number, then no Net Participant Shortfall Amount will exist for the Project Participant for such Month.

“*NY Federal Reserve’s Website*” means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York.

“*Operating Expenses*” means, to the extent properly allocable to the Clean Energy Project, (a) CCCFA’s expenses for operation of the Clean Energy Project, including all Rebate Payments, costs, collateral deposits and other amounts (other than Commodity Swap Payments) necessary to maintain the CCCFA Commodity Swap; and payments required under the Prepaid Energy Sales Agreement (which may, under certain circumstances, include imbalance charges and other miscellaneous payments) or required to be incurred under or in connection with the performance of CCCFA’s obligations under the Power Supply Contract; (b) any other current expenses or obligations required to be paid by CCCFA under the provisions of the Indenture (other than Debt Service on the Bonds and deposits to the General Reserve Fund and the Energy Remarketing Reserve Fund, or any Cost of Acquisition) or by law or required to be incurred under or in connection with the performance of CCCFA’s obligations under the Power Supply Contract; (c) fees payable by CCCFA with respect to any Remarketing Agreement; (d) the fees and expenses of the Fiduciaries; (e) reasonable accounting, legal and other professional fees and expenses, and all other reasonable administrative and operating expenses of CCCFA, which are incurred by CCCFA with respect to the Bonds, the Indenture, or the Clean Energy Project, including but not limited to those relating to the administration of the Trust Estate and compliance by CCCFA with its continuing disclosure obligations, if any, with respect to the Bonds; and (f) the costs of any insurance premiums incurred by CCCFA, including, without limitation, directors and officers liability insurance allocable to the Clean Energy Project; provided that, for purposes of the transfers from the Revenue Fund described under the proviso “second” under the heading “Flow of Funds” in the forepart of this Official Statement, Operating Expenses shall not include any of the foregoing administrative expenses, fees or other costs described in the foregoing clauses (a) through (f) that are paid from funds on deposit in the Administrative Fee Fund. Commodity Swap Payments, litigation judgments and settlements and indemnification payments in connection with the payment of any litigation judgment or settlement, and Extraordinary Expenses are not Operating Expenses.

“*Operating Fund*” means the Operating Fund established pursuant to the Indenture.

“*Opinion of Bond Counsel*” means a written opinion of either Bond Counsel or Special Tax Counsel (or written opinions of both of them) addressed to CCCFA and delivered to the Trustee.

“*Opinion of Counsel*” means an opinion signed by an attorney or firm of attorneys (who may be counsel to CCCFA) selected by CCCFA.

“*Optional Purchase Date*” means any date on which Bonds are to be purchased pursuant to the optional tender provisions of the Indenture.

“*Outstanding*” when used with reference to Bonds, means as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

- (a) Bonds cancelled (or portions thereof deemed to have been cancelled) by the Trustee at or prior to such date;

(b) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), *provided* that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in the Indenture;

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture;

(d) Bonds paid or deemed to have been paid as provided in the Indenture; and

(e) Bonds (or portions thereof) deemed to have been purchased pursuant to the provisions of any Supplemental Indenture in lieu of which other Bonds have been authenticated and delivered as provided in such Supplemental Indenture.

“Outstanding Sold Receivables” means, in respect of the Project Participant, Put Receivables that have been sold to the Energy Supplier pursuant to the Receivables Purchase Provisions, together with any interest accrued thereon pursuant to the Receivables Purchase Provisions, less any such Put Receivables and interest thereon that has been previously paid or repurchased from the Energy Supplier pursuant to the Receivables Purchase Provisions.

“Participant Custodial Agreement” means that certain Custodial Agreement, dated as of July 25, 2025, by and among the Project Participant, CCCFA, the Energy Supplier, MSCG and the Participant Custodian.

“Participant Custodian” means U.S. Bank Trust Company, National Association, a national banking association.

“Paying Agent” means the Trustee, its successors and assigns, and any other bank or trust company organized under the laws of any state of the United States of America or any national banking association designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the Indenture.

“Payment Deficiency Fixed Baseline” means, for any Month, the amount the Project Participant would have been required to pay for such Month under its Power Supply Contract if the Contract Price for such Month had been determined using an Index Price (as defined under its Power Supply Contract) for such Month equal to the Fixed Price (as defined under the Commodity Swap) for such Month.

“Payment Deficiency Index Baseline” means, for any Month, the amount required to be paid by the Project Participant for such Month under its Power Supply Contract.

“PCC1 Product” means bundled renewable energy and RECs meeting the requirements of Portfolio Content Category 1 to be delivered to MSCG, the Energy Supplier or any successors thereto pursuant to any Assigned Rights and Obligations.

“*PCC2 Product*” means bundled renewable energy and RECs meeting the requirements of Portfolio Content Category 2 to be delivered to MSCG, Prepay LLC or any successors thereto pursuant to any Assigned Rights and Obligations.

“*Person*” (a) as defined in the Indenture, means any and all natural persons, firms, associations, corporations and public bodies, and (b) as defined in the Power Supply Contract, means any individual, limited liability company, corporation, partnership, joint venture, trust, unincorporated organization or Government Agency.

“*Pledged Funds*” means (a) the Project Fund, (b) the Revenue Fund, (c) the Debt Service Fund, (d) the General Reserve Fund, (e) the Assignment Payment Fund, and (f) the Commodity Swap Payment Fund, in each case including the Accounts in each of such Funds and in the case of the Commodity Swap Payment Fund, subject to the prior pledge thereof in favor of the Commodity Swap Counterparty.

“*Portfolio Content Category 1*” means any Renewable Energy Credit associated with the generation of electricity from an “Eligible Renewable Energy Resource” consisting of the portfolio content set forth in California Public Utilities Code Section 399.16(b)(1), as may be amended from time to time or as further defined or supplemented by Law.

“*Power Supply Contract*” means (a) each of the contracts for the sale by CCCFA of Energy from or attributable to the Clean Energy Project to the Project Participant, as such contracts may be amended from time to time in accordance with the terms thereof and the Indenture, and (b) any other contract for the sale by CCCFA of Energy from or attributable to the Clean Energy Project entered into by a Person that becomes a Project Participant in accordance with the assignment and novation requirements set forth in the Indenture, as such contract may be amended from time to time in accordance with the terms thereof and the Indenture.

“*PPA Assignee*” means MSCG or, to the extent that MSCG is a PPA Supplier under the applicable Assigned PPA, the Energy Supplier, in each case in its capacity as the limited assignee under the applicable Assignment Agreement.

“*PPA Assignee Resettlement Amount*” means, in respect of any PPA Monthly Statement, that (a) is delivered after the delivery of the Billing Statement under the Power Supply Contract for such Month and (b) reflects a quantity of Assigned Product less than the Monthly Projected Quantity was delivered in such Month under the relevant Assigned PPA, an amount equal to the product of (x) the Monthly Projected Quantity for such Month minus the quantity of Assigned Products actually delivered under the Assigned PPA in such Month, multiplied by (y) the Day-Ahead Average Price; provided that, notwithstanding the foregoing, there shall be no PPA Assignee Resettlement Amount or any other obligations of PPA Assignee with respect to Monthly Excess Quantities or Assigned Paygo Quantities.

“*PPA Monthly Statement*” means the monthly consolidated invoice delivered to PPA Assignee and Project Participant consistent with the terms of the applicable Assignment Agreement.

“*PPA Supplier*” means the Initial PPA Supplier and any subsequent supplier who enters into an Assignment Agreement consistent with the Assignment Letter Agreements.

“*PPT*” means Pacific Prevailing Time when such time is applicable and otherwise means Pacific Standard Time.

“*Prepaid Clean Energy Project Administration Agreement*” means the Prepaid Clean Energy Project Administration Agreement by and between CCCFA and the Project Participant, as the same may be amended from time to time.

“*Prepaid Energy Sales Agreement*” means the Prepaid Energy Sales Agreement dated as of July 15, 2025 between the Energy Supplier and CCCFA.

“*Prevailing Market Conditions*” means, without limitation, the following factors: existing short term market rates for securities, the interest on which is excluded from gross income for federal income tax purposes or, as applicable, qualifies the issuer thereof to receive Subsidy Payments or similar benefit; indexes of such short term rates; the existing market supply and demand and the existing yield curves for short term and long term securities for obligations of credit quality comparable to the Bonds, the interest on which is excluded from gross income for federal income tax purposes; general economic conditions and financial conditions that may affect or be relevant to the Bonds; and such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant to the remarketing of the Bonds at the Purchase Price thereof.

“*Principal Installment*” means, as of any date of calculation, (a) the principal amount of Bonds due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in Section 5.10(c) of the Indenture) of any Sinking Fund Installments due on a certain future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments.

“*Project Administration Fee*” means the annual amount, if any, payable by the Project Participant under the Prepaid Clean Energy Project Administration Agreement for the payment of Operating Expenses of CCCFA.

“*Project Fund*” means the Project Fund established under the Indenture.

“*Project Participant*” means (a) SDGP and (b) any other Person that enters into a Power Supply Contract with CCCFA in accordance with the assignment and novation requirements set forth in the Indenture.

“*Provisional Payment Fee*” has the meaning set forth in the Prepaid Energy Sales Agreement, which fee shall apply with respect to Provisional Payments whenever the Provisional Payment Fee is applicable.

“*PSC Remarketing Election*” means, with respect to any Power Supply Contract, that the relevant Project Participant delivered a Remarketing Election Notice (as defined thereunder) for any Reset Period.

“*Public Agency*” means a state, a governmental or political subdivision of a state and a corporate instrumentality or public corporation of a state or a subdivision of a state, including without limitation any of their departments or agencies, counties, county boards of education, county superintendents of schools, cities, public corporations, public districts, public commissions or joint powers authorities.

“*Purchase Date*” means an Optional Purchase Date or a Mandatory Purchase Date, as the case may be.

“*Purchase Price*” means (a) with respect to any Purchased Bond to be purchased on an Optional Purchase Date, an amount equal to the principal amount of such Bond Outstanding on such date plus accrued and unpaid interest thereon, unless such Optional Purchase Date is an Interest Payment Date for such Bond, in which case interest on such Bond shall not be included in the Purchase Price of such Bond but shall be paid to the Owner of such Bond in accordance with the interest payment provisions of the Indenture, (b) except as provided in clause (c) below, with respect to any Purchased Bond to be purchased on a Mandatory Purchase Date, an amount equal to the principal amount of such Bond Outstanding on such date, and (c) in the case of a purchase of a Bond bearing interest at a Term Rate pursuant to the Indenture with respect to which the new Interest Rate Period commences prior to the day originally established as the last day of the preceding Term Rate Period, the optional redemption price for such Bond set forth in the Indenture or in an applicable Supplemental Indenture which would have been applicable to such Bond if the preceding Term Rate Period had continued to the day originally established as its last day. Accrued interest due on any Bonds to be purchased on a Mandatory Purchase Date shall be paid from amounts on deposit in the Debt Service Account of the Debt Service Fund on such date in accordance with the Indenture.

“*Purchased Bonds*” means any Bonds required to be purchased on a Purchase Date.

“*Put Receivable*” has the meaning set forth in the Receivables Purchase Provisions.

“*Qualified Investments*” means any of the following investments, if and to the extent that the same are rated (or whose financial obligations to CCCFA receive credit support from an entity rated) (i) at least the Minimum Rating or (ii) at such a rating that will allow the Bonds to be rated the same as the credit rating or financial strength rating assigned to the Funding Recipient (except for (c) below), and are at the time authorized for such purpose by law:

- (a) Direct obligations of the United States government or any of its agencies;
- (b) Obligations guaranteed as to principal and interest by the United States government or any of its agencies;
- (c) Certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and CCCFA, and other evidences of deposit at state and federally chartered banks, savings and loan institutions or savings banks, including the Trustee or any of its affiliates (each having the highest short term rating by each Rating Agency then rating the Bonds) deposited and collateralized as required by law;
- (d) Repurchase agreements entered into with the United States or its agencies or with any bank, broker dealer or other such entity, including the Trustee and its affiliates, so long as the obligation of the obligated party is secured by a perfected pledge of obligations that meet the conditions set forth in the preamble to this definition of Qualified Investments;
- (e) Guaranteed investment contracts, forward delivery agreements, interest rate exchange agreements or similar agreements providing for a specified rate of return over a specified time period; *provided, however*, that guaranteed investment contracts, forward delivery agreements or similar agreements shall meet the conditions set forth in the preamble to this definition of Qualified Investments;

(f) Direct general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers;

(g) Obligations of any state of the United States or a political subdivision or instrumentality thereof, secured solely by revenues received by or on behalf of the state or political subdivision or instrumentality thereof irrevocably pledged to the payment of principal of and interest on such obligations and that meet the conditions set forth in the preamble to this definition of Qualified Investments;

(h) Money market funds registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, and having a rating in the highest Rating Category by each Rating Agency, including money market funds of the Trustee and funds for which the Trustee or its affiliates (i) provide investment or other management services and (ii) serve as investment manager, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (A) the Trustee or its affiliate receives or collects fees from such funds for services rendered, and (B) services performed by the Trustee pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliate; or

(i) Any other investments permitted by applicable law for the investment of the funds of CCCFA and that meet the conditions set forth in the preamble to this definition of Qualified Investments;

provided, that CCCFA shall monitor, or shall cause to be monitored, ratings and shall determine whether any investment made is or continues to be a Qualified Investment, and the Trustee shall have no responsibility whatsoever for monitoring ratings or determining whether any investment is or continues to be a Qualified Investment.

“Rating Agency” means Fitch, Moody’s or S&P, or any other rating agency so designated in a Supplemental Indenture that, at the time, rates the Bonds.

“Rating Category” means one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier, a plus or minus, or otherwise.

“Rating Confirmation” means evidence satisfactory to CCCFA, so designated in a Written Statement of CCCFA delivered to the Trustee, that upon the effectiveness of any proposed action, all Outstanding Bonds will continue to be assigned at least the same or equivalent ratings (including the same or equivalent numerical, plus or minus, or other modifiers within a Rating Category) by each Rating Agency then rating such Outstanding Bonds.

“Rebate Payments” means those portions of moneys or securities held in any Fund or Account that are required to be paid to the United States Treasury Department under the requirements of Section 148(f) of the Internal Revenue Code.

“Re-Pricing Agreement” means the Re-Pricing Agreement, dated as of the date of issuance of the Bonds, by and between CCCFA and the Energy Supplier.

“Real-Time Market Price” means The Five Minute Market (FMM) Locational Marginal Price for the Energy Delivery Point for each applicable interval as published by CAISO, or as such price may be

corrected or revised from time to time by such independent system operator or other entity in accordance with its rules.

“Receivables Purchase Provisions” means (i) initially, the provisions set forth in Exhibit G to the Prepaid Energy Sales Agreement, and (ii) any successor provisions for the purchase and sale of receivables in respect of amounts due and unpaid under the Power Supply Contract and provided in a Written Notice of the Issuer to the Trustee.

“Redemption Account” means the Redemption Account in the Debt Service Fund established in the Indenture.

“Redemption Price” means, with respect to any Bond, the amount payable upon redemption thereof pursuant to such Bond or the Indenture.

“Refunding Bonds” means a series of bonds issued pursuant to the Indenture for the sole purpose of refunding or defeasing in whole any Series of Bonds then Outstanding, and paying the Cost of Acquisition with respect to such Refunding Bonds.

“Regular Record Date” means (i) with respect to any Interest Payment Date in respect of any Index Rate Period, the Business Day immediately preceding such Interest Payment Date, and (ii) with respect to any Interest Payment Date in respect of any Term Rate Period, the 15th day of the Month (whether or not such day is a Business Day) immediately preceding the Month in which such Interest Payment Date falls.

“Remarketing Agent” means, with respect to any Series of Bonds, the entity appointed as the remarketing agent for such Series pursuant to the related Remarketing Agreement and, if applicable, the related Supplemental Indenture.

“Remarketing Agreement” means, with respect to any Series of Bonds, the remarketing agreement, if any, entered into between CCCFA and the Remarketing Agent for such Series of Bonds.

“Remarketing Proceeds Account” means the Account by that name within the Bond Purchase Fund.

“Remarketing Provisions” means the electricity remarketing provisions set forth in Exhibit C to the Prepaid Energy Sales Agreement.

“Remediation Remarketing Purchase Price” has the meaning given to such term in the Remarketing Provisions.

“Renewable Energy Credit” or *“REC”* has the meaning specified for “Renewable Energy Credit” in California Public Utilities Code Section 399.12(h), as may be amended from time to time or as further defined or supplemented by Law.

“Reset Period” means Initial Reset Period or Reset Period, as the case may be, each as defined in the Re-Pricing Agreement.

“Retained Payment Amount” means in respect of each PPA Monthly Statement, an amount equal to all amounts owed to the applicable PPA Supplier for such Month, less (b) the sum of the Delivered Product Payment Amount and the PPA Assignee Resettlement Amount, if any.

“Responsible Officer” means, when used with respect to the Trustee, the Custodian or the Calculation Agent, as applicable, any managing director, president, vice president, senior associate, associate or other officer of the Trustee, the Custodian or the Calculation Agent, respectively, within its designated corporate trust office for delivery of notice specified in Section 12.11 of the Indenture (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at such office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Indenture.

“Revenue Fund” means the Revenue Fund established under the Indenture.

“Revenues” means:

- (a) all revenues, income, rents, user fees or charges, and receipts derived or to be derived by CCCFA from or attributable or relating to the ownership and operation of the Clean Energy Project, including all revenues attributable or relating to the Clean Energy Project or to the payment of the costs thereof received or to be received by CCCFA under the Power Supply Contract and the Prepaid Energy Sales Agreement or otherwise payable to the Trustee for the account of CCCFA for the sale and/or transmission of Energy or otherwise with respect to the Clean Energy Project (excluding any payments received by the Issuer in respect of any Monthly Excess Quantities or Assigned Paygo Quantities, each as defined in the Prepaid Energy Sales Agreement);
- (b) interest received or to be received on any moneys or securities (other than moneys or securities held in the Project Fund, moneys or securities held in the Redemption Account in the Debt Service Fund or that portion of moneys in the Operating Fund required for Rebate Payments) held pursuant to the Indenture and paid or required to be paid into the Revenue Fund;
- (c) any Commodity Swap Receipts received by the Trustee on behalf of CCCFA;
- (d) any Subsidy Payments received by the Trustee, on behalf of CCCFA, in accordance with the Indenture; and
- (e) any Advance received by the Trustee on behalf of CCCFA.

provided that, the term “Revenues” shall not include: (t) Ledger Event Payments, (u) any Termination Payment pursuant to the Prepaid Energy Sales Agreement; (v) any amounts received from the Energy Supplier that are required to be deposited into the Energy Remarketing Reserve Fund pursuant to the Indenture; (w) any amounts paid by the Project Participant under the Prepaid Clean Energy Project Administration Agreement; (x) any Assignment Payment received from the Energy Supplier; (y) Interest Rate Swap Receipts; and (z) amounts paid by the Project Participant in respect of the Project Administration Fee.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by CCCFA in a Written Notice delivered to the Trustee.

“*Schedule*”, “*Scheduled*” or “*Scheduling*” means the actions of the Energy Supplier, CCCFA, the Project Participant and/or their designated representatives, including their respective Transmission Providers, if applicable, of notifying, requesting and confirming to each other the quantity of Energy to be delivered during any given portion of the Delivery Period at a specified Delivery Point.

“*Scheduled Debt Service Deposits*” means the required monthly deposits to the Debt Service Account in the Debt Service Fund and the required cumulative deposits to the Debt Service Account in the Debt Service Fund in respect of the Debt Service coming due on the Bonds on each Bond Payment Date.

“*SDCP*” means San Diego Community Power, a joint powers authority organized pursuant to Act.

“*Securities Depository*” means DTC, or its nominee, and its successors and assigns.

“*Series 2025D Bonds*” or “*Bonds*” means the Clean Energy Project Revenue Bonds, Series 2025D.

“*SIFMA Index*” means the SIFMA Municipal Swap Index, which, for purposes of an Index Rate Reset Date for a Series of Bonds bearing interest at a SIFMA Index Rate, will be the level of such index which is issued weekly and which is compiled from the weekly interest rate resets of tax exempt variable rate issues included in a database maintained by Refinitiv Global Markets, Inc. which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day, such date being the same day the SIFMA Swap Index is expected to be published or otherwise made available to the Calculation Agent. If the SIFMA Index is not available as of any Index Rate Reset Date, the interest rate for such Index Rate Reset Date will be determined using a comparable substitute or replacement index for such Index Rate Reset Date selected and designated by CCCFA in its commercially reasonable judgment in compliance with the Indenture.

“*SIFMA Index Rate*” means a per annum rate of interest equal to the sum of (a) the SIFMA Index then in effect, plus (b) the Applicable Spread.

“*SIFMA Index Rate Period*” means, with respect to a Series of Bonds, an Index Rate Period during which such Bonds bear interest at the SIFMA Index Rate.

“*Sinking Fund Installment*” means, for the Series 2025D Bonds, the amounts so designated in the Indenture.

“*SOFR Accrual Period*” means (a) the number of actual days from and including the Initial Issue Date to but not including the first SOFR Interest Calculation Date and (b) thereafter, the number of actual days from and including the preceding SOFR Interest Calculation Date to but not including the next succeeding SOFR Interest Calculation Date, regardless of the number of days in any Month.

“*SOFR Effective Date*” means each Business Day. Each SOFR Effective Date is an Index Rate Reset Date for all purposes of the Indenture unless the context clearly requires otherwise.

“*SOFR Effective Period*” means the number of actual days from a SOFR Effective Date to but not including the next SOFR Effective Date.

“*SOFR*” or “*SOFR Index*” means the “Secured Overnight Financing Rate” reported on the NY Federal Reserve’s Website, or reported by any successor to the NY Federal Reserve Bank of New York as

administrator of such Secured Overnight Financing Rate, as of 3:00 p.m. on each SOFR Publish Date representing SOFR as of the SOFR Lookback Date, which will be used to calculate interest for the SOFR Effective Period beginning on the SOFR Effective Date. If SOFR is not available as of any Index Rate Reset Date, the interest rate for such Index Rate Reset Date will be determined using a comparable substitute or replacement index for such Index Rate Reset Date designated by CCCFA in writing (with notice to, and which is available to, the Calculation Agent) in compliance with the Indenture.

“*SOFR Index Rate*” means a daily variable interest rate equal to the sum of (1) the product of the SOFR Index and the Applicable Factor, plus (2) the Applicable Spread on each day of a SOFR Effective Period, but not less than the Minimum Rate and not greater than the Maximum Rate.

“*SOFR Index Rate Period*” means, with respect to a Series of Bonds, an Index Rate Period during which such Bonds bear interest at the SOFR Index Rate.

“*SOFR Interest Calculation Date*” means the first Business Day of each Month.

“*SOFR Lookback Date*” means the third Business Day immediately preceding each SOFR Effective Date.

“*SOFR Publish Date*” means the second Business Day immediately preceding each SOFR Effective Date.

“*Special Tax Counsel*” means Orrick, Herrington & Sutcliffe LLP or any other counsel of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States, and selected by CCCFA. Bond Counsel may serve as Special Tax Counsel.

“*Specified Discount*” means the amount specified in the Prepaid Energy Sales Agreement.

“*State*” means the State of California.

“*Subsidy Payments*” means, with respect to a Series of Bonds issued under Section 54AA of the Internal Revenue Code, the amounts relating to such Series of Bonds which are payable by the federal government under Section 6431 of the Internal Revenue Code, which the Issuer has elected to receive under Section 54AA(g)(1) of the Internal Revenue Code, and (b) with respect to a Series of Bonds issued under any other provision of the Internal Revenue Code that creates a substantially similar direct-pay subsidy program, the amounts relating to such Series of Bonds which are payable by the federal government under the applicable provision of the Internal Revenue Code which CCCFA has elected to receive under the applicable provisions of the Internal Revenue Code.

“*Supplemental Indenture*” means any indenture supplemental to or amendatory of the Indenture executed and delivered by CCCFA and the Trustee in accordance with the Indenture.

“*Swap Payment Deficiency*” means, as of any date, (a) the amount of the next Commodity Swap Payment expected to become due, minus (b) the amount on deposit in the Commodity Swap Payment Fund; provided, however, that if such difference is a negative number, then the Swap Payment Deficiency shall be zero.

“*Tax Agreement*” means the Tax Certificate and Agreement of CCCFA with respect to the Bonds dated as of the Initial Issue Date.

“*Term Rate*” means, with respect to a Series of Bonds, a fixed interest rate for each maturity of such Bonds established in under the Indenture.

“*Term Rate Conversion Date*” means, with respect to a Series of Bonds, each date on which such Bonds begin to bear interest at a Term Rate pursuant to the Indenture, including each date on which a new Term Rate Period is established for such Bonds and the Final Fixed Rate Conversion Date with respect to such Bonds.

“*Term Rate Period*” means, with respect to a Series of Bonds, each period during which a Term Rate is in effect for such Bonds.

“*Term Rate Tender Date*” means the Mandatory Purchase Date.

“*Termination Payment*” means, with respect to any Early Termination Payment Date, the amount specified in the Prepaid Energy Sales Agreement for the calendar month in which such Early Termination Payment Date occurs (as adjusted by any applicable Termination Payment Adjustment Amount) without any set-off or netting of amounts then due from CCCFA.

“*Transmission Provider(s)*” means any entity or entities transmitting or transporting Energy on behalf of the Project Participant, CCCFA or the Energy Supplier to or from the Delivery Point.

“*Trustee*” means U.S. Bank Trust Company, National Association and its successor or successors and any other corporation or national banking association which may at any time be substituted in its place pursuant to the Indenture.

“*Trust Estate*” means (a) the proceeds of the sale of the Bonds, (b) all right, title and interest of CCCFA in, to and under the Power Supply Contract, except for the right to receive the Project Administration Fee, (c) the Revenues, (d) any Termination Payment or the right to receive such Termination Payment (e) all right, title and interest of CCCFA in, to and under the Receivables Purchase Provisions, including payments received from the Energy Supplier (or the Master Custodian on its behalf) pursuant thereto, (f) all right, title and interest of CCCFA in, to and under each Interest Rate Swap and the Interest Rate Swap Receipts, (g) all right, title and interest of CCCFA in, to and under any Debt Service Fund Agreement and Debt Service Fund Agreement Guaranty and (h) the Pledged Funds (which does not include the Administrative Fee Fund, the Energy Remarketing Reserve Fund and the Bond Purchase Fund, and excluding Rebate Payments held in any Fund or Account), including the investment income, if any, thereof subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

“*Undelivered Bond*” means any Bond which constitutes an Undelivered Bond under the provisions of the Indenture.

“*Underwriter*” means (a) with respect to the Series 2025D Bonds, Morgan Stanley & Co., and (b) with respect to any other Series of Bonds, the municipal securities broker dealer engaged by CCCFA to underwrite such Series of Bonds.

“Weekly Interest Rate” means, with respect to a Series of Bonds, a variable interest rate established for such Bonds in accordance with the Indenture.

“Weekly Interest Rate Period” means, with respect to a Series of Bonds, each period during which a Weekly Interest Rate is in effect for such Series of Bonds.

“Written Certificate,” “Written Direction,” “Written Instrument,” “Written Notice,” “Written Request” and *“Written Statement”* of CCCFA means in each case an instrument in writing signed on behalf of CCCFA by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or certificate of counsel, consultants, accountants or engineers, unless the Authorized Officer signing such Written Certificate, Direction, Instrument, Notice, Request or Statement knows, or in the exercise of reasonable care should know, that the opinion or certificate with respect to the matters upon which such Written Certificate, Direction, Instrument, Notice, Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, consultant, accountant or engineer, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different Authorized Officers, counsel, consultants, accountants or engineers may certify to different facts, respectively. Every Written Certificate, Direction, Instrument Notice, Request or Statement of CCCFA, and every certificate or opinion of counsel, consultants, accountants or engineers provided for herein shall include:

- (a) a statement that the person making such certificate, direction, instrument, notice, request, statement or opinion has read the pertinent provisions of the Indenture to which such certificate, direction, notice, request, statement or opinion relates;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate, direction, instrument, notice, request, statement or opinion is based;
- (c) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; and
- (d) with respect to any statement relating to compliance with any provision hereof, a statement whether or not, in the opinion of such person, such provision has been complied with.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture pertaining to the Bonds. Such summary does not purport to be complete and reference is made to the Indenture for full and complete statements of all provisions of the Indenture.

DEFINITIONS

See “DEFINITIONS OF CERTAIN TERMS” in APPENDIX B for the definitions of terms used but not otherwise defined in this APPENDIX C.

SUBSEQUENT INTEREST RATE PERIODS

As provided in the Indenture, the term of the Bonds will be divided into consecutive Interest Rate Periods during each of which such Bonds shall bear interest at the Daily Interest Rate, the Weekly Interest Rate, CP Interest Term Rates, Term Rates or an Index Rate; *provided, however*, that the Interest Rate Period shall be the same for all Bonds of a Series, and, notwithstanding anything in the Indenture to the contrary, no Bond shall bear interest in excess of the Maximum Rate.

(Section 2.04)

TERM RATE PERIOD

(a) *Determination of Term Rates.* For each Term Rate Period for a Series of Bonds, (i) the Issuer may by Written Notice to the Trustee delivered in connection with a Term Rate Conversion Date establish one or more Maturity Dates for the Bonds of such Series and Sinking Fund Installments for any maturities of the Bonds of such Series, and (ii) each maturity of the Bonds of such Series shall bear interest at a Term Rate; provided that the Term Rate, Maturity Dates and Sinking Fund Installments for each maturity of Bonds of any Series upon initial issuance of such Bonds, if any, shall be specified in the Indenture or a Supplemental Indenture providing for the issuance of such Series of Bonds. The Term Rate for each maturity of Bonds of a Series bearing interest in the Term Rate Period shall be determined by the Underwriter or the Remarketing Agent, as applicable, on a Business Day no later than the Issue Date or the Term Rate Conversion Date for such Series of Bonds, as applicable. Subject to the provisions of the Indenture described in paragraph (d) below, each Term Rate shall be the rate of interest per annum determined by the Underwriter or the Remarketing Agent, as applicable, to be the minimum interest rate which, if borne by the Bonds of the applicable Series and maturity, would enable the Underwriter or the Remarketing Agent, as the case may be, to sell such Bonds and maturity on such date at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If, for any reason, with respect to any Series of Bonds being converted to a Term Rate Period, the Term Rate for such Term Rate Period is not determined by the Remarketing Agent on or prior to the first day of such Term Rate Period, then the Interest Rate Period for the Bonds of the applicable Series shall be a Weekly Interest Rate Period and such Weekly Interest Rate Period shall continue until such time as the Interest Rate Period for such Series of Bonds shall have been converted to a Daily Interest Rate Period, a Commercial Paper Interest Rate Period, a Term Rate Period or an Index Rate Period as provided in the Indenture.

(b) *Conversion to or Continuation of Term Rate Period.* Subject to the provisions of the Indenture, at any time, the Issuer, in a Written Direction of the Issuer delivered to the Trustee and the Remarketing Agent (if any), may elect that a Series of Bonds shall bear interest at Term Rates. Such direction of the Issuer shall specify (i) the proposed effective date of the Term Rate Period, which date shall

be a Business Day not earlier than the 30th day following receipt by the Trustee of such Written Direction of the Issuer, and either (A) in the case of a Conversion from a Commercial Paper Interest Rate Period, an Index Rate Period or a Term Rate Period, the day immediately following the last day of such Interest Rate Period, or (B) a day on which all of the Outstanding Bonds of such Series are subject to optional redemption pursuant to the provisions of the Indenture or an applicable Supplemental Indenture; (ii) the last day of such Term Rate Period, which day shall be either the day immediately prior to the Final Maturity Date for the applicable Series of Bonds, or a day which both immediately precedes a Business Day and is at least one hundred eighty one (181) days after the effective date of the Term Rate Period; and (iii) with respect to any such Term Rate Period, may specify redemption prices and periods different than those set forth in the Indenture or the applicable Supplemental Indenture providing for the issuance of such Series of Bonds, subject to the Favorable Opinion of Bond Counsel as provided in the provisions of the Indenture described in this paragraph. In addition, such direction shall be accompanied by the form of a Favorable Opinion of Bond Counsel proposed to be delivered on the Term Rate Conversion Date and by a form of the notice to be mailed by the Trustee as provided in the provisions of the Indenture described in paragraph (c) below. Upon Conversion of any Series of Bonds to the Term Rate Period and until the day immediately preceding the effective date of the next succeeding Interest Rate Period under the terms of the Indenture, the interest rate or rates borne by such Series of Bonds shall be Term Rates as provided in the Indenture. The day following the last day of any Term Rate Period for a Series of Bonds shall be a Term Rate Tender Date for such Series of Bonds. After the Final Fixed Rate Conversion Date for a Series of Bonds, the Bonds of such Series shall no longer be subject to or have the benefit of the provisions of the Indenture.

(c) *Notice of Conversion to or Continuation of Term Rate.* Following timely receipt of a Written Direction of the Issuer directing the Conversion of a Series of Bonds to the Term Rate Period as provided in the provisions of the Indenture described in paragraph (b) above, the Trustee shall give notice by first-class mail of the Conversion of such Bonds to bear interest in a (or the establishment of another) Term Rate Period for a Series of Bonds to the Owners of the Bonds of such Series not less than thirty (30) days prior to the proposed effective date of such Term Rate Period. Such notice shall be in the form provided to the Trustee pursuant to the Indenture to state: (i) that the Interest Rate Period for such Bonds shall be converted to, or continue to be, a Term Rate Period unless (A) the Issuer rescinds its election to convert the Interest Rate Period for the Bonds of such Series to a Term Rate Period as provided in the Indenture or (B) Bond Counsel shall fail to deliver a Favorable Opinion of Bond Counsel as to such Conversion on the Term Rate Conversion Date; (ii) that such Bonds are subject to mandatory tender for purchase on the Term Rate Conversion Date and setting forth the applicable Purchase Price and the place of delivery for purchase of such Bonds; (iii) that the Bonds of such Series are subject to mandatory tender for purchase on the proposed Conversion Date unless the Issuer rescinds its election to convert the Interest Rate Period for the Bonds of such Series to a Term Rate Period as provided in the Indenture; and (iv) the applicable Purchase Price and the place of delivery for purchase of such Bonds.

(d) *Sale at Premium or Discount.* Notwithstanding the provisions of the Indenture described in paragraph (a) above, the Term Rate for each maturity of any Series of Bonds as initially issued, or the Term Rate for each maturity of any other Series of Bonds upon Conversion to a Term Rate Period, shall be the rate of interest per annum determined by the Underwriter or the Remarketing Agent, as applicable, to be the interest rate which, if borne by the Bonds of such Series and maturity, would enable the Underwriter or the Remarketing Agent, as applicable, to sell the Bonds of such Series and maturity at a price (without regard to accrued interest) which will result in the lowest net interest cost for the Bonds of such Series and maturity, after taking into account any premium or discount at which the Bonds of such Series and maturity are sold by the Underwriter or the Remarketing Agent, as applicable, provided that: (i) The Underwriter or the Remarketing Agent, as applicable, certifies in writing to the Trustee and the Issuer that the sale of the Bonds of such Series at the interest rate and premium or discount specified by the Underwriter or the Remarketing Agent, as applicable, is expected to result in the lowest net interest cost for such Bonds;

(i) The Issuer consents in writing to the sale of the Bonds of such Series at such premium or discount;

(ii) In the case of the Bonds of such Series to be sold at a premium, the Underwriter or the Remarketing Agent, as applicable, shall transfer the amount of such premium to the Trustee for deposit into such Funds and Accounts as shall be specified in a Written Direction of the Issuer;

(iii) On or before the date of determination of the Term Rates for the Bonds of such Series, the Issuer delivers to the Trustee and the Remarketing Agent a form of a Favorable Opinion of Bond Counsel proposed to be delivered on the Term Rate Conversion Date; and

(iv) On or before the Conversion Date, a Favorable Opinion of Bond Counsel shall have been delivered to the Trustee.

(Section 2.07)

PROVISIONS REGARDING INTEREST RATE SWAP

(a) In connection with the issuance of any Variable Rate Series of Bonds, or the Conversion of any Series of Bonds, to bear interest in a Daily Interest Rate Period, a Weekly Interest Rate Period, an Index Rate Period or a Commercial Paper Interest Rate Period, the Issuer shall enter into an Interest Rate Swap with an Interest Rate Swap Counterparty. The following shall apply to the Interest Rate Swap:

(i) The method for the calculation of the Interest Rate Swap Payments and Interest Rate Swap Receipts, as applicable, and the scheduled payment dates therefor are set forth in the Interest Rate Swap;

(ii) Interest Rate Swap Payments shall be made by the Trustee (for the account of the Issuer) from the Debt Service Account on parity with principal and interest payments on Bonds; and

(iii) Interest Rate Swap Receipts shall be payable directly to the Trustee (for the account of the Issuer) and shall be deposited directly into the Debt Service Account.

(b) The following shall apply with respect to restrictions on replacement and termination of the Interest Rate Swap:

(i) The Issuer agrees that it will not exercise any right to declare an early termination date under the Interest Rate Swap unless either (A) the Issuer has entered into a replacement Interest Rate Swap in accordance with clause (ii) and (iii) below, and such replacement Interest Rate Swap will be effective as of such early termination date and cover interest rate exposure from and after such early termination date, or (B) in all other cases, the Prepaid Energy Sales Agreement will terminate prior to or as of such early termination date.

(ii) The Issuer may replace the Interest Rate Swap (and any related guaranty of the Interest Rate Swap Counterparty's obligations thereunder) with a similar agreement for the same hedging purposes with an alternate Interest Rate Swap Counterparty at any time upon delivery to the Trustee of a Rating Confirmation.

(iii) If the Interest Rate Swap is subject to termination (or, in the case of clause (B) below, is terminated) by either party in accordance with its terms, then (A) the Issuer may, subject

to clause (i) above, terminate the Interest Rate Swap if the Issuer has the right to do so, and (B) the Issuer may enter into a replacement Interest Rate Swap with an alternate Interest Rate Swap Counterparty without Rating Confirmation, but only if the replacement Interest Rate Swap is identical in all material respects to the existing Interest Rate Swap, except for the identity of the Interest Rate Swap Counterparty, and (1) the alternate Interest Rate Swap Counterparty (or its credit support provider under the Interest Rate Swap) is then rated at least the lower of (a) the credit rating of the Funding Recipient or (b) at least as highly as the rating then assigned by each Rating Agency to the Bonds, or (2) the Interest Rate Swap Counterparty provides such collateral and security arrangements as the Issuer shall determine to be necessary.

(Section 2.13)

MANDATORY TENDER FOR PURCHASE ON CONVERSION OF INTEREST RATE PERIOD

Eligible Bonds of a Series shall be subject to mandatory tender for purchase on each Conversion Date (which shall be a Mandatory Purchase Date) at the applicable Purchase Price, payable in immediately available funds. The Purchase Price of any Bond so purchased shall be payable from the sources and in the order of priority specified in the Indenture only upon surrender of such Bond to the Trustee at its designated corporate trust office, accompanied by an instrument of transfer thereof, in form satisfactory to such Trustee, executed in blank by the Owner thereof or by the Owner's duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange at or prior to 10:00 a.m., New York City time, on the date specified for such delivery as described in this paragraph or in the notice provided pursuant to the Indenture.

(Section 4.14)

GENERAL PROVISIONS RELATING TO TENDERS

(a) *Creation of Bond Purchase Fund.*

(i) There shall be created and established under the Indenture with the Trustee a fund to be designated the "Bond Purchase Fund" to be held in trust only for the benefit of the Owners of tendered Bonds who shall thereafter be restricted exclusively to the moneys held in such fund for the satisfaction of any claim for the Purchase Price of such tendered Bonds. The Bond Purchase Fund and the Accounts therein are not Pledged Funds.

(ii) There shall be created and designated under the Indenture the following Accounts with respect to each Series of Bonds within the Bond Purchase Fund: the "Remarketing Proceeds Account" and the "Issuer Purchase Account." Moneys paid to the Trustee for the purchase of tendered or deemed tendered Bonds of a Series received from (A) the Remarketing Agent shall be deposited in the Remarketing Proceeds Account for such Series in accordance with the provisions of the Indenture described under the first paragraph of "*Deposits of Funds*" below and (B) the Issuer shall be deposited in the Issuer Purchase Account in accordance with the provisions of the Indenture described under the second paragraph of "*Deposits of Funds*" below. Moneys provided by the Issuer not required to be used in connection with the purchase of tendered Bonds shall be returned to the Issuer in accordance with the provisions of the Indenture described under "*Deposits of Funds*" and "*Disbursements; Payment of Purchase Price*" below.

(iii) Moneys in the Issuer Purchase Account and the Remarketing Proceeds Account with respect to a Series of Bonds shall not be commingled with other funds held by the Trustee and shall remain uninvested. The Issuer shall have no right, title or interest in any of the funds held on

deposit in the Remarketing Proceeds Account or any remarketing proceeds held for any period of time by the Remarketing Agent.

(b) *Deposit of Bonds.* The Trustee agrees to hold all Bonds delivered to it pursuant to the Indenture in trust for the benefit of the respective Owners which shall have so delivered such Bonds until moneys representing the Purchase Price of such Bonds have been delivered to such Owner in accordance with the provisions of the Indenture and until such Bonds shall have been delivered by the Trustee in accordance with the provisions of the Indenture described under “*Delivery of Purchased Bonds*” below.

(c) *Remarketing of Bonds.*

(i) Immediately upon its receipt, but not later than noon, New York City time on the following Business Day, from an Owner of a Bond bearing interest at a Daily Interest Rate or a Weekly Interest Rate of a notice pursuant to the Indenture, the Trustee shall notify the Remarketing Agent by telephone, promptly confirmed in writing by Electronic Means, of such receipt, specifying the principal amount of Bonds for which it has received such notice, the names of the Owners thereof and the date on which such Bonds are to be purchased in accordance with the Indenture.

(ii) As soon as practicable, but in no event later than 10:15 a.m., New York City time, on a Purchase Date, the Remarketing Agent shall inform the Trustee by telephone, promptly confirmed in writing, by Electronic Means, of the principal amount of Purchased Bonds to be purchased on such date, the name, address and taxpayer identification number of each such purchaser, and the Authorized Denominations in which such Purchased Bonds are to be delivered. Upon receipt from the Remarketing Agent of such information, and in no event later than 12:30 p.m., New York City time, on the Purchase Date, the Trustee shall prepare Purchased Bonds in accordance with such information received from the Remarketing Agent for the registration of transfer and redelivery to the Remarketing Agent pursuant to “*Delivery of Purchased Bonds*” below.

(iii) Any Purchased Bonds which are subject to mandatory tender for purchase in accordance with the Indenture which are not presented to the Trustee on the Purchase Date and any Purchased Bonds which are the subject of a notice pursuant to the Indenture which are not presented to the Trustee on the Purchase Date, shall, in accordance with the provisions of the Indenture, be deemed to have been purchased upon the deposit of moneys equal to the Purchase Price thereof into any or all of the accounts of the Bond Purchase Fund.

(d) *Deposits of Funds.*

(i) The Trustee shall deposit into the Remarketing Proceeds Account for the applicable Series of Bonds any amounts received by it in immediately available funds by 12:30 p.m., New York City time, on any Purchase Date from the Remarketing Agent against receipt of Bonds by the Remarketing Agent pursuant to the provisions of the Indenture described under “*Delivery of Purchased Bonds*” below and on account of Purchased Bonds remarketed pursuant to the terms of the Remarketing Agreement.

(ii) The Issuer may, in its sole discretion, pay to the Trustee in immediately available funds the amount equal to the difference, if any, between the total Purchase Price of Bonds to be purchased and the amount of money deposited as described in the preceding paragraph (the “*Additional Liquidity Drawing Amount*”) by 12:45 p.m., New York City time. The Trustee shall

deposit any Additional Liquidity Drawing Amounts into the Issuer Purchase Account for the applicable Series of Bonds.

(iii) The Trustee shall hold all proceeds received from the Remarketing Agent or the Issuer pursuant to the provisions of the Indenture described under this section entitled “*Deposits of Funds*” in trust for the tendering Owners. In holding such proceeds and moneys, the Trustee will be acting on behalf of such Owners by facilitating the purchase of the Bonds and not on behalf of the Issuer and will not be subject to the control of the Issuer. Subject to the provisions of the Indenture described under “*Disbursements; Payment of Purchase Price*” below, following the discharge of the pledge created by the Indenture or after payment in full of the Bonds, the Trustee shall pay any moneys remaining in any Account of the Bond Purchase Fund directly to the Persons for whom such money is held upon presentation of evidence reasonably satisfactory to the Trustee that such Person is rightfully entitled to such money and the Trustee shall not pay such amounts to any other Person.

(e) *Disbursements; Payment of Purchase Price.* Moneys delivered to the Trustee on a Purchase Date shall be applied at or before 1:00 p.m., New York City time, on such Purchase Date to pay the Purchase Price of Purchased Bonds of the applicable Series in immediately available funds as follows in the indicated order of application and, to the extent not so applied on such date, shall be held in the separate and segregated Accounts of the Bond Purchase Fund for the benefit of the Owners of the Purchased Bonds which were to have been purchased:

FIRST: Moneys deposited in the Remarketing Proceeds Account for the Bonds of the applicable Series; and

SECOND: Moneys deposited in the Issuer Purchase Account for the Bonds of the applicable Series.

Any moneys held by the Trustee in the Issuer Purchase Account remaining unclaimed by the Owners of the Purchased Bonds which were to have been purchased for two years after the respective Purchase Date for such Bonds shall be paid to the Issuer, upon a request in a Written Direction of the Issuer against written receipt therefor. The Owners of Purchased Bonds who have not yet claimed money in respect of such Bonds shall thereafter be entitled to look only to the Trustee, to the extent it shall hold moneys on deposit in the Bond Purchase Fund, or the Issuer to the extent moneys have been transferred in accordance with the provisions of the Indenture described under this section entitled “*Disbursements; Payment of Purchase Price.*” The Trustee shall have no obligation to advance its own funds to fund the Bond Purchase Fund or otherwise pay the Purchase Price on any Bonds.

(f) *Delivery of Purchased Bonds.*

(i) The Remarketing Agent shall give telephonic notice, promptly confirmed by a written notice, by Electronic Means, to the Trustee on each date on which Bonds shall have been purchased pursuant to the Indenture, specifying the principal amount of such Bonds, if any, sold by it and a list of such purchasers showing the names and Authorized Denominations in which such Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers. By 12:30 p.m., New York City time, on the Purchase Date, a principal amount of Bonds equal to the amount of Purchased Bonds purchased with moneys from the Remarketing Proceeds Account shall be made available by the Trustee to the Remarketing Agent against payment therefor in immediately available funds.

(ii) A principal amount of Bonds equal to the amount of Purchased Bonds purchased from moneys on deposit in the Issuer Purchase Account shall be delivered on the day of such

purchase by the Trustee to or as directed by the Issuer. The Trustee shall register such Bonds in the name of the Issuer or as otherwise directed by the Issuer.

(Section 4.15)

NOTICE OF MANDATORY TENDER FOR PURCHASE

In connection with any mandatory tender for purchase of Bonds in accordance with the Indenture, the Trustee shall give the notice (which in the case of a mandatory tender pursuant to the provisions of the Indenture described under the section entitled “Mandatory Tender for Purchase on Conversion of Interest Rate Period” above shall be given as a part of the notice given pursuant to certain provisions of the Indenture) stating: (a) that the Purchase Price of any Bond so subject to mandatory tender for purchase shall be payable only upon surrender of such Bond to the Trustee at the office specified in such notice, accompanied by an instrument of transfer thereof in form satisfactory to the Trustee, executed in blank by the Owner thereof or by the Owner’s duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange; (b) that all Bonds so subject to mandatory tender for purchase shall be purchased on the Mandatory Purchase Date, unless (i) a Failed Remarketing shall have occurred prior to such Mandatory Purchase Date, in which case such Bonds shall be redeemed rather than purchased on such Mandatory Purchase Date, or (ii) such Bonds shall have otherwise been redeemed on or prior to, or are not Outstanding as of, such Mandatory Purchase Date; and (c) that in the event that any Owner of a Bond so subject to mandatory tender for purchase shall not surrender such Bond to the Trustee for purchase on such Mandatory Purchase Date, then such Bond shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such Mandatory Purchase Date and that the Owner thereof shall have no rights under the Indenture other than to receive payment of the Purchase Price thereof. Any such notice of a mandatory tender of Bonds pursuant to the Indenture shall be given no less than thirty (30) days prior to the applicable Mandatory Purchase Date, and the Trustee shall give a conditional notice of extraordinary redemption pursuant to the Indenture no later than the applicable deadlines set forth therein to provide for the extraordinary redemption of the Bonds if a Failed Remarketing occurs prior to the Mandatory Purchase Date. No later than five (5) Business Days prior to the date on which such conditional notice of extraordinary redemption is required to be given by the Trustee pursuant to the Indenture, the Issuer shall direct the Trustee to send such conditional redemption notice pursuant to a Written Direction, which Written Direction shall include the applicable Redemption Date and method(s) for calculating the Redemption Price, to be followed by notice of the Redemption Price.

(Section 4.16)

THE PLEDGE EFFECTED BY THE INDENTURE

The Bonds and the Interest Rate Swap are limited obligations of the Issuer payable solely from and secured as to the payment of the principal and Redemption Price thereof, and interest thereon, in accordance with their terms and the provisions of the Indenture solely by, the Trust Estate. Pursuant to the Granting Clauses of the Indenture, the Trust Estate has been conveyed, assigned and pledged to the payment of the principal and Redemption Price of and interest on the Bonds and the Interest Rate Swap Payments in accordance with their terms, and any other senior, parity and subordinate obligations of the Issuer secured by the lien of the Indenture, subject to (i) the pledge of and lien on the Commodity Swap Payment Fund and the amounts and investments on deposit therein in favor of the Commodity Swap Counterparty, and (ii) the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Trust Estate thereby pledged and assigned shall immediately be subject to the lien of such pledge without any further physical delivery thereof or other further act, and the lien of such pledge shall be a first lien and shall be valid and binding as against all parties having claims of

any kind in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice thereof.

None of the Bonds, the Interest Rate Swap or the Commodity Swap constitute a debt or liability of the State or of any political subdivision thereof, other than as limited obligations of the Issuer, and the Issuer shall not be obligated to pay the principal or Redemption Price of, or interest on, the Bonds, the Interest Rate Swap Payments or the Commodity Swap Payments except from the funds provided therefor under the Indenture. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof, including the Issuer, or of the Project Participant is pledged to the payment of the principal or Redemption Price of and interest on the Bonds, the Interest Rate Swap Payments or the Commodity Swap Payments. The issuance of the Bonds and the execution and delivery of the Interest Rate Swap and the Commodity Swap shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for their payment. The Issuer has no taxing power.

Nothing contained in the Indenture shall be construed to prevent the Issuer from acquiring, constructing or financing, through the issuance of its bonds, notes or other evidences of indebtedness, any facilities or supplies of Energy other than the Clean Energy Project; provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Trust Estate or any portion thereof, and neither the cost of such facilities or supplies of Energy nor any expenditure in connection therewith or with the financing thereof shall be payable from the Trust Estate or any portion thereof.

(Section 5.01)

ESTABLISHMENT OF FUNDS AND ACCOUNTS

(a) The following Funds and Accounts are established in the Indenture, each of which shall be held by the Trustee except as indicated below:

- (i) Project Fund;
- (ii) Revenue Fund;
- (iii) Operating Fund;
- (iv) Debt Service Fund, consisting of the Debt Service Account and the Redemption Account;
- (v) Commodity Swap Payment Fund;
- (vi) General Reserve Fund;
- (vii) Energy Remarketing Reserve Fund, consisting of a Remediation Account;
- (viii) Assignment Payment Fund;
- (ix) Bond Purchase Fund, consisting of the Issuer Purchase Account and the Remarketing Proceeds Account; and
- (x) Administrative Fee Fund.

(b) Within the Funds and Accounts established under the Indenture and held by the Trustee, the Trustee may create additional Accounts in any Fund or subaccounts in any Accounts as may facilitate the administration of the Indenture. The Issuer may, by Supplemental Indenture, with the prior written approval of the Trustee, establish one or more additional accounts or subaccounts. By Supplemental Indenture, the Issuer may also (i) establish custodial accounts to be held by the Trustee as custodian to receive Revenues paid by the Project Participant under the Power Supply Contract, and (ii) provide for the application of such amounts for transfer to the Revenue Fund and for such other purposes as may be specified therein.

(Section 5.02)

PROJECT FUND

(a) There shall be paid into the Project Fund proceeds of the Bonds in the amount specified by Written Request of the Issuer, and there may be paid into the Project Fund, at the option of the Issuer, any moneys received for or in connection with the Clean Energy Project by the Issuer from any other source, unless required to be otherwise applied as provided by the Indenture. Upon delivery of the Bonds, the Trustee shall immediately transfer from the Project Fund into the Debt Service Account an amount, specified by Written Request of the Issuer, representing capitalized interest on the Bonds to the date set forth in such Written Request. Except as otherwise described in this section entitled "Project Fund," amounts in the Project Fund shall be applied by the Issuer to pay the Cost of Acquisition and any capitalized interest on the Bonds.

(b) Before any payment is made by the Trustee from the Project Fund, the Issuer shall file with the Trustee a Written Request of the Issuer, showing with respect to each payment to be made, the name of the Person to whom payment is due and the amount to be paid, and stating that the obligation to be paid was incurred and is a proper charge against the Project Fund. To the extent that the Written Request includes amounts to be paid pursuant to the Prepaid Energy Sales Agreement, copies of the invoices or requests for direct payments submitted under the Prepaid Energy Sales Agreement shall be attached to the Written Request. Each such Written Request shall be sufficient evidence to the Trustee: (i) that obligations in the stated amounts have been incurred by the Issuer and that each item thereof is a proper charge against the Project Fund; and (ii) that there has not been filed with or served upon Issuer 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 Persons named in such Written Request 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.

(c) Upon receipt of each such Written Request, the Trustee shall pay the amounts set forth therein as directed by the terms thereof from the applicable Account in accordance with and subject to the applicable terms of the Indenture described in this section entitled "Project Fund."

(d) Notwithstanding any of the other provisions described in this section entitled "Project Fund," to the extent that other moneys are not available therefor, amounts in Project Fund shall be applied to the payment of principal of and interest on Bonds when due.

(e) Upon Written Direction of the Issuer, but not earlier than six months after the date of delivery of the Bonds, the Trustee shall transfer to the Revenue Fund any amounts remaining on deposit in Project Fund.

(Section 5.03)

REVENUES AND REVENUE FUND; OTHER AMOUNTS

(a) All Revenues shall be deposited promptly by the Trustee upon receipt thereof into the Revenue Fund; *provided* that, for the avoidance of doubt, if any amounts are received from a Project Participant for which Outstanding Sold Receivables exist, as identified in a written notice from the Issuer to the Trustee, the Trustee shall promptly cause any such receipts to be paid to the Energy Supplier to the extent of such Outstanding Sold Receivables without setoff of any kind in accordance with the Receivables Purchase Provisions and any remaining amounts received from the Project Participant shall be deposited into the Revenue Fund.

(b) In the event that the Specified Project Participant fails to pay the amount due under the Power Supply Contract, the Trustee shall perform the following actions on behalf of the Issuer under the Receivables Purchase Provisions: (i) provide a preliminary notice by email to the Issuer and the Energy Supplier that a Specified Project Participant will fail to make a payment as soon as practicable after becoming aware that a payment default will occur and in any event no later than the end of the calendar day on which the relevant payment default occurs, and (ii) prepare and deliver to the Energy Supplier a Put Option Notice by 12:00 p.m. New York City time on the Business Day following any such payment default. On the twenty-fourth day of the Month in which such Put Option Notice was delivered (or if such day is not a Business Day, the next Business Day following the twenty fourth day of such Month), the Trustee shall deliver to the Energy Supplier the bill of sale and certificates required by the Receivables Purchase Provisions. The Trustee is authorized under the Indenture to sell the Put Receivables then owed by the Specified Project Participant under the Power Supply Contract pursuant to the Receivables Purchase Provisions and to take all actions on its part necessary in connection therewith. All amounts received by the Trustee pursuant to the Receivables Purchase Provisions in respect of Put Receivables shall be deposited in the Revenue Fund for application pursuant to the Indenture.

(c) Upon receipt of the preliminary notice from the Trustee pursuant to (b)(i) above, the Issuer shall:

(i) in consultation with the Energy Supplier, determine the amount of the Net Participant Shortfall Amount, if any, resulting from such failure to pay; and

(ii) give prompt written notice of the amounts of such Net Participant Shortfall Amount, if any, and the amount of such nonpayment and the resulting Net Participant Shortfall Amount, to the Trustee, the Energy Supplier and the Commodity Swap Counterparty.

(d) The following amounts, which are payable to the Trustee but do not constitute Revenues, shall be applied by the Trustee as follows:

(i) any Termination Payment shall be deposited directly into the Redemption Account of the Debt Service Fund as provided in the Indenture,

(ii) any Assignment Payment shall be deposited directly into the Assignment Payment Fund as provided in the Indenture,

(iii) [Reserved.];

(iv) amounts representing the Project Administration Fee, together with any amounts paid by the Project Participant under the Prepaid Clean Energy Project Administration Agreement, shall be paid as received by the Issuer into the Administrative Fee Fund;

(v) any Interest Rate Swap Receipts shall be deposited directly into the Debt Service Account as provided in the Indenture;

(vi) any amounts required by the Indenture to be deposited into the Energy Remarketing Reserve Fund shall be deposited directly therein; and

(vii) Ledger Event Payments shall be deposited directly into the Debt Service Account as provided in the Indenture.

(Section 5.04)

PAYMENTS FROM REVENUE FUND

(a) In each Month during which there is a deposit of Revenues into the Revenue Fund (but in no case later than the respective dates set forth below), the Trustee shall apply the amounts on deposit in the Revenue Fund, to the extent available, for credit or deposit to the Funds and Accounts indicated below, in the amounts described below (such application to be made in such a manner so as to assure good funds are available on the respective dates set forth below) in the following order of priority:

(i) To the Operating Fund, not later than the twenty-fifth day of such Month (or, if such day is not a Business Day, the next succeeding Business Day), the amount, if any, required so that the balance therein shall equal the amount necessary for the payment of Operating Expenses coming due for such Month;

(ii) Subject to the provisos below, to the Debt Service Fund, not later than the twenty-fifth day of such Month (or, if such day is not a Business Day, the next succeeding Business Day) for the credit to the Debt Service Account, an amount equal to the greater of (A) the Scheduled Debt Service Deposit, as set forth in Schedule II attached to the Indenture, or (B) the amount necessary to cause an amount equal to the cumulative unpaid Scheduled Debt Service Deposits due through such date to be on deposit therein (without credit for undisbursed Interest Rate Swap Receipts on deposit therein); and

(iii) To the Commodity Swap Payment Fund, on or before the twenty-fifth day of such Month (or, if such day is not a Business Day, the next succeeding Business Day), the amount required so that the balance therein shall equal the Commodity Swap Payments due for such Month.

(b) If, after a scheduled monthly deposit to the Debt Service Account or the Commodity Swap Payment Fund, the balance therein is below the cumulative Scheduled Debt Service Deposits for such month as specified on Schedule II attached to the Indenture or the Commodity Swap Payments due for such month, respectively, the Trustee shall immediately notify the Issuer of such deficiency and the Trustee shall (i) if the Issuer has not previously done so, cause the Issuer to suspend all deliveries of all quantities of Energy under the Power Supply Contract if the Project Participant is in default thereunder, and (ii) promptly give notice to the Energy Supplier to follow the Remarketing Provisions.

(c) On each July 1, beginning July 1, 2026, after (i) the deposit of Revenues into the Revenue Fund and (ii) making such transfers, credits and deposits as required by paragraph (a) above, the Trustee shall credit to the General Reserve Fund the remaining balance in the Revenue Fund.

(d) So long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds and Interest Rate Swap Payments in accordance with their terms (including principal

or applicable Sinking Fund Installments and interest thereon), no transfers shall be required to be made to the Debt Service Fund.

(Section 5.05)

OPERATING FUND

(a) Amounts credited to the Operating Fund shall be applied from time to time by the Trustee to the payment of (i) first, Rebate Payments, and (ii) second, any other Operating Expenses then due and payable.

(b) Amounts credited to the Operating Fund that the Trustee, on the last Business Day of each Month, determines to be in excess of the requirements of such Fund for such Month, shall be applied to make up any deficiencies in the Debt Service Account. Any balance of such excess not required to be so applied shall be transferred to the Revenue Fund for application in accordance with the Indenture.

(Section 5.06)

DEBT SERVICE FUND – DEBT SERVICE ACCOUNT

(a) The amounts deposited into the Debt Service Account pursuant to the Indenture shall be held in such Account and applied to the payment of the Debt Service and Interest Rate Swap Payments payable on each Bond Payment Date; *provided* that, for the purposes of computing the amount to be deposited in such Account, there shall be excluded from the required deposit the amount, if any, on deposit in the Debt Service Account from the proceeds of Bonds (including amounts, if any, transferred thereto from the Project Fund) for the payment of interest on the Bonds. Amounts attributed to capitalized interest shall be applied to Debt Service prior to other monies held within the Debt Service Account.

(b) The Trustee shall pay out of the Debt Service Account to the Paying Agent: (i) on or before each Interest Payment Date, the amount required for the interest on the Bonds payable on such date; (ii) on or before each Bond Payment Date, the Interest Rate Swap Payments then due, (iii) on or before the Bond Payment Date on which a Principal Installment is due, the amount required for the Principal Installment payable on such date; and (iv) on or before any redemption date, the amount required for the payment of the Redemption Price of and accrued interest on such Bonds then to be redeemed; provided, however, that if with respect to any Bonds or portions thereof the amounts due on any such Bond Payment Date and/or redemption date are intended to be paid from a source other than amounts in the Debt Service Account prior to any application of amounts in the Debt Service Account to such payments, then the Trustee (after Written Notice from the Issuer to the Trustee that the Issuer intends to make payments from a source other than amounts in the Debt Service Account) shall not pay any such amounts to the Paying Agent until such amounts have failed to be provided from such other source at the time required and if any such amounts due are paid from such other source the Trustee shall apply the amounts in the Debt Service Account to provide reimbursement for such payment from such other source as provided in the agreement governing reimbursement of such amounts to such other source. Such amounts shall be applied by the Paying Agent on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement.

(c) Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the Issuer in a Written Request delivered not less than thirty (30) days before the due date of such Sinking Fund Installment, be applied by the Trustee to (i) the purchase of Bonds of the Series, maturity and tenor for which such Sinking Fund

Installment was established, (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (iii) any combination of (i) and (ii). All purchases and redemptions of any Bonds pursuant to this paragraph (c) shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Issuer shall direct the Trustee in writing. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the thirtieth (30th) day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for the redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series, maturity and tenor for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Bonds purchased or redeemed pursuant to the provisions of the Indenture described under the section entitled “General Reserve Fund” below which the Issuer has directed the Trustee in writing to apply as a credit against such Sinking Fund Installment as provided in the Indenture. The Trustee shall pay out of the Debt Service Account to the Paying Agent, on or before such redemption date or maturity date, as applicable, the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption or payment, as applicable. All expenses in connection with the purchase or redemption of Bonds shall be paid by the Issuer in such manner as the Issuer shall direct the Trustee in writing from the Operating Fund.

All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee at its designated corporate trust office when such payment or redemption is made, and such Bonds, together with all Bonds purchased or redeemed pursuant to the Indenture that have been delivered to the Trustee for application as a credit against Sinking Fund Installments and all Bonds purchased by the Trustee pursuant to the provisions of the Indenture described under this section entitled “Debt Service Fund – Debt Service Account,” shall thereupon be promptly cancelled (or deemed to have been cancelled).

(d) Amounts accumulated in the Debt Service Account with respect to any principal amount of Bonds due on a certain future date for which no Sinking Fund Installments have been established (together with amounts accumulated therein with respect to interest on such Bonds) shall, upon the reasonable prior Written Direction of the Issuer, be applied by the Trustee on or prior to the due date thereof, to (i) the purchase of such Bonds or (ii) the redemption at the principal amount of such Bonds, if then redeemable by their terms. All purchases and redemptions of any Bonds as described in this paragraph shall be made at prices not exceeding the principal amount of such Bonds plus accrued interest, and such purchases and redemptions shall be made in such manner as the Issuer shall determine. The principal amount of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such due date, for the purpose of calculating the amount of such Account.

(e) The amount deposited in the Debt Service Account on the Issue Date of any Series of Bonds from the proceeds thereof shall be set aside and applied to the payment of interest on such Series of Bonds and related Interest Rate Swap Payments.

(f) In the event of the refunding or defeasance of any Bonds, the Trustee shall, if directed by the Issuer in writing, withdraw from the Debt Service Account all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Bonds being refunded or defeased and deposit such amounts with the Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless immediately thereafter Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Indenture. In the event of such refunding or defeasance, the Issuer may direct the Trustee to withdraw

from the Debt Service Account all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Bonds being refunded or defeased and deposit such amounts in any Fund or Account under the Indenture; *provided, however*, that such withdrawal shall not be made unless the Bonds being defeased shall be deemed to have been paid pursuant to the Indenture and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Indenture.

(g) Any amount remaining in the Debt Service Account shall, to the extent not required to be retained therein for purposes of making future payments, be deposited in the Revenue Fund.

(Section 5.07)

DEBT SERVICE FUND – REDEMPTION ACCOUNT

(a) In the event of an early termination of the Prepaid Energy Sales Agreement, the Issuer shall direct the Energy Supplier to pay the Termination Payment directly to the Trustee for the account of the Issuer. The Trustee shall deposit the Termination Payment into the Redemption Account. Amounts deposited into the Redemption Account shall be applied by the Trustee to the redemption of Outstanding Bonds pursuant to the Indenture.

(b) Any amounts remaining on deposit in the Redemption Account following the redemption and payment of all Outstanding Bonds shall be applied by the Trustee first to pay any Swap Payment Deficiency, second to repurchase any Put Receivables owned by the Energy Supplier, and third, upon Written Direction of the Issuer to the Trustee, shall be transferred to the Revenue Fund.

(c) For the avoidance of doubt, no Extraordinary Expenses shall be paid from the Redemption Account.

(Section 5.08)

COMMODITY SWAP PAYMENT FUND

(a) Amounts credited to the Commodity Swap Payment Fund shall be applied from time to time by the Trustee to the payment of the Commodity Swap Payments when due.

(b) Any amount remaining in the Commodity Swap Payment Fund following the payment of the Commodity Swap Payment due in any Month and prior to any deposit therein for the following Month shall be transferred to the Revenue Fund for application in accordance with the Indenture.

(Section 5.09)

GENERAL RESERVE FUND

(a) The Trustee shall apply moneys on deposit in the General Reserve Fund in the following amounts and in the following order of priority: first, for deposit into the Debt Service Account, the amount necessary (or all of the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in the deposits to such Account described in paragraph (a)(iii) of “Payments from Revenue Fund” above; second, for deposit into the Commodity Swap Payment Fund, the amount necessary to cause the balance therein to equal a Commodity Swap Payment that is then due; and third for deposit into the Operating Fund, the amount necessary for the payment of any Operating Expenses then due and payable and for which other funds are not available under the Indenture.

(b) Amounts on deposit in the General Reserve Fund not required to meet a deficiency or to make a deposit as provided in paragraph (a) above shall be applied by the Trustee upon the Written Request of the Issuer to the following in the order listed below:

- (i) payment of Extraordinary Expenses;
- (ii) payment of any fees owed pursuant to any Qualified Investments;
- (iii) the repurchase of Put Receivables and the payment of interest on all receivables sold to the Energy Supplier pursuant to the Receivables Purchase Provisions;
- (iv) annual refunds to the Project Participant pursuant to the Power Supply Contract;
- (v) the purchase or redemption of Bonds and expenses in connection with the purchase or redemption of such Bonds or any reserves which the Issuer determines shall be required for such purposes; and
- (vi) any other lawful purpose of the Issuer under the Act;

provided, however, that, subject to the provisions of paragraph (a) of this section entitled “General Reserve Fund,” amounts credited to the General Reserve Fund and required by the Indenture to be applied to the purchase or redemption of Bonds shall be applied to such purpose.

(c) If at any time Bonds of any Series, maturity and tenor for which Sinking Fund Installments shall have been established are (i) purchased or redeemed other than as described in “Debt Service Fund – Debt Service Account” above or (ii) deemed to have been paid pursuant to the Indenture and, with respect to such Bonds which have been deemed paid, irrevocable written instructions have been given by the Issuer to the Trustee to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited under this paragraph (c), the Issuer may from time to time and at any time by Written Direction to the Trustee specify the portion, if any, of such Bonds so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Sinking Fund Installment which are to be credited against future Sinking Fund Installments. Such direction shall specify the amounts of such Bonds to be applied as a credit against each Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than thirty (30) days after such written notice is delivered to the Trustee. All such Bonds to be applied as a credit shall be surrendered to the Trustee for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

(Section 5.10)

ENERGY REMARKETING RESERVE FUND

There shall be paid by the Trustee into the Remediation Account of the Energy Remarketing Reserve Fund, and within such Remediation Account the subaccount applicable to each Project Participant, the amounts, as directed in a Written Direction of the Issuer, specified in the Remarketing Provisions. In the case of a Remediation Remarketing (as defined in the Remarketing Provisions) pursuant to the

Remarketing Provisions, amounts shall be released from the applicable subaccount of the Remediation Account upon such remarketing and applied pursuant to a Written Direction of the Issuer as follows: (a) if the proceeds received by the Trustee from the remarketing equal or exceed the Remediation Remarketing Purchase Price, the portion of the applicable subaccount of the Remediation Account allocable to such remarketing shall be transferred to the General Reserve Fund, and (b) if the proceeds received by the Trustee from the remarketing are less than the Remediation Remarketing Purchase Price, then (x) the portion of the applicable subaccount of the Remediation Account of the Energy Remarketing Reserve Fund allocable to such remarketing shall be used to make a payment to the Energy Supplier in an amount equal to the excess of such Remediation Remarketing Purchase Price over such proceeds received by the Issuer from the remarketing, and (y) any remaining amounts allocable to such remarketing shall be transferred to the General Reserve Fund. For purposes of the provisions of the Indenture described in this paragraph, the portion of the applicable subaccount of the Remediation Account of the Energy Remarketing Reserve Fund specified in writing by the Issuer to the Trustee as the amount allocable to a remarketing shall consist of the product of (i) a fraction, the numerator of which is the purchase price of the Energy to be remarketed, and the denominator of which is the aggregate amount previously received by the Issuer from the sale of such Energy in Non-Private Business Sales (as defined in the Remarketing Provisions) or Private Business Sales (as defined in the Remarketing Provisions) that, as of the time of the remarketing, has not been remediated in accordance with the Remarketing Provisions, multiplied by (ii) the balance of the applicable subaccount of the Remediation Account of the Energy Remarketing Reserve Fund at the time of the remarketing.

(Section 5.11)

ASSIGNMENT PAYMENT FUND

In connection with the issuance of Refunding Bonds, any Assignment Payment received from the Energy Supplier (or the Master Custodian on its behalf) shall be deposited into the Assignment Payment Fund to be transferred to the replacement energy supplier, provided, however, that if the existing Bonds have not been redeemed or defeased on or before the Mandatory Purchase Date, in whole, by the Refunding Bonds, all or a portion of the Assignment Payment shall be transferred to the Trustee for deposit as directed by the Issuer in writing to the Redemption Account pursuant to the Indenture, along with the proceeds of the Refunding Bonds, in order to redeem all of the Outstanding Bonds.

(Section 5.12)

PURCHASES OF BONDS

Except as otherwise provided in the Indenture, any purchase of Bonds (or portions thereof) by or at the direction of the Issuer pursuant to the Indenture may be made with or without tenders of Bonds and at either public or private sale, in such manner as the Issuer may determine.

(Section 5.13)

ADMINISTRATIVE FEE FUND

All Project Administration Fees, together with any amounts paid by the Project Participant pursuant to the Prepaid Clean Energy Project Administration Agreement, shall be deposited by the Trustee into the Administrative Fee Fund. The Trustee shall apply amounts on deposit in the Administrative Fee Fund to pay Operating Expenses promptly upon receipt of a Written Request of the Issuer directing such payment. In the event amounts on deposit in the Administrative Fee Fund are insufficient to make any payments directed in the Written Request of the Issuer, the Trustee shall promptly notify each Project Participant, at

its respective address shown on Schedule I attached to the Indenture, of the fact and amount of such deficiency.

(Section 5.14)

INVESTMENT OF CERTAIN FUNDS

Moneys held in the Debt Service Account shall be invested and reinvested by the Trustee at the Written Direction of the Issuer to the fullest extent practicable in Qualified Investments specified in such Written Direction which mature or are payable not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Accounts and may take the form of a Debt Service Fund Agreement. To the extent moneys held in the Debt Service Account are invested in a Debt Service Fund Agreement, the Issuer covenants and agrees that it will not consent or agree to or permit any assignment of, rescission of or amendment to or otherwise take any action under or in connection with such Debt Service Fund Agreement without the written consent of the Trustee and the delivery to the Trustee of a Rating Confirmation with respect to such amendment. Moneys held in the Revenue Fund and the Project Fund may be invested and reinvested by the Trustee at the Written Direction of the Issuer in Qualified Investments specified in such Written Direction which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys in the Operating Fund (other than moneys in the Operating Fund held with respect to Rebate Payments) may be invested at the Written Direction of the Issuer in Qualified Investments specified in such Written Direction which mature within twelve months or which provide funds as needed; moneys held in the Operating Fund with respect to Rebate Payments shall be invested at the Written Direction of the Issuer in Qualified Investments specified in such Written Direction at fair market value; and moneys in the General Reserve Fund and the Energy Remarketing Reserve Fund may be invested at the Written Direction of the Issuer in Qualified Investments specified in such Written Direction; in any case the Qualified Investments in such Funds or in the Accounts therein shall mature not later than such times as shall be necessary to provide moneys when needed to provide payments from such Funds or Accounts. The Trustee shall only be required to make investments of moneys held by it in the Funds and Accounts established under the Indenture in accordance with Written Directions received by the Trustee from any Authorized Officer of the Issuer and may rely on such investment directions without verifying the suitability or legality of such investment and any deposit or investment directed by the Issuer shall constitute a certification by the Issuer that the assets so deposited or to be purchased pursuant to such directions are Qualified Investments. In making any investment in any Qualified Investments with moneys in any Fund or Account established under the Indenture, the Issuer may give Written Direction to the Trustee to combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Qualified Investments.

The Trustee shall only be required to make investments of moneys held by it in the Funds and Accounts established under the Indenture in accordance with Written Directions received by the Trustee from any Authorized Officer of the Issuer. The Trustee shall be entitled to rely in good faith on any Written Direction of the Issuer as to the suitability and legality of the directed investment and any deposit or investment directed by the Issuer shall constitute a certification by the Issuer that the assets so deposited or to be purchased pursuant to such directions are Qualified Investments. In making any investment in any Qualified Investments with moneys in any Fund or Account established under the Indenture, the Issuer may give Written Direction to the Trustee to combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Qualified Investments.

Interest earned on any moneys or investments in the Funds and Accounts established under the Indenture shall be paid into the Revenue Fund, other than interest earned on any moneys or investments in (i) the Redemption Account in the Debt Service Fund, (ii) the Operating Fund relating to Rebate Payments, (iii) the Energy Remarketing Reserve Fund, and (iv) the Administrative Fee Fund. Such interest shall be

held in such respective Fund or Account for the purposes thereof. If no written investment directions have been delivered to the Trustee for any Fund or Account, moneys shall be held there uninvested by the Trustee.

Nothing in the Indenture shall prevent any Qualified Investments acquired as investments of or security for Funds held under the Indenture from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Nothing in the Indenture shall preclude the Trustee from investing or reinvesting moneys that it holds in the Funds and Accounts established pursuant to the Indenture through its bond department; provided, however, that the Issuer may, in its discretion, give a Written Direction to the Trustee that such moneys be invested or reinvested in a manner other than through such bond department.

To the extent any Qualified Investment is insured, guaranteed or otherwise supported by any secondary facility, the Trustee shall make a claim under such facility at such time as shall be required to receive payment thereunder not later than the date required to make any necessary deposit pursuant to the Indenture.

(Section 6.03)

VALUATION AND SALE OF INVESTMENTS

Obligations purchased as an investment of moneys in any Fund created under the provisions of the Indenture shall be deemed at all times to be a part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund.

In computing the amount in any Fund created under the provisions of the Indenture for any purpose provided in the Indenture, obligations purchased as an investment of moneys therein shall be valued at the lower of market value or the amortized cost thereof. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be determined at the Written Direction of the Issuer to the Trustee as of each Principal Installment payment date and at such other times as the Issuer shall reasonably determine. Guaranteed investment contracts or similar agreements shall be valued at their face value to the extent that they provide for withdrawals without market adjustment or penalty when they are required to provide payment pursuant to the Indenture.

Except as otherwise provided in the Indenture, the Trustee shall use reasonable efforts to sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested to do so by a Written Request of the Issuer. Whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by the Trustee or the Issuer, the Issuer or the Trustee at the Written Direction of the Issuer shall use reasonable efforts to sell at the best price obtainable or present for redemption such obligation or obligations designated by an Authorized Officer in a Written Direction of the Issuer to the Trustee as necessary to provide sufficient moneys for such payment or transfer. The Issuer acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Issuer the right to receive from the Trustee brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall not be required to provide any brokerage information.

The Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any such investment, sale or presentation for redemption made in the manner provided in the Indenture. In the event of any such loss, fee, tax or other charge, the Issuer shall pay such amount to the Trustee to be credited as part of the monies originally invested.

(Section 6.04)

POWER TO ISSUE BONDS AND PLEDGE THE TRUST ESTATE

The Issuer is duly authorized under all applicable laws to create and issue the Bonds and to execute and deliver the Indenture and to pledge the Trust Estate, in the manner and to the extent provided in the Indenture. Except to the extent otherwise provided in or contemplated by the Indenture, the Trust Estate will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the security interest, the pledge and assignment created by the Indenture, and all action on the part of the Issuer to that end has been and will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable limited obligations of the Issuer in accordance with their terms and the terms of the Indenture. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under the Indenture and all the rights of the Bondholders under the Indenture against all claims and demands of all Persons whomsoever.

(Section 7.05)

POWER TO FIX AND COLLECT FEES AND CHARGES FOR THE SALE OF ENERGY

The Issuer has, and, to the extent permitted by law, will have as long as any Bonds are Outstanding, good right and lawful power to fix, establish, maintain and collect fees and charges for the sale of Energy or otherwise with respect to the Clean Energy Project, subject to the terms of the Power Supply Contract.

(Section 7.06)

CREATION OF LIENS

Except as expressly permitted under the terms of the Indenture, for so long as any Bonds are Outstanding, the Issuer shall not, without a Rating Confirmation, issue any bonds, notes, debentures or other evidences of indebtedness of similar nature payable from or secured by a pledge and assignment of the Trust Estate, other than the Bonds and bonds, notes, debentures or other evidences of indebtedness issued to refund Outstanding Bonds, or otherwise incur obligations other than those contemplated by the Indenture, the Prepaid Energy Sales Agreement, the Power Supply Contract, the CCCFA Custodial Agreement, the Commodity Swap, the Interest Rate Swap and any documents or agreements relating to any of the foregoing (including, but not limited to, obligations under Qualified Investments), payable out of or secured by a pledge or assignment of, or lien on, the Trust Estate; and, except as expressly permitted under the terms of the Indenture, shall not, without a Rating Confirmation, create or cause to be created any lien or charge on the Trust Estate except as provided in or contemplated by the Indenture, the Prepaid Energy Sales Agreement, the Power Supply Contract, the CCCFA Custodial Agreement, the Commodity Swap, the Interest Rate Swap and any documents or agreements relating to any of the foregoing (including, but not limited to, obligations under Qualified Investments); provided, however, that nothing contained in the Indenture shall prevent the Issuer from entering into or issuing, if and to the extent permitted by law (A) evidences of indebtedness (1) payable out of moneys in the Project Fund as part of the Cost of Acquisition or (2) payable out of or secured by a pledge and assignment of the Trust Estate or any part thereof to be derived on and after such date as the pledge of the Trust Estate provided in the Indenture shall be discharged

and satisfied as provided in the Indenture, or (B) Commodity Swap and Interest Rate Swap upon the terms and conditions set forth in the Indenture.

(Section 7.07)

AMENDMENTS TO POWER SUPPLY CONTRACT

The Issuer will not consent or agree to or permit any termination or rescission of, assignment or novation (in whole or in part) by a Project Participant of, or amendment to or otherwise take any action under or in connection with any Power Supply Contract that will impair the ability of the Issuer to collect Revenues in each Fiscal Year which, together with the other amounts available therefor, shall provide an amount sufficient to pay:

(a) The amount estimated by the Issuer to be required to be paid during such Fiscal Year into the Operating Fund;

(b) The amounts, if any, required to be paid during such Fiscal Year into the Debt Service Fund other than any such amounts which the Issuer anticipates shall be transferred from other Funds or Accounts;

(c) The amounts, if any, to be paid during such Fiscal Year into any other Fund established under the Indenture; and

(d) All other charges or liens whatsoever payable out of Revenues during such Fiscal Year;

provided that:

(i) the Issuer may take any other action under or in connection with the Power Supply Contract that is expressly permitted pursuant to the provisions thereof;

(ii) the Issuer and the Project Participant may amend the Power Supply Contract to change any Delivery Point (as defined and provided therein);

(iii) the Power Supply Contract may be amended upon receipt of (A) a Rating Confirmation with respect to such amendment, and (B) to the extent such amendment would have a material adverse effect (including, but not limited to, a change in the timing of payments, the source of such payments, or the Issuer's rights of collection thereof) upon the Receivables Purchase Provisions or the Commodity Swap, the consent of the Energy Supplier or the Commodity Swap Counterparty, respectively, such consent not to be unreasonably withheld or delayed;

(iv) the Issuer may agree to an assignment or novation of all or a portion of a Project Participant's rights and obligations under the Power Supply Contract upon (A) compliance with the restrictions on assignment set forth in the Power Supply Contract, and (B) receipt of a Rating Confirmation with respect to such assignment or novation; and

(v) the Power Supply Contract may also be amended in connection with a remediation pursuant to the Prepaid Energy Sales Agreement.

(Section 7.10)

POWER SUPPLY CONTRACT; ENERGY REMARKETING

(a) The Issuer shall cause all Revenues payable by the Project Participant under the Power Supply Contract to be payable directly to the Trustee for deposit into the Revenue Fund or custodial accounts established pursuant to the provisions of the Indenture. The Issuer shall enforce the provisions of the Power Supply Contract, as well as any other contract or contracts entered into relating to the Clean Energy Project, and duly perform its covenants and agreements thereunder.

(b) In the event that the Project Participant fails to pay when due any amounts owed to the Issuer under the Power Supply Contract, the Issuer shall:

(i) promptly exercise its right to suspend all Energy deliveries to the Project Participant; and

(ii) promptly give notice to the Energy Supplier to follow the provisions set forth in the Remarketing Exhibit to the Prepaid Energy Sales Agreement for each Month of such suspension with respect to the quantities of Energy for which deliveries have been suspended.

(c) In the event that the Project Participant delivers a Remarketing Election Notice (as defined in the Power Supply Contract) in respect of any Reset Period, then the Issuer will promptly give notice to the Energy Supplier to follow the provisions set forth in the Remarketing Provisions for each month of such Reset Period with respect to any quantities of Energy that would otherwise have been delivered to the Project Participant.

(d) As of the date of the Indenture, the Power Supply Contract with the Project Participant set forth on Schedule I attached to the Indenture shall be the only Power Supply Contract until such time, if any, that an assignment or novation occurs in accordance with the requirements set forth above. Without prejudice to the rights of the Energy Supplier to remarket Energy under the Prepaid Energy Sales Agreement or to an assignment or novation of the Power Supply Contract in compliance with the provisions of the Indenture described under this section entitled “Power Supply Contract; Energy Remarketing,” the Issuer may sell the quantities of Energy to be delivered under the Prepaid Energy Sales Agreement only pursuant to the Power Supply Contract. A copy of the Power Supply Contract and any amendment to the Power Supply Contract, certified by an Authorized Officer, shall be filed with the Trustee.

(Section 7.11)

PREPAID ENERGY SALES AGREEMENT; ENERGY SUPPLIER DOCUMENTS

(a) The Issuer shall enforce the provisions of the Prepaid Energy Sales Agreement and duly perform its covenants and agreements thereunder.

(b) The Trustee shall promptly notify the Issuer of any payment default that has occurred and is continuing on the part of the Energy Supplier under the Prepaid Energy Sales Agreement. The Issuer shall provide the Trustee with Written Notice of the Early Termination Payment Date (i) on the date on which a Failed Remarketing occurs, and (ii) in all other cases, not more than five (5) Business Days after such date is determined.

(c) The Issuer will not consent or agree to or permit any assignment of, rescission of or amendment to or otherwise take any action under or in connection with the Prepaid Energy Sales Agreement

which will in any manner materially impair or materially adversely affect the rights of the Issuer thereunder or the rights or security of the Bondholders under the Indenture; *provided* that the Prepaid Energy Sales Agreement may be assigned or amended without Bondholder consent upon receipt of a Rating Confirmation with respect to such assignment or amendment. The Prepaid Energy Sales Agreement may also be amended in connection with a remediation pursuant to the Prepaid Energy Sales Agreement. Copies of the Prepaid Energy Sales Agreement and any amendments thereto, certified by an Authorized Officer, shall be filed with the Trustee.

(d) The Issuer has the right, pursuant to the Energy Supplier LLCA to appoint a director (the “Issuer-Appointed Director”) to the board of directors of the Energy Supplier. In any vote that comes before the board of directors of the Energy Supplier regarding the Energy Supplier Documents, the Issuer shall instruct the Issuer-Appointed Director to exercise its voting rights in favor of the Energy Supplier (i) observing and performing its obligations under the Prepaid Energy Sales Agreement and (ii) enforcing the provisions of the other Energy Supplier Documents and (iii) not permitting any assignment of, rescission of or amendment to or waiver of the Energy Supplier Documents which will in any manner materially impair or materially adversely affect the rights of the Issuer thereunder or the rights or security of the Bondholders under the Indenture.

(Section 7.12)

COMMODITY SWAP

The Issuer shall cause all Commodity Swap Receipts and any other amounts payable to the Issuer pursuant to the Commodity Swap to be collected and paid directly to the Trustee for deposit into the Revenue Fund. The Issuer shall enforce the provisions of the Commodity Swap and duly perform its covenants and agreements thereunder. The Trustee shall promptly notify the Issuer of any payment default that has occurred and is continuing on the part of the Commodity Swap Counterparty under the Commodity Swap. The Issuer will not consent or agree to or permit any termination or rescission of or amendment to or otherwise take any action under or in connection with the Commodity Swap that will impair the ability of the Issuer to comply during the current or any future year with the provisions of the Indenture. The Issuer shall only exercise its right to terminate the Commodity Swap in compliance with the Indenture. A copy of the Commodity Swap certified by an Authorized Officer shall be filed with the Trustee, and a copy of any amendment to the Commodity Swap, certified by an Authorized Officer, shall be filed with the Trustee.

(Section 7.14)

INTEREST RATE SWAP

The Issuer shall cause all Interest Rate Swap Receipts or other amounts payable to the Issuer pursuant to the Interest Rate Swap to be collected and paid to the Trustee for deposit into the Debt Service Account. The Issuer shall enforce the provisions of the Interest Rate Swap and duly perform its covenants and agreements thereunder. The Trustee shall promptly notify the Issuer of any payment default that has occurred and is continuing on the part of the Interest Rate Swap Counterparty under the Interest Rate Swap. The Issuer will not consent or agree to or permit any termination or rescission of or amendment to or otherwise take any action under or in connection with the Interest Rate Swap that will impair the ability of the Issuer to comply during the current or any future year with the provisions of the Indenture. The Issuer shall only exercise its right to terminate the Interest Rate Swap in compliance with the Indenture. A copy of the Interest Rate Swap certified by an Authorized Officer shall be filed with the Trustee, and a copy of any amendment to the Interest Rate Swap, certified by an Authorized Officer, shall be filed with the Trustee.

(Section 7.15)

TAX COVENANTS

(a) The Issuer covenants in the Indenture that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on any of the Bonds under Section 103 of the Internal Revenue Code and the applicable Treasury Regulations promulgated thereunder or, as applicable, would adversely affect the Subsidy Payments or receipt thereof by the Issuer or the Trustee. Without limiting the generality of the foregoing, the Issuer covenants that it will (i) comply with the instructions and requirements of the Tax Agreement and (ii) exercise commercially reasonable efforts to cause the Bonds to be redeemed (A) in such amount as may be necessary to maintain the exclusion from federal gross income of interest on the Bonds and (B) in whole in the event that interest on the Bonds becomes includible in federal gross income. The Issuer further agrees to follow any directions provided by Special Tax Counsel with respect to any such redemption. Such covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the Issuer is of the opinion that for purposes of the provisions of the Indenture described in this section entitled “Tax Covenants” it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Issuer shall so instruct the Trustee in writing as to the specific actions to be taken, and the Trustee shall take such action as specified in such instructions.

(c) Notwithstanding any other provisions of the Indenture described in this section entitled “Tax Covenants,” if the Issuer shall provide to the Trustee an Opinion of Special Tax Counsel that any specified action required under the provisions of the Indenture described in this section entitled “Tax Covenants” is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds or the qualification of the Issuer to receive Subsidy Payments with respect to the applicable Series of Bonds, the Issuer and the Trustee may conclusively rely on such opinion in complying with the requirements of the provisions of the Indenture described in this section entitled “Tax Covenants” and of the Tax Agreement, and the covenants under the Indenture shall be deemed to be modified to that extent.

(d) Notwithstanding any other provision of the Indenture to the contrary, upon the Issuer’s failure to observe or refusal to comply with the above covenants, the Holders of the Bonds, or the Trustee acting on their behalf pursuant to their written request and direction, shall be entitled to the rights and remedies provided to Bondholders under the Indenture based upon the Issuer’s failure to observe, or refusal to comply with, the above covenants. In connection with any action taken by it under the provisions of the Indenture described in this section entitled “Tax Covenants,” the Trustee shall have the benefit of all of the protective provisions set forth in the Indenture.

(Section 7.18)

EVENTS OF DEFAULT

Any one or more of the following shall constitute an “Event of Default” under the Indenture:

(a) default shall be made in the due and punctual payment of the principal or Redemption Price or Purchase Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or tender, or otherwise;

(b) default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) default shall be made by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and such default shall continue for a period of 60 days or, if such default cannot reasonably be remedied within such 60 day period, such longer period so long as diligent efforts are being made to remedy such default, after written notice thereof specifying such default and requiring that it shall have been remedied and stating that such notice is a "Notice of Default" under the Indenture is given to the Issuer by the Trustee or to the Issuer and to the Trustee by the Holders of not less than 10% in principal amount of the Bonds Outstanding;

(d) default shall be made in the due and punctual payment of any Commodity Swap Payment or Interest Rate Swap Payment when and as the same shall become due and payable;

(e) the Issuer shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect (*provided, however*, that such event shall not constitute an Event of Default under the Indenture unless in addition, (i) the Issuer is unable to meet its debts with respect to the Clean Energy Project as such debts mature or (ii) any plan of adjustment or other action in such proceeding would affect in any way the Revenues or the Clean Energy Project), or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Clean Energy Project, or any part thereof, and/or the rents, fees, charges or other revenues therefrom, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts with respect to the Clean Energy Project as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing;

(f) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (*provided, however*, that such event shall not constitute an Event of Default under the Indenture unless in addition, (i) the Issuer is unable to meet its debts with respect to the Clean Energy Project as such debts mature or (ii) any plan of adjustment or other action in such proceeding would affect in any way the Revenues or the Clean Energy Project), or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Clean Energy Project, or any part thereof, and/or the rents, fees, charges or other revenues therefor, or a decree or order for the dissolution, liquidation or winding up of the Issuer and its affairs or a decree or order finding or determining that the Issuer is unable to meet its debts with respect to the Clean Energy Project as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; and

(g) there shall occur any other Event of Default specified in a Supplemental Indenture.

(Section 8.01)

ENFORCEMENT OF AGREEMENTS; APPLICATION OF MONEYS AFTER DEFAULT

(a) The Issuer covenants that, if an Event of Default shall have occurred and be continuing, it shall upon the demand of the Trustee (i) take such additional actions on its part as shall be necessary to cause the Project Participant to make payments of all amounts due under the Power Supply Contract to the Trustee, (ii) take such additional actions on its part as shall be necessary to cause the Commodity Swap

Counterparty to make payment of all amounts due under the Commodity Swap directly to the Trustee, (iii) take such additional actions on its part as shall be necessary to cause the Interest Rate Swap Counterparty to make payment of all amounts due under the Interest Rate Swap directly to the Trustee, (iv) execute and deliver such additional instruments that may be necessary to establish or confirm its pledge and assignment to the Trustee of its rights and remedies afforded the Issuer under the Power Supply Contract, and (v) pay over or cause to be paid over to the Trustee any Revenues which have not been paid directly to the Trustee as promptly as practicable after receipt thereof. In addition, to secure its obligations under the Indenture, the Issuer irrevocably pledges and collaterally assigns to the Trustee the Issuer's rights to issue notices (including notices to direct the remarketing of Energy) and to take any other actions that the Issuer is required or permitted to take under the Prepaid Energy Sales Agreement, the Power Supply Contract, the Commodity Swap and the Interest Rate Swap, and, while an Event of Default has occurred and is continuing under the Indenture, the Trustee is authorized and directed, and shall have the authority, to take any such actions as it deems necessary under the Prepaid Energy Sales Agreement, the Power Supply Contract, the Commodity Swap and the Interest Rate Swap. Notwithstanding this authorization, the Issuer shall retain, in the absence of any conflicting action by the Trustee while an Event of Default has occurred and is continuing, the right and obligation to exercise any rights which it has pledged and collaterally assigned to the Trustee in accordance with the foregoing; provided, however, if an Event of Default has occurred and is continuing, the Trustee shall have the right to notify the Issuer to cease exercising such rights and, upon receipt of such notice with a copy provided to the Energy Supplier under the Prepaid Energy Sales Agreement, the Project Participant under the Power Supply Contract, and the Commodity Swap Counterparty under the Commodity Swap, subject to the rights of the Energy Supplier with respect to the Power Supply Contract as set forth in the Receivables Purchase Provisions, the Trustee shall have exclusive authority to exercise such rights until such time as the Event of Default has been cured pursuant to the terms of the Indenture or the Trustee issues a subsequent notice otherwise. For the avoidance of doubt, the Prepaid Energy Sales Agreement, the Power Supply Contract and the Commodity Swap may be amended at any time for changes in Delivery Points as provided therein, without the consent of the Bondholders, any parties other than those to the relevant agreement, and without the provision of opinions or other process under the Indenture.

(b) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Revenues received by the Trustee pursuant to any right given or action taken under the provisions of Article VIII of the Indenture in accordance with Article V of the Indenture, after the payment of the fees, charges, expenses and liabilities of the Fiduciaries (including court costs and the fees and expenses of the Fiduciaries' counsel) payable to or incurred by the Fiduciaries in connection with the performance of their duties and the exercise of their rights under the Indenture, provided that (1) moneys held in the Debt Service Account shall not be used for purposes other than payment of the interest and principal or Redemption Price then due on the Bonds and the payment of Interest Rate Swap Payments then due under the Interest Rate Swap, (2) moneys in the Commodity Swap Payment Fund shall be used first to pay any Commodity Swap Payments then due, (3) moneys held in the General Reserve Fund shall not be used other than for the payment of the items specified under the Indenture, and (4) moneys held in the Administrative Fee Fund shall not be used other than as specified in the Indenture.

(c) If and whenever all overdue installments of interest on all Bonds, together with the reasonable charges, expenses and liabilities of the Fiduciaries, and all other sums payable or secured by the Issuer under the Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Issuer, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Issuer all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Indenture, particularly the terms

of the Indenture described under “Establishment of Funds and Accounts” above, to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such payment over to the Issuer by the Trustee nor restoration of the Issuer and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

(Section 8.03)

APPOINTMENT OF RECEIVER

The Trustee shall have the right, upon the happening of an Event of Default, to apply in an appropriate proceeding for the appointment of a receiver of the Clean Energy Project.

(Section 8.04)

PROCEEDINGS BROUGHT BY TRUSTEE

(a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than a majority in principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power granted pursuant to the Indenture, or for an accounting against the Issuer as if the Issuer were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

(b) All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

(c) The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(e) Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of a majority in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

(Section 8.05)

RESTRICTION ON BONDHOLDERS' ACTION

(a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Holder (i) shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Holders of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, (ii) shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the laws of the State or to institute such action, suit or proceeding in its own name, and (iii) shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of the Indenture.

(b) Nothing in the Indenture or in the Bonds shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay only from the Trust Estate, in accordance with the terms of the Indenture, at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of its Bond.

(Section 8.06)

REMEDIES NOT EXCLUSIVE

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute on or after the date of execution and delivery of the Indenture.

(Section 8.07)

EFFECT OF WAIVER AND OTHER CIRCUMSTANCES

(a) No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

(b) Prior to the declaration of maturity of the Bonds as provided in the Indenture, the Holders of not less than a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Indenture and its consequences, except a default in the payment of interest on or principal of or premium

(if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

(Section 8.08)

NOTICE OF DEFAULT

The Trustee shall promptly mail written notice of the occurrence of any Event of Default to each registered owner of Bonds then Outstanding at its address, if any, appearing upon the registry books of the Issuer.

(Section 8.09)

SUPPLEMENTAL INDENTURES NOT REQUIRING CONSENT OF BONDHOLDERS

The Issuer and the Trustee may from time to time, subject to the conditions and restrictions contained in the Indenture, enter into a Supplemental Indenture or Indentures, in form satisfactory to the Trustee, which shall thereafter form a part of the Indenture, without the consent of the Bondholders for any one or more of the following purposes:

(i) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(ii) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect;

(iii) To make any other modification or amendment of the Indenture which the Trustee shall in its sole discretion determine will not have a material adverse effect on the Bondholders or the Interest Rate Swap Counterparty; and in making such a determination, the Trustee shall be entitled to rely conclusively upon an Opinion of Counsel and/or certificates of investment bankers or other financial professionals or consultants;

(iv) To add to the covenants and agreements of the Issuer in the Indenture, other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(v) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(vi) To authorize the issuance of Refunding Bonds;

(vii) To authorize, in compliance with all applicable law, Bonds to be issued in the form of coupon Bonds registrable as to principal only and, in connection therewith, specify and determine the matters and things relative to the issuance of such coupon Bonds, including provisions relating to the timing and manner of provision of any notice required to be given under the Indenture to the Holders of such coupon Bonds, which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such coupon Bonds;

(viii) To provide for the execution of a Commodity Swap in accordance with the provisions of the Indenture;

(ix) To provide for a Liquidity Facility and Liquidity Facility Provider in accordance with the provisions of the Indenture;

(x) To confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Indenture of the Revenues or of any other moneys, securities or funds;

(xi) To add to the Events of Default in the Indenture additional Events of Default;

(xii) To add to the Indenture any provisions relating to the application of interest earnings on any Fund or Account under the Indenture required by law to preserve the exclusion of interest on Bonds issued from gross income for federal income tax purposes;

(xiii) To evidence the appointment of a successor Trustee; or

(xiv) If the Bonds affected by such change are rated by a Rating Agency, to make any change upon receipt of a Rating Confirmation with respect to the Bonds so affected.

Each Supplemental Indenture authorized by this section entitled “Supplemental Indentures not Requiring Consent of Bondholders” shall become effective as of the date of its execution and delivery by the Issuer and the Trustee or such later date as shall be specified in such Supplemental Indenture.

A Supplemental Indenture will be deemed to not materially adversely affect the Holders of any Bonds that are subject to mandatory tender on or before the effective date of the Supplemental Indenture.

(Section 10.01)

GENERAL PROVISIONS

(a) The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of the Indenture relating to amendments. Nothing contained in the provisions of the Indenture relating to amendments shall affect or limit the right or obligation of the Issuer to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of the Indenture or the right or obligation of the Issuer to execute and deliver to any Fiduciary any instrument which elsewhere in the Indenture it is provided shall be delivered to said Fiduciary.

(b) Any Supplemental Indenture referred to and permitted or authorized by the Indenture may be entered into between the Issuer and the Trustee without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided under the Indenture. A copy of every Supplemental Indenture shall be accompanied by an Opinion of Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture, and is valid and binding upon the Issuer; provided, that such Opinion of Counsel may take customary exceptions, including as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, receivership, debt adjustment, moratorium, reorganization, arrangement, fraudulent conveyance or other similar laws relating to or affecting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion, limitations on legal remedies against public entities in the State, and the valid exercise

of the sovereign police powers of the State and of the constitutional power of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy.

(c) The Trustee is authorized under the Indenture to enter into any Supplemental Indenture referred to and permitted or authorized by the Indenture and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an Opinion of Counsel that such Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

(d) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto; provided, however the provisions of the Indenture described under this section entitled "General Provisions" shall not affect the rights of the Holders or the Issuer to remove the Trustee as provided in the Indenture.

(e) Notwithstanding anything in the provisions of the Indenture relating to amendments to the contrary, no Supplemental Indenture (or other amendment to the Indenture) shall change or modify (i) the order of priority of deposits set forth in the Indenture, (ii) the priority of the application of funds following an Event of Default as set forth in the Indenture, (iii) the definition of Operating Expenses, (iv) any of the rights or interests of the Commodity Swap Counterparty, the Interest Rate Swap Counterparty (if any) or the Energy Supplier, as purchaser under the Receivables Purchase Provisions, granted in the Indenture or in the CCCFA Commodity Swap, the Interest Rate Swap or the Receivables Purchase Provisions, as the case may be, or (v) the provisions of the Indenture regarding the sale by the Trustee of Put Receivables (A) in each case unless the prior written consent of the Commodity Swap Counterparty has been obtained, and the Commodity Swap Counterparty shall have full right to enforce this provision, and (B) in the case of clause (iv) of this paragraph (e), unless the prior written consent of the Interest Rate Swap Counterparty and/or the Energy Supplier, as applicable, has been obtained.

(Section 10.03)

POWERS OF AMENDMENT

Any modification or amendment of the Indenture and of the rights and obligations of the Issuer and of the Holders of the Bonds thereunder may be made by a Supplemental Indenture, subject to the provisions of the Indenture, with the written consent given as provided in in the Indenture of the Holders of not less than a majority in principal amount of Outstanding Bonds, and (b) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of Outstanding Bonds of the particular maturity entitled to such Sinking Fund Installment; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like maturity remain Outstanding (or have become subject to mandatory purchase) the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section entitled "Powers of Amendment;" and provided further, however, that if such modification or amendment would adversely affect the Interest Rate Swap Counterparty, such modification or amendment shall be subject to the prior written consent of the Interest Rate Swap Counterparty. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of the provisions of the Indenture described in this paragraph, the Bonds shall be deemed to be affected by a modification or amendment of the Indenture if

the same adversely affects or diminishes the rights of the Holders of Bonds in any material respect. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds would be materially affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Issuer and all Holders of Bonds. For purposes of this section entitled “Powers of Amendment,” the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale.

(Section 11.02)

DEFEASANCE

(a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and in the Indenture and shall pay or cause to be paid all amounts due or to become due to the Interest Rate Swap Counterparty under the Interest Rate Swap, then the pledge of all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and be discharged and satisfied except for remaining rights of registration of transfer and exchange of Bonds; provided, however, that the Indenture shall not be discharged until (i) the Issuer shall have paid and satisfied all claims, charges and expenses that constitute Operating Expenses under the Indenture, (ii) the Trustee shall have received an Opinion of Counsel to the effect that all conditions precedent to the satisfaction and discharge of the Indenture have been fulfilled and (iii) receipt by the Trustee of a Rating Confirmation. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Issuer all moneys or securities held by them pursuant to the Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Issuer to the Holders of such Bonds shall thereupon cease, terminate and be discharged and satisfied except for remaining rights of registration of transfer and exchange of Bonds.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph (a). In addition, any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the above paragraph (a) upon compliance with the provisions of the below paragraph (c).

(c) Subject to the provisions of the Indenture described in paragraph (d) below, any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above of under this section entitled “Defeasance” if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee irrevocable written instructions accepted in writing by the Trustee to mail as provided in Article IV notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Issuer or purchased or otherwise acquired by the Issuer and delivered to the Trustee as thereafter provided prior to the mailing of such notice of redemption) on said date, (ii) there shall have been deposited with the Trustee either moneys (including moneys withdrawn and

deposited pursuant to the Indenture) in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds (with such interest being calculated at the Maximum Rate with respect to any Bonds with interest rates that are not fixed to their redemption or maturity date, as applicable) on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable written instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last Business Day of the month preceding the month for which notice is mailed that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance” and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of paragraph (d) below of this section entitled “Defeasance,” to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Issuer or purchased or otherwise acquired by the Issuer and delivered to the Trustee as provided in the Indenture prior to the mailing of the notice of redemption referred to in clause (i)). Any notice of redemption mailed pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to the provisions of the Indenture described under this section entitled “Defeasance” to the retirement of said Bonds in amounts equal to the unsatisfied balances (determined as provided in the Indenture) of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in the Indenture. The Trustee shall, if so directed by the Issuer (A) prior to the maturity date of Bonds deemed to have been paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance” which are not to be redeemed prior to their maturity date or (B) prior to the mailing of the notice of redemption referred to in clause (i) above with respect to any Bonds deemed to have been paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance” which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and, the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds (or the deemed cancellation thereof) shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Bonds (calculated as described above), in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (1) prior to the maturity date of Bonds deemed to have been paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance” which are not to be redeemed prior to their maturity date or (2) prior to the mailing of the notice of redemption referred to in clause (i) with respect to any Bonds deemed to have been paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance” which are to be redeemed on any date prior to their maturity, the Issuer shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by written directions from the Issuer to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance.” The directions given by the Issuer to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled or deemed cancelled to be applied against the obligation of the Trustee

to pay Bonds deemed paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance” upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and cancelled or deemed cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with the provisions of the Indenture described under this section entitled “Defeasance” on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations or deemed cancellations of Bonds as provided in the provisions of the Indenture described under this section entitled “Defeasance” the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under the provisions of the Indenture described under this section entitled “Defeasance” is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy clause (ii) of this paragraph (c) of this section entitled “Defeasance,” the Trustee shall, if requested by the Issuer, in writing pay the amount of such excess to the Issuer free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under the Indenture. Except as otherwise provided in paragraphs (c) and (d) of this section entitled “Defeasance,” neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the provisions of the Indenture described under this section entitled “Defeasance” nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (x) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Issuer as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Indenture, and (y) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Qualified Investments maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under the Indenture. Notwithstanding anything contained in the Indenture to the contrary, the Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against Defeasance Securities or the principal and interest received on Defeasance Securities.

(d) Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years (or, if shorter, one Business Day before such moneys would escheat to the State under then applicable State law) after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the Written Request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Issuer for the payment of such Bonds; provided, however, that before being required to make any such payment to the Issuer the Fiduciary shall, at the expense of the Issuer, cause to be published at least twice, at an interval of not less than seven days between publications, in the Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Issuer.

(Section 12.01)

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APPENDIX D
FORM OF CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

July 25, 2025

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by California Community Choice Financing Authority (“CCCFA”) in connection with the issuance of its \$1,005,685,000 Clean Energy Project Revenue Bonds Series 2025D (Green Bonds) (Term Rate), (the “*Bonds*”). The Bonds are being issued pursuant to a Trust Indenture, dated as of July 1, 2025 (the “*Indenture*”), between CCCFA and U.S. Bank Trust Company, National Association, as trustee.

In consideration of the issuance of the Bonds by CCCFA and the purchase of such Bonds by the beneficial owners thereof, CCCFA covenants and agrees as follows:

1. Purpose of This Agreement. This Agreement is executed and delivered by CCCFA as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). CCCFA represents that it will be the only “obligated person” within the meaning of the Rule with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after the issuance of the Bonds.

2. Definitions. (a) The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means collectively, the audited financial statements of CCCFA and the Project Participant, each prepared pursuant to the standards and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by CCCFA and which has filed with CCCFA a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Energy Supplier*” means Energy Prepay III, LLC, a Delaware limited liability company and its successors and permitted assigns.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Final Official Statement*” means the Final Official Statement dated July 15, 2025, relating to the Bonds.

“*Financial Obligation*” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of an obligation or instrument described in clause (a) or (b) of this definition; provided however, the term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Ledger Event*” has the meaning assigned to such term in Exhibit C to the Prepaid Energy Sales Agreement.

“*Monthly Ledger Report*” means the copies of the ledgers maintained by the Energy Supplier pursuant to Exhibit C of the Prepaid Energy Sales Agreement and delivered each month to CCCFA pursuant to Section 9(b) of such Exhibit.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Non-Private Business Sales Ledger*” and “*Private Business Sales Ledger*” have the meanings assigned to such terms in Exhibit C to the Prepaid Energy Sales Agreement.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Prepaid Energy Sales Agreement*” means the Prepaid Energy Sales Agreement dated as of July 15, 2025 between the Energy Supplier and CCCFA.

“*Project Participant*” means San Diego Community Power.

“*Reportable Event*” means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

“*Reportable Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*Undertaking*” means the obligations of CCCFA pursuant to Sections 4 and 5.

(b) Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

3. CUSIP Numbers. The CUSIP Numbers of the Bonds are as follows:

MATURITY	AMOUNT	CUSIP NUMBER
July 1, 2030	\$5,910,000	13013JGG5
January 1, 2031	7,835,000	13013JGH3
July 1, 2031	7,895,000	13013JGJ9
January 1, 2032	8,230,000	13013JGK6
July 1, 2032	8,480,000	13013JGL4
January 1, 2033	8,645,000	13013JGM2
July 1, 2033	8,730,000	13013JGN0
January 1, 2034	9,080,000	13013JGP5
July 1, 2034	9,175,000	13013JGQ3
October 1, 2055	931,705,000	13013JGR1

CCCFA will include the CUSIP Numbers (or applicable CUSIP Number) in all disclosure described in Sections 4 and 5 of this Agreement.

4. Annual Financial Information Disclosure. Subject to Section 9 of this Agreement, CCCFA hereby covenants that it will disseminate or cause to be disseminated on its behalf its Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, CCCFA will disseminate a statement to such effect as part of the Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Reportable Events Disclosure. Subject to Section 8 of this Agreement, CCCFA hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to “material” in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier

than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. Consequences of Failure of CCCFA to Provide Information. CCCFA shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of CCCFA to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause CCCFA to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause CCCFA to provide the information as required by this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of CCCFA to comply with this Agreement shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Agreement, CCCFA by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation pursuant to a “no-action” letter issued by the Commission, change in law, or change in the identity, nature, or status of CCCFA, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with CCCFA (such as the Trustee), or by approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment.

In the event that the Commission, the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, CCCFA shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. Termination of Undertaking. The Undertaking of CCCFA shall be terminated hereunder if CCCFA no longer has any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. CCCFA shall give notice to EMMA in a timely manner if this Section is applicable.

9. Dissemination Agent. CCCFA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Agreement shall be deemed to prevent CCCFA from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If CCCFA chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, CCCFA shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event. If the name of CCCFA is changed, CCCFA shall disseminate such information to EMMA.

11. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of CCCFA, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. Recordkeeping. CCCFA shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Assignment. CCCFA shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of CCCFA under this Agreement or to execute an Undertaking under the Rule.

14. Governing Law. This Agreement shall be governed by the laws of the State of California.

CALIFORNIA COMMUNITY CHOICE FINANCING
AUTHORITY

By _____
Its Treasurer/Controller

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data with respect to the Clean Energy Project, including:

- (a) with respect to the Project Participant updated information under the headings “Customers – General,” “Customers – Customer Opt-Out Rate and Customer Retention,” “Service Rates – Current and Historical Rate Information,” and “Sources of Energy – Energy Purchases” set forth APPENDIX A to the Official Statement;
- (b) the quantities of Energy from the Clean Energy Project sold by CCCFA, whether to the Project Participant or others; and
- (c) such other information and data as CCCFA may deem necessary in order to comply with the requirements of the Rule.

“*Audited Financial Statements*” means the audited financial statements of CCCFA and the Project Participant, in each case for the most recent fiscal year (commencing with the fiscal year ended December 31, 2024 for CCCFA, and commencing with the fiscal year ended June 30, 2025 for the Project Participant), in each case prepared in accordance with generally accepted accounting principles as promulgated to comply with governmental entities from time to time (or such other accounting principles as may be applicable to CCCFA and the Project Participant, as the case may be, in the future pursuant to applicable law).

All or a portion of the Annual Financial Information and the Audited Financial Statements set forth above may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available on EMMA. The final official statement need not be available from the Commission. CCCFA shall clearly identify each such item of information included by reference.

Annual Financial Information with respect to the Project Participant will be submitted to EMMA by 200 days after end of the Project Participant’s fiscal year, commencing with its fiscal year ending June 30, 2025.

Annual Financial Information with respect to CCCFA (*i.e.*, the information described in clauses (b) and (c) of the definition of Annual Financial Information) will be submitted to EMMA by 200 days after end of CCCFA’s fiscal year, commencing with its Fiscal Year ending December 31, 2025.

Audited Financial Statements as described above should be filed at the same times as the Annual Financial Information for the Project Participant and CCCFA. If Audited Financial Statements are not available when such Annual Financial Information is filed, unaudited financial statements shall be included. Audited Financial Statements will be submitted to EMMA no later than 30 days after availability to CCCFA.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, CCCFA will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of CCCFA*
13. The consummation of a merger, consolidation, or acquisition involving CCCFA or the sale of all or substantially all of the assets of CCCFA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

15. Incurrence of a Financial Obligation of CCCFA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of CCCFA, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of CCCFA, any of which reflect financial difficulties
17. The receipt by CCCFA of a Monthly Ledger Report that includes a credit to any Non-Private Business Sales Ledger or any Private Business Sales Ledger that has not been reversed within twelve months of the date of such credit
18. The receipt by CCCFA of a Monthly Ledger Report that shows that a Ledger Event has occurred

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

July 25, 2025

California Community Choice Financing Authority
San Rafael, California

California Community Choice Financing Authority
Clean Energy Project Revenue Bonds, Series 2025D (Term Rate)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Community Choice Financing Authority (the “Issuer”) in connection with the issuance of \$1,005,685,000 aggregate principal amount of California Community Choice Financing Authority Clean Energy Project Revenue Bonds, Series 2025D (Term Rate) (the “Bonds”), issued pursuant to a Trust Indenture, dated as of July 1, 2025 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Indenture provides that the Bonds are issued for the stated purpose of financing the Cost of Acquisition of the Clean Energy Project. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Energy Purchase Agreement, the Power Supply Contract, the Commodity Swap, the Seller Swap (as defined in the Energy Purchase Agreement), the Tax Certificate and Agreement, dated the date hereof (the “Tax Certificate”), of the Issuer, opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the Issuer and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Energy Purchase Agreement, the Power Supply Contract, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Energy Purchase Agreement, the Power Supply Contract, the Commodity Swap, the Seller Swap, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Issuer in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off,

arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, including without limitation the pledge of the Commodity Swap Payment Fund and the amounts and investments on deposit therein in favor of the Commodity Swap Counterparty.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX F

FORM OF SECOND PARTY OPINION REGARDING GREEN BOND DESIGNATION

(Please see attached)

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Second Party Opinion

Issuer:	California Community Choice Financing Authority
Borrower:	San Diego Community Power
Issue Description:	Clean Energy Project Revenue Bonds Series 2025D (Green Bonds)
Project:	Clean Energy Project
Green Standard:	ICMA Green Bond Principles
Green Category:	Renewable Energy
Keywords:	Renewable energy, community choice aggregator, decarbonizing, power sector transition, distributed energy resources, resilience. net zero aligned, greenhouse gas emissions reduction, solar, San Diego County, California ✓ Resilient Infrastructure
Par:	\$1,005,685,000
Evaluation Date:	June 26, 2025

GREEN BONDS DESIGNATION

Kestrel, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Clean Energy Project Revenue Bonds, Series 2025D (Green Bonds) (the “Bonds”) to evaluate conformance with the Green Bond Principles (June 2021 with June 2022 Appendix 1) established by the International Capital Market Association. Our team for this engagement included analysts with experience in sustainability and environmental science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Bonds with the Green Bond Principles. In our opinion, the Bonds are impactful, net zero aligned, conform with the four core components of the Green Bond Principles, and qualify for Green Bonds designation.

ABOUT THE ISSUER

California Community Choice Financing Authority (“CCCFA”) is a joint powers authority established in 2021 comprising community choice aggregators in California, including its founding members: Clean Power Alliance of Southern California, Ava Community Energy Authority, Silicon Valley Clean Energy Authority, Marin Clean Energy, and Central Coast Community Energy.¹ CCCFA was incorporated and organized for a

¹ CCCFA has six associate member agencies, including San Diego Community Power.

variety of purposes, including to issue tax-advantaged bonds to finance prepayments for electricity. This innovative strategy can help community choice aggregators remain cost-competitive with other utilities.

ABOUT THE BORROWER

San Diego Community Power (“SDCP”), a joint powers authority, is a community choice aggregator (“CCA”) and the beneficiary of the Bonds issued by CCCFA. Community choice aggregators are locally controlled not-for-profit energy providers. The primary purpose of a CCA is to provide communities with more clean energy options, meet regional climate action goals, ensure local accountability and transparency, and spur economic development. As of 2025, 10 states have authorized community choice aggregators.²

SDCP was formed in 2019 to provide affordable clean energy and invest in communities in the San Diego Region to create an equitable and sustainable future. SDCP is the second largest CCA in California and serves nearly 1 million customers in the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, National City, San Diego, and unincorporated areas of San Diego County. Electricity acquired by SDCP is delivered through transmission and distribution infrastructure managed by San Diego Gas and Electric. SDCP has committed to provide 100% renewable energy to its customers by 2035. In 2024, approximately 59% of energy delivered to customers was renewable. Customers of SDCP choose from four service options:

- **PowerBase:** 45% renewable energy
- **PowerOn:** 50% renewable energy
- **Power100:** 100% renewable energy content
- **Power 100 Green+:** 100% renewable energy content and Green-e® certified³

Carbon-free and renewable energy delivered through SDCP is crucial for meeting emission reduction targets adopted by San Diego County and the City of San Diego. San Diego County, the second largest county in California, has completed a *Climate Action Plan* with a goal to achieve net zero carbon emissions by 2045. The City of San Diego, the second largest city in California, has completed the *2022 Climate Action Plan*⁴ and the *2023 Climate Action Implementation Plan*,⁵ which outline goals and strategies for the city to reach carbon neutrality by 2035. In addition, the City of San Diego has a goal that all SDCP customers will enroll in the 100% renewable energy service option by 2035.

² “Community Choice Aggregation,” US Environmental Protection Agency, accessed May 29, 2025, <https://www.epa.gov/green-power-markets/community-choice-aggregation>.

³ Green-e® is a certification program of the Center for Resource Solutions that verifies generation of electricity from wind, solar, geothermal, and certain hydroelectric and biomass sources. Only new facilities built within the past 15 years are eligible for certification. Sellers of Green-e® Energy Certified renewable electricity are reviewed twice a year to verify conformance with eligibility criteria. Green-e® Energy Certification is sometimes required by green building standards, such as the US Green Building Council LEED certification.

⁴ “Climate Action Plan,” City of San Diego, 2022, https://www.sandiego.gov/sites/default/files/san_diegos_2022_climate_action_plan_0.pdf.

⁵ “Climate Action Implementation Plan,” City of San Diego, Draft, March 2023, https://www.sandiego.gov/sites/default/files/draft_climate_action_implementation_plan_022823.pdf.

In addition to the core mission of increasing access to clean energy, SDCP administers programs to increase renewable energy generation, improve energy efficiency, and expand education about the energy transition. Programs include:

- **Solar Battery Savings Program:** This program provides a financial incentive for single-family homeowners to install solar and battery storage on their homes and a performance incentive that encourages use of their batteries during peak periods.
- **Feed-in Tariff:** SDCP can purchase electricity from small-scale, distributed renewable generating systems within its service territory. Bonus incentives are available to local businesses and certain public systems to increase renewable energy adoption in disadvantaged communities.
- **Community Clean Energy Grant Program:** SDCP partners with San Diego Foundation to award grants to support local clean energy projects and programs. Recipient organizations in 2024 included Chula Vista Elementary School District, Suncoast Market Cooperative, La Mesa Park & Recreation Foundation, Ocean Discovery Institute and Climate Action Campaign.
- **Solar for Communities:** This program offers a 20% discount on utility bills for residential customers in disadvantaged communities to receive 100% clean energy from new local solar projects.
- **San Diego Regional Energy Network:** SDCP partners with San Diego County to administer a portfolio of decarbonization and energy efficiency programs geared toward single-family and multi-family housing, commercial businesses, Tribal governments, and workforce development.

To enhance its programs, SDCP created a five-year strategic plan known as the *Community Power Plan* (“*Plan*”).⁶ The organization engaged in extensive community outreach through in-person events and online surveys to shape priorities, gathering over 3,000 unique survey responses, about half of which came from low-income or disadvantaged communities.

The *Plan* is the foundational document that informs SDCP’s Capital Investment Plan (“CIP”),⁷ which uses input received during community needs assessments and other efforts conducted during development of the *Plan* to propose individual capital projects, major equipment purchases and major programs in the next five years. In the years ahead, SDCP will continue to build programs and incentives that align with customer and grid needs and expand access to clean energy. The CIP recommends nine programs for implementation in the next five years. Key areas of focus include:

- Energy Awareness and Education
- Disadvantaged Communities Green Tariff
- Distributed Energy Resources
- Energy Efficiency

These programs amplify the positive environmental and social impacts of SDCP operations, support affordability initiatives, advance credible and ambitious decarbonization targets, and improve climate resiliency for communities in San Diego County.

⁶ “Community Power Plan,” San Diego Community Power, May 2023, https://sdcommunitypower.org/wp-content/uploads/2023/06/CPP_EN.pdf.

⁷ “FY 2026-2030 Capital Investment Plan,” San Diego Community Power, June 2025, <https://sdcommunitypower.org/wp-content/uploads/2020/12/BOD-packet-06262025-3.pdf>.

ALIGNMENT TO GREEN STANDARDS⁸

Use of Proceeds

The Bonds finance prepayment of electricity from renewable and carbon-free sources for the benefit of SDCP. The prepayment will provide electricity to SDCP for 30 years from a suite of renewable and carbon-free facilities and projects, referred to as the “Clean Energy Project.” This is an eligible project as defined by the Green Bond Principles in the *Renewable Energy* project category.



The Clean Energy Project

Electricity will be sourced from solar and purchased from an intermediary, the Clean Power Alliance of Southern California (“Clean Power Alliance”) between July 1, 2025 and June 30, 2035 (Table 1). Clean Power Alliance is also a community choice aggregator. The power delivered by Clean Power Alliance each month will be sourced from excess renewable power in the portfolio of Southern California Edison (“SCE”), an investor-owned utility. SCE has excess resources in long-term generation contracts that were acquired before customers switched from SCE to alternative electric utilities such as community choice aggregators.

The transaction structure allows SDCP to use tax-exempt financing to reduce the cost of procuring energy and expands affordable access to renewable power for residential and commercial customers. Details of the financing structure are discussed in the Official Statement.

Table 1. Clean Energy Project Power Purchase Agreements (“PPAs”)

Project Name	PPA Term	Project Type	Average Annual Contracted Quantity ⁹	Greenhouse Gas Emissions Intensity
Clean Energy Project	10 Years	Solar	838,000 MWh	0 lb CO ₂ e/MWh

The Prepaid Energy Sales Agreement has a 30-year term. In alignment with the SDCP commitment to deliver 100% renewable energy to customers by 2035, it is expected that all electricity delivered to SDCP through the life of the Prepaid Energy Sales Agreement will be derived from renewable or zero carbon sources. Existing or prospective PPAs may be assigned to the Clean Energy Project. The Prepaid Energy Sales Agreement includes backup provisions in case any of the assigned PPAs projects fail to deliver energy, whereby equivalent replacement power or power from California’s electric grid will be substituted.

Absence of Double Counting

Multiple series of Green Bonds have been issued since 2023 to finance prepayments for renewable energy for the intermediary, Clean Power Alliance. Based on constraints in the Clean Energy Purchase Contract related to SDCP’s 2025D transaction, none of the prepayments assigned to Clean Power Alliance’s previous Green Bonds may be used to meet obligations to SDCP, and therefore the opportunity for double counting of green assets is removed. Energy resources purchased by SDCP are separate and distinct from the resources financed by Clean Power Alliance’s previous Green Bonds.

⁸ Green Bonds are any type of debt instrument where the proceeds will be exclusively applied to finance or refinance eligible Green Projects which are aligned with the four core components of ICMA Green Bond Principles.

⁹ Approximate value

Net Zero Alignment

Net zero aligned bonds finance activities that advance credible goals to reach net zero greenhouse gas emissions by 2050 or sooner. The Clean Energy Project supports SDCP's goal to provide 100% renewable energy to customers by 2035. Providing an option to purchase 100% renewable energy enables member communities such as the City of San Diego and San Diego County to meet greenhouse gas emission reduction goals.

Reliability and Resilience

SDCP's programs and the financed activities strengthen the power grid to mitigate both transitional and physical climate risks. Integrating renewable resources is crucial for transitioning to a cleaner energy system. Distributed energy resources can enhance grid resilience by providing backup power during outages. Through programs such as the Solar Battery Storage Program which encourages residents to install and use battery storage at key times, SDCP is expanding distributed energy resources, enhancing grid reliability, and contributing to the state's goal of shifting 7,000 MW of electricity demand to off-peak hours by 2030.

Process for Project Evaluation and Selection

San Diego Community Power

In order to fulfill its mission to provide affordable clean energy and create an equitable and sustainable future in the San Diego region, SDCP established energy procurement criteria that prioritize environmental stewardship, cost-effectiveness, community benefits, project location and development, and positive impacts to local jobs and economy. Environmental impacts of generation infrastructure are also considered. For example, projects that incorporate brownfield redevelopment and solar developments with best practices to minimize soil displacement may be prioritized.

The Integrated Resource Plan¹⁰ ("IRP") is the primary SDCP planning document for long-term priorities and strategies. As required by state law, the IRP must be certified by the California Public Utilities Commission every two years. The IRP includes information about how SDCP intends to meet statewide clean energy requirements, maintain grid reliability, and remain cost competitive.

California Community Choice Financing Authority

As a conduit issuer, CCCFA is authorized through the California Joint Exercise of Powers Act to issue bonds that finance eligible Clean Energy Projects. CCCFA holds the rights over financing and refinancing of the energy prepayment through tax-advantaged bonds. Although CCCFA is not responsible for selecting or negotiating PPAs for specific members, CCCFA is obligated to confirm, and has confirmed eligibility of financed activities in accordance with its authorized activities as a joint powers authority.

¹⁰ "San Diego Community Power 2022 Integrated Resource Plan," San Diego Community Power, November 2022, https://sdcommunitypower.org/wp-content/uploads/2022/11/sdcp_irp_public_v1.pdf.

Management of Proceeds

Bond proceeds will be solely allocated to finance prepayment for renewable energy, pay capitalized interest and pay costs of issuance. Upon closing, CCCFA will immediately acquire a commitment to a 30-year supply of renewable electricity through the energy supplier, Energy Prepay III, LLC, for the sole benefit of SDCP. While proceeds delivered to Energy Prepay III, LLC may be comingled with other funds before payment for renewable or carbon-free energy, over the terms of the contracts, the total amount is required to be used exclusively to acquire eligible renewable energy supplies. In Kestrel's view, this management of proceeds through a third party retains alignment with market standards while enabling rapid expansion of renewable energy contracts. Ultimately, this transaction structure enables acquisition of renewable and carbon-free electricity and is an exemplary, cost-saving model for electric utilities to follow.

Reporting

In California, community choice aggregators ("CCAs") such as SDCP are considered Electric Load-Serving Entities and are therefore subject to Power Source Disclosures, renewable portfolio standards, and reliability standards set forth by the California Public Utilities Commission and the California Energy Commission ("CEC"). Reporting is described below.

Reporting Type	Description
Power Source Disclosures	Power Source Disclosure is managed by the California Energy Commission and CCAs are required to report energy sources used for retail sales. Pursuant to this, SDCP provides a Power Source Disclosure that details all energy procurement activities, including the power purchase agreements. Greenhouse gas emissions are calculated based on the CEC template and are reflected on the Power Content Label. These disclosures are made available on the CEC website: energy.ca.gov/programs-and-topics/programs/power-source-disclosure .
Renewable Portfolio Standard	As required by the California Energy Commission, CCAs submit annual reports that describe progress toward meeting the California Renewable Portfolio Standard including annual and long-term renewable energy contracting requirements. ¹¹
Integrated Resource Plan	SDCP regularly submits an Integrated Resource Plan to the California Public Utilities Commission. ¹² The Plan provides a roadmap for meeting statewide requirements for greenhouse gas emission reduction within the electric sector.
Annual Report on Renewables Target	SDCP provides annual reports to its Board of Directors on progress toward the 100% renewable energy by 2035 target. ¹³

¹¹ "Renewables Portfolio Standard – Verification and Compliance," California Energy Commission, accessed May 29, 2025, <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard/renewables-portfolio-standard>.

¹² "Integrated Resource Plan and Long Term Procurement Plan (IRP-LTPP)," California Public Utilities Commission, accessed May 29, 2025, <https://www.cpuc.ca.gov/irp/>.

¹³ "100 Percent Renewable Energy by 2035 Policy," San Diego Community Power, Effective March 23, 2023, <https://sdcommunitypower.org/wp-content/uploads/2023/02/Item-12b-SDCP-100-Renewable-Energy-by-2035-Policy-c1.pdf>.

In connection with the Bonds, Kestrel will provide at least one post-issuance report with updates on the Clean Energy Project including greenhouse gas emissions intensity of PPAs, and confirming continued alignment with the Green Bond Principles.

CCCFA will also submit continuing financial disclosures to the Municipal Securities Rulemaking Board ("MSRB") as long as the Bonds are outstanding, as well as reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access ("EMMA") system operated by the MSRB.

ALIGNMENT WITH UN SDGs



The Bonds support and advance the vision of the United Nations Sustainable Development Goals ("UN SDGs"), including:



Affordable and Clean Energy (Targets 7.1, 7.2)

Clean and renewable electricity for SDCP customers through prepayments for renewable energy



Industry, Innovation and Infrastructure (Targets 9.1, 9.4)

Expanded clean energy production and reduced greenhouse gas emissions



Sustainable Cities and Communities (Target 11.6)

Increased use of renewable energy which contributes to improved air quality



Climate Action (Target 13.2)

Renewable energy alternatives to avoid greenhouse gas emissions

Full text of the Targets for these Goals is on the United Nations website: un.org/sustainabledevelopment

CONCLUSION

Based on our independent external review, the Clean Energy Project Revenue Bonds Series 2025D (Green Bonds) are impactful, net zero aligned, conform, in all material respects, with the Green Bond Principles (2021) and are in complete alignment with the *Renewable Energy* project category. By expanding access to cost-competitive renewable energy, San Diego Community Power is demonstrating leadership in decarbonizing the power sector and enabling progress toward state and local greenhouse gas emission reduction goals. Mitigation of greenhouse gas emissions improves public health and reduces negative impacts of climate change.

KESTREL SUSTAINABILITY SCORES™

Project Information	
Subsector	Community Choice Aggregator
Sector	Electric Utility
Project Status	N/A

Sustainability Benchmarks	
Composite Score	5.00 out of 5.00
Rank *	Top 1%

*Compared to all bonds scored in the electric utility sector (n = 416). To learn more about benchmarking with Kestrel Sustainability Analysis and Scores, including additional data fields not shown here, visit kestrelsg.com.

Sustainability Scores (out of 5)		Weight in Composite Score Calculation
Environmental	5.00	55%
Social	5.00	25%
Transparency	5.00	20%

Score Rationale		
Environmental	Renewable Energy	34%
Social	Equitable Access to Essential Services	29%
	Safe & Healthy Communities	17%
Transparency	Disclose Activities, Impacts & Risks	20%

Climate Risk Strategies	
Resilient Infrastructure	Grid flexibility, battery storage, and distributed energy resources
Renewable Energy	Yes

This bond was evaluated on 6/19/2025 and reference data for benchmarking was accessed on 6/12/2025. Kestrel Sustainability Scores of bonds for which Kestrel has provided a Second Party Opinion are fixed for a minimum period of one year from the date of our Opinion. During this period, scores will not be changed. Afterward, scores may be updated, including when Kestrel prepares a Post-Issuance Report.

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About

Kestrel Sustainability Intelligence™ for municipal markets helps set the market standard for sustainable finance. We do this through verification and our comprehensive Sustainability Analysis and Scores.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We evaluate transactions in public and private markets for conformance with international green and social bond standards.

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Verification Team

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- Matt Michel, PhD - Senior Sustainability Analyst
- Monica Reid - CEO

Disclaimer

This Opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information that was provided by CCCFA or SDCP or made publicly available by CCCFA or SDCP and relied upon by Kestrel only during the time of this engagement (May – July 2025), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Green Bonds. It was beyond Kestrel's scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel is for informational purposes only, is current as of the Evaluation Date, and does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of CCCFA or SDCP, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel. Kestrel reserves the right to revoke or withdraw this Opinion at any time. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in CCCFA or SDCP or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

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APPENDIX G

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of the Bonds exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested

by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to CCCFA of securities as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and payments of principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from CCCFA or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, CCCFA or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of CCCFA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

CCCFA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates are required to be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that CCCFA believes to be reliable, but CCCFA takes no responsibility for the accuracy thereof.

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APPENDIX H

REDEMPTION PRICE OF THE BONDS

The following table sets forth the Redemption Price of the Bonds (being the Amortized Value of the Series 2025D Bonds, but excluding accrued interest, upon an extraordinary mandatory redemption following an early termination of the Prepaid Energy Sales Agreement, as of the redemption dates shown below during the Initial Interest Rate Period.

REDEMPTION DATE	REDEMPTION PRICE	REDEMPTION DATE	REDEMPTION PRICE
9/1/2025	1,026,925,339.15	3/1/2030	1,016,627,123.70
10/1/2025	1,026,737,125.95	4/1/2030	1,016,404,723.05
11/1/2025	1,026,577,805.95	5/1/2030	1,016,201,934.45
12/1/2025	1,026,428,720.05	6/1/2030	1,016,009,510.90
1/1/2026	1,026,290,008.95	7/1/2030	1,015,836,762.50
2/1/2026	1,026,080,322.40	8/1/2030	1,009,678,705.05
3/1/2026	1,025,881,081.80	9/1/2030	1,009,440,904.40
4/1/2026	1,025,691,999.70	10/1/2030	1,009,222,927.40
5/1/2026	1,025,522,813.50	11/1/2030	1,009,024,251.80
6/1/2026	1,025,372,987.80	12/1/2030	1,008,836,252.65
7/1/2026	1,025,233,660.05	1/1/2031	1,008,658,510.20
8/1/2026	1,025,014,090.70	2/1/2031	1,000,580,577.00
9/1/2026	1,024,814,231.80	3/1/2031	1,000,338,657.60
10/1/2026	1,024,624,852.95	4/1/2031	1,000,125,564.20
11/1/2026	1,024,454,776.10	5/1/2031	999,922,795.65
12/1/2026	1,024,295,007.05	6/1/2031	999,730,206.35
1/1/2027	1,024,155,018.45	7/1/2031	999,557,277.60
2/1/2027	1,023,934,748.50	8/1/2031	991,415,360.85
3/1/2027	1,023,724,858.00	9/1/2031	991,187,678.60
4/1/2027	1,023,534,759.20	10/1/2031	990,961,039.95
5/1/2027	1,023,354,817.35	11/1/2031	990,763,222.70
6/1/2027	1,023,194,498.65	12/1/2031	990,575,414.00
7/1/2027	1,023,044,589.45	1/1/2032	990,407,106.45
8/1/2027	1,022,823,588.65	2/1/2032	981,925,261.80
9/1/2027	1,022,603,648.25	3/1/2032	981,693,116.00
10/1/2027	1,022,412,762.40	4/1/2032	981,470,892.65
11/1/2027	1,022,232,260.50	5/1/2032	981,268,011.15
12/1/2027	1,022,061,832.80	6/1/2032	981,084,462.45
1/1/2028	1,021,911,196.10	7/1/2032	980,911,111.45
2/1/2028	1,021,680,484.75	8/1/2032	972,184,009.00
3/1/2028	1,021,469,010.90	9/1/2032	971,946,848.05
4/1/2028	1,021,267,999.30	10/1/2032	971,728,851.25
5/1/2028	1,021,077,655.25	11/1/2032	971,530,282.30
6/1/2028	1,020,906,591.35	12/1/2032	971,341,656.65
7/1/2028	1,020,755,152.40	1/1/2033	971,162,785.50
8/1/2028	1,020,514,391.70	2/1/2033	962,274,655.50
9/1/2028	1,020,292,965.20	3/1/2033	962,041,199.70
10/1/2028	1,020,091,333.75	4/1/2033	961,817,684.45
11/1/2028	1,019,900,170.95	5/1/2033	961,613,251.25
12/1/2028	1,019,728,308.15	6/1/2033	961,427,896.60
1/1/2029	1,019,567,003.00	7/1/2033	961,252,486.00

2/1/2029	1,019,325,496.85	8/1/2033	952,273,858.20
3/1/2029	1,019,103,408.90	9/1/2033	952,035,003.35
4/1/2029	1,018,891,820.35	10/1/2033	951,815,146.75
5/1/2029	1,018,699,804.00	11/1/2033	951,614,288.40
6/1/2029	1,018,518,162.30	12/1/2033	951,423,203.00
7/1/2029	1,018,355,979.30	1/1/2034	951,241,890.55
8/1/2029	1,018,104,334.00	2/1/2034	941,879,167.80
9/1/2029	1,017,881,638.65	3/1/2034	941,615,446.15
10/1/2029	1,017,660,005.20	4/1/2034	941,389,267.95
11/1/2029	1,017,467,336.35	5/1/2034	941,191,224.40
12/1/2029	1,017,275,252.65	6/1/2034	941,021,499.00
1/1/2030	1,017,112,535.60	7/1/2034	940,880,000.00
2/1/2030	1,016,860,064.95		

APPENDIX I

SCHEDULE OF TERMINATION PAYMENTS

The Termination Payment for any Early Termination Payment Date will be the amount set forth below in the column corresponding to the month in which the Early Termination Date occurs. In the event that the Early Termination Date occurs on other than the last day of a month, the Termination Payment will be increased by an amount equal to the product of (a) the Monthly Projected Quantity for such Month, minus the quantity of Energy required to have been delivered in such Month prior to the effectiveness of such Early Termination Date, multiplied by (b) the result of (i) the applicable Fixed Price (as defined in the CCCFA Commodity Swap), minus (ii) the Specified Discount then in effect. The Early Termination Payment Date is the last Business Day of the Month following the Month of Early Termination.

MONTH OF EARLY TERMINATION	TERMINATION PAYMENT	MONTH OF EARLY TERMINATION	TERMINATION PAYMENT
Jul-2025	982,909,047.04	Jan-2030	1,015,553,417.72
Aug-2025	986,911,188.01	Feb-2030	1,014,489,821.64
Sep-2025	987,934,641.77	Mar-2030	1,012,914,230.43
Oct-2025	988,868,076.96	Apr-2030	1,011,521,215.04
Nov-2025	989,967,262.43	May-2030	1,009,968,176.61
Dec-2025	990,840,096.97	Jun-2030	1,008,494,902.33
Jan-2026	991,723,377.46	Jul-2030	1,006,852,186.64
Feb-2026	992,917,574.49	Aug-2030	1,005,229,294.61
Mar-2026	993,835,086.57	Sep-2030	1,003,805,402.18
Apr-2026	994,868,034.63	Oct-2030	1,002,212,487.99
May-2026	995,811,227.97	Nov-2030	1,000,861,341.29
Jun-2026	996,774,432.39	Dec-2030	999,180,847.22
Jul-2026	997,657,094.57	Jan-2031	997,501,366.95
Aug-2026	998,550,236.81	Feb-2031	996,389,807.29
Sep-2026	999,562,933.73	Mar-2031	994,756,965.29
Oct-2026	1,000,485,685.76	Apr-2031	993,306,513.33
Nov-2026	1,001,583,593.74	May-2031	991,696,023.71
Dec-2026	1,002,445,844.87	Jun-2031	990,158,348.46
Jan-2027	1,003,318,475.46	Jul-2031	988,460,209.51
Feb-2027	1,004,511,655.79	Aug-2031	986,763,114.16
Mar-2027	1,005,418,412.22	Sep-2031	985,274,538.41
Apr-2027	1,006,440,867.28	Oct-2031	983,616,273.01
May-2027	1,007,373,479.17	Nov-2031	982,209,019.54
Jun-2027	1,008,335,252.14	Dec-2031	980,452,426.52
Jul-2027	1,009,197,832.82	Jan-2032	978,715,532.35
Aug-2027	1,010,089,468.06	Feb-2032	977,347,957.04
Sep-2027	1,011,091,739.93	Mar-2032	975,647,814.59
Oct-2027	1,012,003,833.31	Apr-2032	974,139,215.73
Nov-2027	1,013,091,093.19	May-2032	972,461,116.36
Dec-2027	1,013,942,902.92	Jun-2032	970,853,630.41
Jan-2028	1,013,993,013.12	Jul-2032	969,076,387.76
Feb-2028	1,014,307,054.61	Aug-2032	967,318,309.26
Mar-2028	1,014,383,575.21	Sep-2032	965,759,356.81
Apr-2028	1,014,600,829.87	Oct-2032	964,030,649.46
May-2028	1,014,710,974.97	Nov-2032	962,543,207.39

MONTH OF EARLY TERMINATION	TERMINATION PAYMENT	MONTH OF EARLY TERMINATION	TERMINATION PAYMENT
Jun-2028	1,014,858,532.84	Dec-2032	960,723,974.85
Jul-2028	1,014,898,690.38	Jan-2033	958,914,416.52
Aug-2028	1,014,958,642.98	Feb-2033	957,653,893.34
Sep-2028	1,015,155,798.75	Mar-2033	955,880,845.03
Oct-2028	1,015,245,519.99	Apr-2033	954,299,086.04
Nov-2028	1,015,526,552.81	May-2033	952,547,572.91
Dec-2028	1,015,546,630.70	Jun-2033	950,866,165.78
Jan-2029	1,015,586,126.80	Jul-2033	949,014,833.39
Feb-2029	1,016,016,325.86	Aug-2033	947,182,499.26
Mar-2029	1,016,091,174.16	Sep-2033	945,548,861.58
Apr-2029	1,016,297,851.02	Oct-2033	943,745,298.64
May-2029	1,016,397,252.07	Nov-2033	942,183,019.44
Jun-2029	1,016,533,925.34	Dec-2033	940,249,985.82
Jul-2029	1,016,572,814.03	Jan-2034	938,335,953.30
Aug-2029	1,016,612,764.63	Feb-2034	936,998,558.84
Sep-2029	1,016,808,414.35	Mar-2034	935,157,691.84
Oct-2029	1,016,877,914.69	Apr-2034	933,517,353.78
Nov-2029	1,017,157,535.61	May-2034	931,708,809.81 ⁽¹⁾
Dec-2029	1,017,166,649.00		

¹ This amount would also be payable if an Early Termination Date occurs in June 2034 due to a Failed Remarketing.

APPENDIX J

THE FUNDING RECIPIENT

FORETHOUGHT LIFE INSURANCE COMPANY

Forethought Life Insurance Company (“FLIC”) is an Indiana domiciled life insurance company. FLIC is an insurance company operating subsidiary of The Global Atlantic Financial Group LLC (“Global Atlantic”), a leading retirement and life insurance company that provides a broad suite of protection, legacy and savings products to customers and reinsurance solutions to clients across individual and institutional markets. As of March 31, 2025, FLIC had statutory assets of approximately \$62,830 million. As of December 31, 2024, FLIC had total adjusted capital of approximately \$4,436 million.

FLIC is a stock insurance company formed as a corporation in the State of Indiana on July 10, 1986. FLIC’s business I.D. number is 198002-843. The address of its principal business office is 10 West Market Street, Suite 2300, Indianapolis, Indiana, United States.

FLIC’s principal products are fixed-rate and fixed-indexed annuities, referred to together as “fixed annuities,” and FLIC is Global Atlantic’s flagship seller of these policies. FLIC’s annuity products are distributed primarily through a network of distribution partners, including over 200 banks and broker-dealers and over 200 independent insurance agencies. FLIC’s preneed life insurance products are distributed primarily through approximately 2,400 funeral homes. FLIC is licensed in 49 states (all except the state of New York) and the District of Columbia. Within retail markets, FLIC has achieved leading positions, ranking as a top five overall fixed-rate annuity carrier for the twelve months ended December 31, 2024, according to LIMRA, and a top five preneed carrier as of December 31, 2024, based on management estimates.

FLIC is a wholly owned subsidiary of Commonwealth Annuity and Life Insurance Company, a Massachusetts domiciled life insurance company, which in turn is a wholly owned indirect subsidiary of Global Atlantic.

FLIC’s current financial strength ratings are “A” (stable outlook) from S&P, “A” (stable outlook) from A.M. Best, “A” (stable outlook) from Fitch and “A2” (stable outlook) from Moody’s.

FLIC’s unaudited quarterly statutory financial information for the three months ended March 31, 2025, and audited statutory financial information for the year ended December 31, 2024 may be accessed at:

<https://www.globalatlantic.com/financial-statements#1465442030>

Such information is prepared in accordance with the statutory accounting principles applicable to FLIC, which differs in certain respects, some of which may be material, from generally applicable accounting standards in the U.S. This website URL is an inactive textual reference only, and none of the information on such website is included or is incorporated by reference in this Official Statement or otherwise deemed to be a part of this Official Statement and any reference thereto is for information purposes only. Any other materials on Global Atlantic’s website should not be read in connection with this Official Statement.

None of FLIC, Global Atlantic or any of their respective affiliates take any responsibility for any of the information contained in this Official Statement other than the information set forth under APPENDIX J. Under no circumstances is FLIC, Global Atlantic or any of their respective affiliates an obligor or guarantor to pay any amounts due with respect to the Bonds and none will have any liability to any holder with respect thereto.



Glossary

AB – Assembly Bill: An Assembly Bill is a piece of legislation that is introduced in the Assembly. In other words, the Assembly (rather than the Senate) is the bill’s house of origin in the Legislature. In California, it is common for legislation to be referred to by its house of origin number even after it becomes law. However, because bill numbers “reset” and start again from 1 in each legislative session, it is less confusing to include chapter and statute information when referring to a bill that has become law; for example, SB 350 (Chapter 547, Statutes of 2015).

AL - Advice Letter: An Advice Letter is a request by a California Public Utilities Commission (CPUC) jurisdictional entity for Commission approval, authorization or other relief.

ALJ – Administrative Law Judge: ALJs preside over CPUC cases to develop the evidentiary record and draft proposed decisions for Commission action.

ARB – Air Resources Board: The California Air Resources Board (CARB or ARB) is the “clean air agency” in the state government of California. CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

AReM – Alliance for Retail Energy Markets: AReM is a not-for-profit corporation that advocates for continued development of successful customer choice in retail energy markets and provides a focused voice for competitive energy retailers and their customers in select public policy forums at the state level. It represents direct access providers such as Constellation NewEnergy and Direct Energy.

BayREN – Bay Area Regional Energy Network: BayREN offers regionwide energy programs, services and resources to members of the public by promoting energy efficient buildings, reducing carbon emissions and building government capacity.

CAISO – California Independent System

Operator: CAISO is a nonprofit public benefit corporation that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (approximately 80% of California’s electric flow). Its stated mission is to “operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development.” CAISO is regulated by the Federal Energy Regulatory Commission (FERC) and governed by a five-member governing board appointed by the governor.

CalCCA – California Community Choice Association: CalCCA is a statewide association, made up of Community Choice Aggregators (CCAs), that represents the interests of California’s community choice electricity providers.

CALSEIA – California Solar Energy Industries Association: CALSEIA represents more than 200 companies doing solar-related business in California, including manufacturers, distributors, installation contractors, consultants and educators. Members’ annual dues support professional



staff and a lobbyist who represents the common interests of California's solar industry at the Legislature, Governor's Office and state and local agencies.

CALSLA – California City-County Street Light

Association: CALSLA is a statewide association representing cities, counties and towns before the CPUC that is committed to maintaining fair and equitable streetlight electricity rates and facilities charges and disseminating streetlight-related information.

CAM – Cost Allocation Mechanism: CAM is the cost recovery mechanism to cover procurement costs incurred in serving the central procurement function.

CARB – California Air Resources Board: The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

CARE – California Alternative Rates for Energy: CARE is a state program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. It is funded through a rate surcharge paid by all other utility customers.

CBE – Communities for a Better Environment: CBE is an environmental justice organization that was founded in 1978. The mission of CBE is to build people's power in California's communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments.

CCA – Community Choice Aggregator: A community choice aggregator, sometimes referred to as community choice aggregation, is an entity of local governments that procure power on behalf of their residents, businesses and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.

CCSF – City and County of San Francisco: The City and County of San Francisco often engage in joint advocacy before the CPUC. San Francisco operates CleanPowerSF, a CCA.

CEC – California Energy Commission: The CEC is the primary energy policy and planning agency for California, whose core responsibilities include advancing state energy policy, achieving energy efficiency, investing in energy innovation, developing renewable energy, transforming transportation, overseeing energy infrastructure and preparing for energy emergencies.

CEE – Coalition for Energy Efficiency: CEE is a nonprofit composed of U.S. and Canadian energy-efficiency administrators working together to accelerate the development and availability of energy-efficient products and services.



CLECA – California Large Energy Consumers Association: CLECA is an organization of large, high-load factor industrial customers located throughout the state; its members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, food packaging and mining industries and their electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation.

CPUC – California Public Utility Commission: The CPUC is a state agency that regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit and passenger transportation companies, in addition to authorizing video franchises.

C&I – Commercial and Industrial: C&I customers are business customers who generally consume much higher volumes of electricity and gas. Many utilities segment their C&I customers by energy consumption (small, medium and large).

CP – Compliance Period: A Compliance Period is the time period to become Renewables Portfolio Standard (RPS) compliant, set by the California Public Utilities Commission (CPUC).

DA – Direct Access: Direct Access is an option that allows eligible customers to purchase their electricity directly from third-party providers known as Electric Service Providers (ESPs).

DA Cap: The DA Cap is the maximum amount of electric usage that may be allocated to Direct Access customers in California or, more specifically, within an investor-owned utility service territory.

DACC – Direct Access Customer Coalition: DACC is a regulatory advocacy group composed of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

DA Lottery: The DA Lottery is a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently applicable Direct Access Cap.

DA Waitlist: The DA Waitlist consists of customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

DAC – Disadvantaged Community: “Disadvantaged communities” refers to the areas throughout California that most suffer from a combination of economic, health and environmental burdens. These burdens include poverty, high unemployment, air and water pollution and the presence of hazardous wastes as well as high incidences of asthma and heart disease. One way that the state identifies these areas is by collecting and analyzing information from communities statewide. CalEnviroScreen, an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or “disadvantaged.”

DASR – Direct Access Service Request: DASR is a request submitted by C&I customers to become direct access eligible.

Demand: Demand refers to the rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW) or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

DER – Distributed Energy Resource: A DER is a small-scale physical or virtual asset (e.g., EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

Distribution: Distribution refers to the delivery of electricity to the retail customer’s home or business through low-voltage distribution lines.

DLAP – Default Load Aggregation Point: In the CAISO’s electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled.

DR – Demand Response: DR is an opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

DRP – Distributed Resource Plans: Distributed Resource Plans are required by statute and intended to identify optimal locations for the deployment of distributed resources.

DWR – Department of Water Resources: DWR is the state agency charged with managing California’s water resources, systems and infrastructure in a responsible, sustainable way.

ECR – Enhanced Community Renewable: ECR is an IOU (Investor-Owned Utility) program that reflects the “Community Solar” model of renewable energy purchasing. Customers sign up to purchase a portion of a local solar project directly from a developer at a level that meets at least 25% and up to 100% of their monthly electricity demand. The customer pays the developer for the subscribed output and receives a credit on their utility bill that reflects their enrollment level.

ED – Energy Division: The CPUC’s Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission and ensure compliance with Commission decisions and statutory Mandates.

EE – Energy Efficiency: Energy Efficiency refers to the use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat and cool and run appliances and electronics, and energy-efficient manufacturing facilities use less energy.

ELCC – Effective Load Carrying Capacity: ELCC is the additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources, the ELCC is the amount of capacity that can be counted for Resource Adequacy purposes.

EPIC – Electric Program Investment Charge: The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of Pacific Gas and Electric (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE).

ERRA – Energy Resource Recovery Account: ERRA proceedings are used to determine fuel and purchased power costs that can be recovered in rates. The utilities do not earn a rate of return on these costs and recover only actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

ES – Energy Storage: Energy Storage is the capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production.

ESA – Energy Storage Agreement: An ESA refers to a battery services contract, a capacity contract, demand response contract or similar agreement.

ESP – Energy Service Provider: An Energy Service Provider is an energy entity that provides service to a retail or end-use customer.

EV – Electric Vehicle: An EV is a vehicle that uses one or more electric motors for propulsion.

FCR – Flexible Capacity Requirements: “Flexible capacity need” is defined as the quantity of resources needed by the CAISO to manage grid reliability during the greatest three-hour continuous ramp in each month. Resources will be considered as “flexible capacity” if they can sustain or increase output or reduce ramping needs during the hours of “flexible need.” FCR means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC decisions.

GHG – Greenhouse gas: Water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane and chlorofluorocarbons (CFCs) are gases that cause the atmosphere to trap heat radiating from the earth. The most common GHG is carbon dioxide.

GRC – General Rate Case: General Rate Cases are proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California’s three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible for and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocate’s Office and interested parties and for approval by the CPUC.

GTSR – Green Tariff Shared Renewables: The GTSR program enables customers to receive 50 to 100 percent of their electricity demand from renewable sources. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. With ECR, a customer agrees to purchase a share of a community renewable (typically solar) project directly from a developer and in exchange will receive a credit from their utility for the customer’s avoided generation procurement.

GWh – Gigawatt-hour: This is the unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

ICA – Integration Capacity Analysis: The enhanced integrated capacity and locational net benefit analysis quantify the capability of the system to integrate Distributed Energy Resources (DERs) within the distribution system. Results are dependent on the most limiting element of the various power system criteria such as thermal ratings, power quality, system protection limits and safety standards of existing equipment.

IDER – Integrated Distributed Energy Resources: A CPUC proceeding that aims to more effectively coordinate the integration of demand-side resources in order to better meet customer and grid needs, while enabling California to attain its greenhouse gas reduction goals.

IDSM – Integrated Demand-Side Management: This is an approach that joins together all the resources utilities have at their disposal to plan, generate and supply electricity in the most efficient manner possible.

IEPA – Independent Energy Producers Association: IEPA is California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

IMD – Independent Marketing Division: Under state law, IOUs are prohibited from lobbying or marketing on community choice unless the IOU forms an independent marketing division funded by shareholders rather than ratepayers. SDG&E and its parent company Sempra were permitted by the CPUC to create such an independent marketing division, which allowed SDG&E to lobby against plans to create a CCA program.

IOU – Investor-Owned Utility: An IOU is a private electricity and natural gas provider, such as SDG&E, PG&E or SCE, which are the three largest IOUs in California.

IRP – Integrated Resource Plan: An Integrated Resource Plan outlines an electric utility's resource needs in order to meet expected electricity demand long-term.

kW – Kilowatt: This is a measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1,000 watts.

kWh – Kilowatt-hour: This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

LCE – Lancaster Choice Energy: LCE is the CCA that serves the City of Lancaster, California.

LCFS – Low Carbon Fuel Standard: This is a CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels and, therefore, reduce greenhouse gas emissions.

LCR – Local (RA) Capacity Requirements: This is the amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

LMP – Locational Marginal Price: Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day-ahead and real-time market as it balances the system using the least cost. The LMP is composed of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

LNBA – Locational Net Benefits Analysis: This is a cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

Load: Load refers to an end-use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

LSE – Load-serving Entity: Load-serving Entities have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

LTPP – Long-Term Procurement Rulemaking: This is an “umbrella” proceeding to consider, in an integrated fashion, all of the CPUC’s electric procurement policies and Programs.

MCE – Marin Clean Energy: MCE was the first CCA in California and began serving customers in 2010. It serves customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

MEO – Marketing Education and Outreach: This is a term generally used to describe various strategies to inform customers, such as to motivate consumers to take action on energy efficiency or conservation measures and change their behavior.

MW – Megawatt: A megawatt hour (Mwh) is equal to 1,000 Kilowatt hours (Kwh) or 1,000 kilowatts of electricity used continuously for one hour.

MWH – Megawatt-hour: This is a measure of energy.

NAESCO – National Association of Energy Service Companies: NAESCO is an advocacy and accreditation organization for energy service companies (ESCOs). Energy service companies contract with private and public-sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities.

NBC – Non-Bypassable Charge: Non-Bypassable Charges are fees that are paid on every kilowatt-hour of electricity that is consumed from the grid. These charges can be used to fund things like energy assistance programs for low-income households and energy efficiency programs. These charges apply even if customers buy grid-supplied power from an outside power company such as a CCA.

NDA – Non-Disclosure Agreement: An NDA is a contract by which one or more parties agree not to disclose confidential information that they have shared with each other.

NEM – Net Energy Metering: NEM is a program in which solar customers receive credit for excess electricity generated by solar panels.

NRDC – Natural Resources Defense Council: NRDC is a nonprofit international environmental advocacy group.

NP-15 – North Path 15: NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in Northern California in PG&E's service territory.

OIR – Order Instituting Rulemaking: An OIR is a procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five commissioners of the CPUC.

OSC – Order to Show Cause: OSC is an order requiring an individual or entity to explain, justify or prove something.

ORA – Office of Ratepayer Advocates: The ORA is an independent consumer advocate within the CPUC, now called the Public Advocates Office.

PA – Program Administrator (for EE Business Plans): IOUs and local government agencies can be authorized to implement CPUC-directed energy efficiency programs.

PCE – Peninsula Clean Energy Authority: PCE is the CCA serving San Mateo County and all 20 of its cities and towns as well as the City of Los Banos.

PCC1 – RPS Portfolio Content Category 1: RPS Portfolio Content Category 1 includes bundled renewables where the energy and Renewable Energy Certificate (REC) are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO, also known as “in-state” renewables.

PCC2 – RPS Portfolio Content Category 2: RPS Portfolio Content Category 2 includes bundled renewables where the energy and Renewable Energy Certificate (REC) are from out of state and not dynamically scheduled to a CBA.

PCC3 – RPS Portfolio Content Category 3: RPS Portfolio Content Category 3 includes Unbundled Renewable Energy Certificate (REC).

PCIA or “exit fee” – Power Charge Indifference Adjustment: The Power Charge Indifference Adjustment (PCIA) is an “exit fee” based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

PCL – Power Content Label: The PCL is a user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Chapter 313, Statutes of 2009) and SB 1305 (Chapter 796, Statutes of 1997).

PD – Proposed Decision: A PD is a procedural document in a CPUC Rulemaking that is formally commented on by parties to the proceeding. A PD is a precursor to a final decision voted on by the five commissioners of the CPUC.

PG&E – Pacific Gas & Electric: PG&E is the IOU that serves 16 million people over a 70,000-square-mile service area in Northern California.

PHC – Prehearing Conference: A PHC is a CPUC hearing to discuss the scope of a proceeding, among other matters. Interested stakeholders can request party status during these conferences.

Pnode – Pricing Node: In the CAISO optimization model, this is a point where a physical injection or withdrawal of energy is modeled and for which an LMP is calculated.

PPA – Power Purchase Agreement: A PPA is a contract used to purchase the energy, capacity and attributes from a renewable resource project.

PRP – Priority Review Project: These are transportation electrification pilot projects approved by the CPUC pursuant to SB 350 (Chapter 547, Statutes of 2015).

PRRR – Progress on Residential Rate Reform: Pursuant to a CPUC decision, the IOUs must submit to the CPUC and other parties periodic updates on the progress of their efforts to assist customers with residential rate design changes related to rate reform, including tier collapse and transition to a default time of use rate.

PUC – Public Utilities Code: The PUC is a California statute that contains 33 divisions; the range of topics within this code includes natural gas restructuring, private energy producers, telecommunication services, and specific municipal utility districts and transit authorities; the primary statute for governance of utilities as well as CCAs in California.

PURPA – Public Utilities Regulatory Policy Act: The PURPA is a federal statute passed in 1978 by Congress in response to the 1973 energy crisis to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. It was intended to promote energy conservation (reduce demand) and promote greater use of domestic energy and renewable energy (increase supply).

RA – Resource Adequacy: Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities — investor-owned utilities, electricity service providers and CCAs — to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

RAM – Renewables Auction Mechanism: This is a procurement program the investor-owned utilities (IOUs) may use to procure RPS eligible generation. The IOUs may use RAM to satisfy authorized procurement needs, for example, system Resource Adequacy needs, local Resource Adequacy needs, RPS needs, reliability needs, Local Capacity Requirements, Green Tariff Shared Renewables needs and any need arising from commission or legislative mandates.



RE – Renewable Energy: Renewable energy is energy from a source that is not depleted when used, such as wind or solar power.

REC - Renewable Energy Certificate: A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every megawatt-hour of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

RES-BCT – Renewables Energy Self-Generation Bill Credit Transfer: This program enables local governments and universities to share generation credits from a system located on one government-owned property with billing accounts at other government-owned properties. The system size limit under RES-BCT is 5 MW, and bill credits are applied at the generation-only portion of a customer’s retail rate.

RFO – Request for Offers: This is a competitive procurement process used by organizations to solicit the submission of proposals from interested parties in response to a scope of services.

RPS - Renewable Portfolio Standard: RPS is a law that requires California utilities and other load-serving entities (including CCAs) to provide an escalating percentage of California qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

SB – Senate Bill: A Senate Bill is a piece of legislation that is introduced in the Senate. In other words, the Senate, rather than the Assembly, is the house of origin in the Legislature for the Legislation.

SBP – Solar Billing Plan: The Solar Billing Plan, also known as the Net Billing Tariff or NEM 3.0, is the new method of compensating customer-sited renewable energy self-generation, intended to promote grid reliability and incentivize solar and battery storage.

SCE – Southern California Edison: SCE is the large IOU that serves the Los Angeles and Orange County area.

SCP – Sonoma Clean Power Authority: SCP is the CCA serving Sonoma County and surrounding areas in Northern California.

SDG&E – San Diego Gas & Electric: SDG&E is the IOU that serves San Diego County and owns the infrastructure that delivers Community Power energy to our customers.

SGIP – Self-Generation Incentive Program: SGIP is a program that provides incentives to support existing, new and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.).

SUE – Super User Electric: This is an electric surcharge intended to penalize consumers for excessive energy use.

SVCE – Silicon Valley Clean Energy: SVCE is the CCA serving the communities in Santa Clara County.

TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol: This refers to online tools and resources provided by The Climate Registry to assist organizations to measure, report and reduce carbon emissions.

TE – Transportation Electrification: For the transportation sector, electrification means replacing fossil fuels with electricity as the means of powering light-duty vehicles and medium- and heavy-duty trucks and buses. The primary goal is to reduce greenhouse gas (GHG) emissions and, ultimately, contribute to mitigating the effects of climate change on the planet.

Time-of-Use (TOU) Rates: TOU Rates refers to the pricing of delivered electricity based on the estimated cost of electricity during a particular time block. Time-of-use rates are usually divided into three or four time blocks per 24 hour period (on-peak, mid-peak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real-time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

TM – Tree Mortality: This is a term that refers to the death of forest trees and provides a measure of forest health. In the context of energy, as part of the Governor’s Tree Mortality Emergency Proclamation, the CPUC is tasked with utilizing its authority to extend contracts and take actions to authorize new contracts on bioenergy facilities that receive feedstock from high hazard zones.

TURN – The Utility Reform Network: TURN is a ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

Unbundled RECs: Unbundled RECs are renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are “unbundled” and sold to different buyers.

VPP – Virtual Power Plant: A Virtual Power Plant is a cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.

VAMO – Voluntary Allocation, Market Offer: VAMO is the process for SDG&E to allocate a proportional share of its renewable portfolio to Community Power and other LSEs within the service territory.