



**Agenda
City of Vernon
Special City Council Meeting
Tuesday, November 30, 2021, 9:00 AM
Remote Location via Zoom**

**Melissa Ybarra, Mayor
William Davis, Mayor Pro Tem
Leticia Lopez, Council Member
Crystal Larios, Council Member
Judith Merlo, Council Member**

MEETING ATTENDANCE PROTOCOLS

Assembly Bill 361 (AB 361) authorizes public meetings to take place via teleconference because State and Local officials are recommending measures to promote social distancing. This meeting will be conducted via Zoom participation.

The public is encouraged to view the meeting at <https://www.cityofvernon.org/webinar-special> or by calling (408) 638-0968, Meeting ID 890-8743-9100#. You may address the Council via Zoom or submit comments to PublicComment@ci.vernon.ca.us with the meeting date and item number in the subject line.

CALL TO ORDER

FLAG SALUTE

ROLL CALL

APPROVAL OF THE AGENDA

PUBLIC COMMENT

Members of the public interested in addressing the City Council during this Special Meeting may address any item which has been described in the notice of this Special Meeting before or during consideration of that item in accordance with Government Code Section 54954.3(a). For Closed Session matters members of the public shall be provided an opportunity to address the City Council before the Council recesses into Closed Session.

CLOSED SESSION

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Government Code Section 54956.8

Property: Malburg Generating Station, 2715 East 50th Street, Vernon, California

Agency Negotiator: Carlos Fandino, City Administrator

Negotiating Parties: Bicent (California) Malburg LLC

Under Negotiation: Consideration of Price and Terms of Payment

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION -

Significant exposure to litigation - Government Code Section 54956.9(d)(2)

Number of potential cases: 1

CLOSED SESSION REPORT

NEW BUSINESS

3. Finance/Treasury

[2021 and 2022 Series Electric Revenue Bonds](#)

Recommendation:

Adopt Resolution No. 2021-43 authorizing and approving the issuance of Electric System Revenue Bonds to finance the acquisition of the Malburg Generating Station and related assets and to refund certain Electric System Revenue Bonds; approving the supplemental indentures of trust pursuant to which such bonds are to be issued; approving a disclosure document, a contract of purchase, a forward delivery purchase contract, continuing disclosure agreements and other documents in connection with such bonds; and authorizing certain other matters relating thereto.

[1. Resolution No. 2021-43](#)

4. Finance/Treasury

[Insurance Placements for Malburg Generating Station \(MGS\)](#)

Recommendation:

Approve the procurement of necessary insurance coverage for MGS for Fiscal Year (FY) 2021-2022 effective December 15, 2021 to June 30, 2022 with total premiums estimated at approximately \$1,500,000 and not-to-exceed \$1,700,000, and authorize the City Administrator to execute any and all related documents.

[1. Vernon Malburg Policy Schedule FY 2021-22](#)

5. Human Resources

[Amendment to Classification and Compensation Plan](#)

Recommendation:

- A. Approve new or revised job descriptions for Control Room Operator I (new); Control Room Operator II (revised); Control Room Operator, Senior (revised); Field Operator I (new); Field Operator II (revised); Instrument and Controls Technician (revised); Instrument and Controls Technician, Lead (new); Mechanic/Welder (revised); Mechanic, Lead (revised); Plant Engineer (revised); Site Safety Administrator/Control Room Operator (revised); Utilities Administrative Analyst (new); and Utilities Operations Manager (revised); and
- B. Adopt Resolution No. 2021-44 amending Exhibit A of the Classification and Compensation Plan, adopted by Resolution No. 2021-16, as amended by Resolution Nos. 2021-27, 2021-37 and 2021-42, approving new or revised salary ranges and position designations for the above referenced classifications, Human Resources Analyst, and Operations Manager.

[1. New and Revised Job Descriptions](#)

[2. Resolution No. 2021-44](#)

ORAL REPORTS

City Administrator Reports on Activities and other Announcements.

City Council Reports on Activities (including AB1234), Announcements, or Directives to Staff.

ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted in accordance with applicable legal requirements. Regular and Adjourned Regular meeting agendas may be amended up to 72 hours prior to the meeting. Special meeting agendas may be amended up to 24 hours prior to the meeting.

By: _____/s_____
Sandra Dolson, Administrative Secretary

Guide to City Council Proceedings

Meetings of the City Council are held the first and third Tuesday of each month at 9:00 a.m. and are conducted in accordance with Rosenberg's Rules of Order (Vernon Municipal Code Section 2.1-1).

Copies of all agenda items and back-up materials are available for review in the City Clerk Department, Vernon City Hall, 4305 Santa Fe Avenue, Vernon, California, and are available for public inspection during regular business hours, Monday through Thursday, 7:00 a.m. to 5:30 p.m. Agenda reports may be reviewed on the City's website at www.cityofvernon.org or copies may be purchased for \$0.10 per page.

Disability-related services are available to enable persons with a disability to participate in this meeting, consistent with the Americans with Disabilities Act (ADA). In compliance with ADA, if you need special assistance, please contact the City Clerk department at CityClerk@ci.vernon.ca.us or (323) 583-8811 at least 48 hours prior to the meeting to assure arrangements can be made.

The **Public Comment** portion of the agenda is for members of the public to present items, which are not listed on the agenda but are within the subject matter jurisdiction of the City Council. The City Council cannot take action on any item that is not on the agenda but matters raised under Public Comment may be referred to staff or scheduled on a future agenda. Comments are limited to three minutes per speaker unless a different time limit is announced. Speaker slips are available at the entrance to the Council Chamber.

Public Hearings are legally noticed hearings. For hearings involving zoning matters, the applicant and appellant will be given 15 minutes to present their position to the City Council. Time may be set aside for rebuttal. All other testimony shall follow the rules as set for under Public Comment. If you challenge any City action in court, you may be limited to raising only those issues you or someone else raised during the public hearing, or in written correspondence delivered to the City Clerk at or prior to the public hearing.

Consent Calendar items may be approved by a single motion. If a Council Member or the public wishes to discuss an item, it may be removed from the calendar for individual consideration. Council Members may indicate a negative or abstaining vote on any individual item by so declaring prior to the vote on the motion to adopt the Consent Calendar. Items excluded from the Consent Calendar will be taken up following action on the Consent Calendar. Public speakers shall follow the guidelines as set forth under Public Comment.

New Business items are matters appearing before the Council for the first time for formal action. Those wishing to address the Council on New Business items shall follow the guidelines for Public Comment.

Closed Session allows the Council to discuss specific matters pursuant to the Brown Act, Government Code Section 54956.9. Based on the advice of the City Attorney, discussion of these matters in open session would prejudice the position of the City. Following Closed Session, the City Attorney will provide an oral report on any reportable matters discussed and actions taken. At the conclusion of Closed Session, the Council may continue any item listed on the Closed Session agenda to the Open Session agenda for discussion or to take formal action as it deems appropriate.

City Council Agenda Item Report

Submitted by: Angela Melgar
Submitting Department: Finance/Treasury
Meeting Date: November 30, 2021

SUBJECT

2021 and 2022 Series Electric Revenue Bonds

Recommendation:

Adopt Resolution No. 2021-43 authorizing and approving the issuance of Electric System Revenue Bonds to finance the acquisition of the Malburg Generating Station and related assets and to refund certain Electric System Revenue Bonds; approving the supplemental indentures of trust pursuant to which such bonds are to be issued; approving a disclosure document, a contract of purchase, a forward delivery purchase contract, continuing disclosure agreements and other documents in connection with such bonds; and authorizing certain other matters relating thereto.

Background:

Malburg Generating Station (MGS) Background

In 2005, the City completed construction of the MGS, a natural gas fired, combined cycle power plant which generates a significant portion of the power that Vernon Public Utilities (VPU) provides for its customers' use. Subsequently in 2008, MGS was sold to Bicient (California) Malburg, LLC (Bicient), and the City entered into a Power Purchase and Tolling Agreement (PPTA) with Bicient. Pursuant to the PPTA, the City purchases all capacity and energy from MGS through 2023, with Bicient possessing an option to extend the PPTA through 2028. The City is responsible for supplying the power plant with natural gas fuel and makes capacity and energy payments to Bicient, the expense of which represents a significant portion of VPU's overall operating costs. The City began exploring the purchase of MGS in an effort to reduce operating costs and reduce the burden of the PPTA on VPU's electric rates. VPU is currently obligated to expend \$325 million in remaining payments through 2028, assuming the likely outcome that Bicient extends the agreement. While the City's financial obligation would end in 2028, Bicient would retain control of the site, including the ability to re-power the asset and inter-connection, through 2048.

With the acquisition of MGS the City will regain control of the site and inter-connection resulting in substantial operational, financial and strategic benefits. These benefits could yield financial savings that range from approximately \$5 to \$10 million for the City through 2028 alone; and operationally, the City's energy independence and flexibility would be substantially increased. This level of autonomy and agility will enable the City (starting in 2022), to run the plant in a manner that can extend the useful life of the asset, foster the pursuit of prudent financial opportunities, and accommodate procurement of State mandated renewable resources.

Steps toward MGS Acquisition

On May 18, 2021, the City entered into an agreement with Bell Burnett & Associates (BB&A) for financial advisory services and assistance in negotiating, structuring, and executing a potential transaction; and on September 7, 2021, the City Administrator approved an agreement with Stradling Yocca Carlson & Rauth for acquisition counsel services, including

review of all relevant documents, strategic advice regarding the City's rights and obligations under existing documents and legal considerations with respect to potential acquisition, and preparation of a purchase and sale agreement and other related documents. Amendment No. 1 to this agreement was approved by Council on November 2, 2021 to incorporate Phase 2 - bond counsel and disclosure counsel services. Following best practices, staff issued a Request for Proposals for Investment Banking and Underwriting Services. After a comprehensive evaluation, staff's recommendation to appoint Goldman Sachs & Co. as underwriters for the MGS bond issuance was approved by Council on November 8, 2021. On November 16, 2021, Council adopted Resolution No. 2021-41 approving the Purchase and Sale Agreement (PSA) for the Malburg Generating Station and Related Assets for a purchase price of \$198 million, subject to certain adjustments for prepaid expenses paid by the seller described in the PSA. Pursuant to Section 2.74 of the Vernon Municipal Code, the City may issue bonds for the purpose of financing or otherwise assisting the acquisition of a facility.

Refunding 2012 Bonds

Interest rates continue to hover near an all-time low, providing very favorable conditions for bond financing and refinancing of existing debt. A forward delivery purchase contract in December 2021 would allow the City to refund the outstanding Electric System Revenue Bonds, 2012 Series A, and a portion of the City's outstanding Electric System Revenue Bonds, 2012 Taxable Series B with the issuance of the 2022A Electric Revenue Bonds for a potential gross savings of \$17.3 million, settling in May 2022.

Next Actions

Staff respectfully requests that Council approves to move forward with the bond transaction, including approval of the Escrow Agreement between the City and the Trustee, Purchase Contract and Forward Delivery Purchase Contract with Goldman Sachs, continuing disclosure agreements, and authorization for the Director of Finance to accept or reject bids and set the interest rates on the bonds sold. A calculation will be completed by the City's Financial Advisor to determine the lowest cost investor bids to be accepted.

There are various milestone actions required to complete the bond financing transaction. The major activities remaining are covered below:

November 30: Post Preliminary Official Statement/Roadshow

December 1-3: Receive Ratings

December 14: Bond Closing

May 5, 2022: Delivery of 2022A Bonds

Fiscal Impact:

The result of this bond refunding and new issuance is projected to be approximately \$270 million in new 2021 and 2022 Bonds. The components are to issue approximately \$205 million in new 2021A Bonds to finance the acquisition of MGS and approximately \$65 million of Series 2022A Bonds to refund all of the outstanding 2012 Series A bonds and a portion of the outstanding 2012 Series B bonds. Gross savings for the refunding portion are expected to be approximately \$17.3 million and financial and operational benefits could range from \$5 to \$10 million for the City through 2028 from the acquisition of MGS when compared to the existing PPTA. Costs of issuance related to these transactions will be paid from bond proceeds.

Attachments:

1. [Resolution No. 2021-43](#)

RESOLUTION NO. 2021-43

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VERNON AUTHORIZING AND APPROVING THE ISSUANCE OF ELECTRIC SYSTEM REVENUE BONDS TO FINANCE THE ACQUISITION OF THE MALBURG GENERATING STATION AND RELATED ASSETS AND TO REFUND CERTAIN ELECTRIC SYSTEM REVENUE BONDS; APPROVING THE SUPPLEMENTAL INDENTURES OF TRUST PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED; APPROVING A DISCLOSURE DOCUMENT, A CONTRACT OF PURCHASE, A FORWARD DELIVERY PURCHASE CONTRACT, CONTINUING DISCLOSURE AGREEMENTS AND OTHER DOCUMENTS IN CONNECTION WITH SUCH BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

SECTION 1. Recitals.

A. The City of Vernon (the "City") is a municipal corporation and a chartered city of the State of California organized and existing under its Charter and the Constitution of the State of California.

B. The City is authorized pursuant to Article II of the City's Charter and the City of Vernon Municipal Facilities Revenue Bond Law, constituting Article XI of Chapter 2 of the City Code of the City of Vernon, to issue bonds, notes and other obligations payable from the Net Revenues of the Electric System (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture mentioned below) to finance the costs of any land, improvements, facilities, equipment and other property of any nature whatsoever which are used in the Electric System and to refund such bonds, notes and other obligations.

C. Pursuant to Resolution No. 2021-41 adopted by the City Council of the City (the "City Council") on November 16, 2021, the City Council has authorized and approved the purchase and acquisition by the City from Bicent (California) Malburg LLC, a Delaware limited liability company ("Seller"), on and subject to the terms and conditions of a Purchase and Sale Agreement dated as of November 18, 2021 (the "Purchase and Sale Agreement") between the City and the Seller, of that certain 134-megawatt natural gas-fired generating facility located within the City limits on land owned by the City and known as the "Malburg Generating Station," together with certain related electrical interconnection facilities and other assets, property, and contractual rights (collectively, the "Assets" as more fully described in the Purchase and Sale Agreement), the output of which generating facility was previously purchased by the City under the Power Purchase Tolling Agreement dated as of April 10, 2008, as amended, between the City and the Seller, for use in the Electric System.

D. Pursuant to an Indenture of Trust, dated as of September 1, 2008 (the "2008 Master Indenture," and, as amended and supplemented, the "Indenture"), entered into by the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the City has provided the terms and conditions for the issuance and securing

of its Electric System Revenue Bonds to finance the Costs of Capital Improvements to the City's Electric System or to refund any outstanding Parity Obligations.

E. The City desires to provide for the issuance of its Electric System Revenue Bonds, 2021 Series, in one or more subseries, with such designations as determined by the City (collectively, and with such changes to such name as an Authorized Officer (as defined herein) may approve, the "2021 Series Bonds"), for the purpose of providing moneys: (i) to finance Costs of Capital Improvements to the Electric System associated with acquiring the Assets comprising the Malburg Generating Station and related facilities, assets, property, and contractual rights, including the payment of the purchase price therefor pursuant to the Purchase and Sale Agreement (and to pay related expenses and reimbursement costs); (ii) to fund a deposit to the Debt Service Reserve Fund; and (iii) to pay Costs of Issuance of the 2021 Series Bonds.

F. The 2021 Series Bonds are to be issued under and pursuant to the 2008 Master Indenture as supplemented by the Sixth Supplemental Indenture of Trust, to be entered into by and between the City and the Trustee (such Sixth Supplemental Indenture of Trust), in the form attached hereto as Exhibit B with such changes, insertions and deletions as are made pursuant to this Resolution being referred to herein as the "Sixth Supplemental Indenture").

G. The City desires to provide for the issuance of its Electric System Revenue Bonds, 2022 Series, in one or more subseries, with such designations as determined by the City (collectively, and with such changes to such name as an Authorized Officer (as defined herein) may approve, the "2022 Series Bonds"), for the purpose of providing moneys: (i) to refund one or more of the following series of bonds, in whole or in part, depending on market conditions at the time of issuance of the 2022 Series Bonds: (1) the City's Electric System Revenue Bonds, 2012 Series A; and (2) the City's Electric System Revenue Bonds, 2012 Taxable Series B (collectively, the "Refunded Bonds"); (ii) to fund a deposit to the Debt Service Reserve Fund (if any); and (iii) to pay Costs of Issuance of the 2022 Series Bonds.

H. The 2022 Series Bonds are to be issued under and pursuant to the 2008 Master Indenture as supplemented by the Seventh Supplemental Indenture of Trust, to be entered into by and between the City and the Trustee (such Seventh Supplemental Indenture of Trust, in the form attached hereto as Exhibit C with such changes, insertions and deletions as are made pursuant to this Resolution being referred to herein as the "Seventh Supplemental Indenture").

I. In connection with the refunding of the Refunded Bonds there has been prepared an escrow agreement between the City and the Trustee (such escrow agreement, in the form attached hereto as Exhibit G with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement").

J. The 2021 Series Bonds and the 2022 Series Bonds are to be payable from and secured by a pledge and assignment of the Trust Estate on a parity with all other Bonds issued and Outstanding under the Indenture.

K. Goldman Sachs & Co. LLC, as underwriter (the “Underwriter”), has previously been selected by the City Council to serve as the underwriter of the 2021 Series Bonds, such underwriting to be made on the terms and conditions as set forth in a Contract of Purchase (such Contract of Purchase, in the form attached hereto as Exhibit D with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Purchase Contract”).

L. In order to set forth terms of the underwriting of the 2022 Series Bonds, the City will enter into a Forward Delivery Purchase Contract with the Underwriter (such Forward Delivery Purchase, in the form attached hereto as Exhibit E with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Forward Delivery Purchase Contract”).

M. In connection with the offering and sale of the 2021 Series Bonds and 2022 Series Bonds there has been prepared a disclosure document in the form of a Preliminary Official Statement (such Preliminary Official Statement, in the form attached hereto as Exhibit F with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Preliminary Official Statement”).

N. Rule 15c2-12 of the Securities and Exchange Commission requires that, in order to be able to purchase or sell the 2021 Series Bonds and the 2022 Series Bonds, the Underwriter must have reasonably determined that an obligated person has undertaken in a written agreement or contract for the benefit of the owners of the 2021 Series Bonds and the 2022 Series Bonds to provide disclosure of certain financial information and operating data and certain material events on an ongoing basis.

O. In order to cause such requirement of Rule 15c2-12 to be satisfied, the City desires to enter into separate Continuing Disclosure Agreements relating to the 2021 Series Bonds and the 2022 Series Bonds, respectively, each with the Trustee (such Continuing Disclosure Agreements, each in the form attached to the form of the Preliminary Official Statement attached hereto as Exhibit F, with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Agreements”).

P. As required by Section 8855(i) of the California Government Code, on February 18, 2020, the City Council approved a debt management policy of the City (the “Debt Policy”), and the City has determined that the proposed issuance and sale of the 2021 Series Bonds and 2022 Series Bonds is consistent with such Debt Policy.

Q. In compliance with Section 5852.1 to the California Government Code, the City has obtained from BLX Group LLC, the City’s Municipal Advisor, the required good faith estimates relating to the 2021 Series Bonds and the 2022 Series Bonds, and such estimates are disclosed and set forth in Exhibit A hereto.

R. There have been submitted to this meeting drafts of the following:

- (1) the Sixth Supplemental Indenture;
- (2) the Seventh Supplemental Indenture;

- (3) the Escrow Agreement;
- (4) the Purchase Contract;
- (5) the Forward Delivery Purchase Contract; and
- (6) the Preliminary Official Statement, including the Continuing Disclosure Agreements.

S. The City Council now desires to authorize the issuance and sale of the 2021 Series Bonds and 2022 Series Bonds, including the execution of such documents and the performance of such acts as may be necessary or desirable to effect such issuance and sale, and the other actions contemplated by this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNON AS FOLLOWS:

SECTION 2. The City Council of the City of Vernon hereby finds and determines that the above recitals are true and correct.

SECTION 3. The Sixth Supplemental Indenture relating to the 2021 Series Bonds, in substantially the form attached hereto as Exhibit B, and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Mayor, the Mayor Pro Tem, the City Administrator, the Treasurer and the Finance Director (each an "Authorized Officer"), acting singly, is hereby authorized to execute and deliver the Sixth Supplemental Indenture, in the name of and on behalf of the City, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Sixth Supplemental Indenture, said execution being conclusive evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

SECTION 4. Subject to the limitations specified in this Resolution, the issuance of the 2021 Series Bonds on the terms and conditions set forth in the Sixth Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2021 Series Bonds shall not exceed Two Hundred Five Million Dollars (\$205,000,000). The 2021 Series Bonds will be dated as provided in, will bear interest at the rates provided in, will mature on the date or dates provided in, will be issued in the form provided in, will have the Sinking Fund Installments specified in (if any), will be subject to redemption (if applicable) as provided in, and will have such other terms as shall be provided in, the Sixth Supplemental Indenture as the same is completed as provided in this Resolution, provided that the true interest cost of the 2021 Series Bonds shall not exceed 3.00% per annum.

SECTION 5. The Authorized Officer executing the Sixth Supplemental Indenture is hereby authorized, subject to the limitations set forth in Section 3 hereof and in this Section 4, to determine the following: (i) the maturity date or dates of the 2021 Series Bonds (but no 2021 Series Bond shall mature later than April 1, 2028); (ii) the principal

amount of the 2021 Series Bonds maturing on each maturity date; (iii) the interest rate or rates for the 2021 Series Bonds maturing on each maturity date; (iv) the redemption provisions (if any) for the 2021 Series Bonds.

SECTION 6. The net proceeds received on the sale of the 2021 Series Bonds shall be applied to such purposes as are set forth in the recitals to this Resolution in the manner provided in the Sixth Supplemental Indenture.

SECTION 7. The Seventh Supplemental Indenture relating to the 2022 Series Bonds, in substantially the form attached hereto as Exhibit C, and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each Authorized Officer, acting singly, is hereby authorized to execute and deliver the Seventh Supplemental Indenture, in the name of and on behalf of the City, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Seventh Supplemental Indenture, said execution being conclusive evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

SECTION 8. Subject to the limitations specified in this Resolution, the issuance of the 2022 Series Bonds on the terms and conditions set forth in the Seventh Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2022 Series Bonds shall not exceed Sixty-Five Million Dollars (\$65,000,000). The 2022 Series Bonds will be dated as provided in, will bear interest at the rates provided in, will mature on the date or dates provided in, will be issued in the form provided in, will have the Sinking Fund Installments specified in (if any), will be subject to redemption (if applicable) as provided in, and will have such other terms as shall be provided in, the Seventh Supplemental Indenture as the same is completed as provided in this Resolution, provided that the true interest cost of the 2022 Series Bonds shall not exceed 4.00% per annum.

SECTION 9. The Authorized Officer executing the Seventh Supplemental Indenture is hereby authorized, subject to the limitations set forth in Section 7 hereof and in this Section 8, to determine the following: (i) the maturity date or dates of the 2022 Series Bonds (but no 2022 Series Bond shall mature later than August 1, 2041); (ii) the principal amount of the 2022 Series Bonds maturing on each maturity date; (iii) the interest rate or rates for the 2022 Series Bonds maturing on each maturity date; (iv) the maturity or maturities, if any, of the 2022 Series Bonds to be redeemed or paid at maturity from Sinking Fund Installments, if any ("Term 2022 Series Bonds"); (v) the Sinking Fund Installments for the Term 2022 Series Bonds, if any; and (vi) the redemption provisions for the 2022 Series Bonds.

SECTION 10. The net proceeds received on the sale of the 2022 Series Bonds shall be applied to such purposes as are set forth in the recitals to this Resolution in the manner provided in the Seventh Supplemental Indenture.

SECTION 11. The Purchase Contract, in substantially the form attached hereto as Exhibit D, and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to

execute and deliver the Purchase Contract, in the name of and on behalf of the City, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing said Purchase Contract and as are consistent with the determinations of the terms of the 2021 Series Bonds made pursuant to this Resolution, said execution being conclusive evidence of such approval.

The Authorized Officer executing the Purchase Contract is hereby authorized to determine the purchase price to be paid for the 2021 Series Bonds under the Purchase Contract; provided, however, that the aggregate Underwriter's discount (not including original issue discount) shall not exceed 0.350% of the aggregate principal amount of the 2021 Series Bonds. The sale of the 2021 Series Bonds to the Underwriter on the terms and conditions contained in the Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

SECTION 12. The Forward Delivery Purchase Contract, in substantially the form attached hereto as Exhibit E and made a part hereof as though set forth in full herein, is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver the Forward Delivery Purchase Contract in the name of and on behalf of the City, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing said Forward Delivery Purchase Contract and as are consistent with the determinations of the terms of the 2022 Series Bonds made pursuant to this Resolution, said execution being conclusive evidence of such approval.

The Authorized Officer executing the Forward Delivery Purchase Contract is hereby authorized to determine the purchase price to be paid for the 2022 Series Bonds under the Forward Delivery Purchase Contract; provided, however, that the aggregate Underwriter's discount (not including original issue discount) shall not exceed 0.475% of the aggregate principal amount of the 2022 Series Bonds. The sale of the 2022 Series Bonds to the Underwriter on the terms and conditions contained in the Forward Delivery Purchase Contract, as the same may be completed in accordance with the provisions of this Resolution, with such changes, insertions and deletions as are authorized hereby, is hereby approved and authorized.

SECTION 13. The Preliminary Official Statement, in substantially the form attached hereto as Exhibit F, and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to cause the Preliminary Official Statement to be delivered to the Underwriter, in substantially the form attached hereto as Exhibit F with such changes, insertions and deletions as may be approved by the Authorized Officer delivering the Preliminary Official Statement (including without limitation the insertion of the proposed terms of the 2021 Series Bonds and 2022 Series Bonds), said delivery being conclusive evidence of such approval. The use of the Preliminary Official Statement in connection with the offering and sale of the 2021 Series Bonds and 2022 Series Bonds by the Underwriter, including delivery of the Preliminary Official Statement in electronic form, is hereby authorized and approved. Each of the Authorized Officers, acting singly, is hereby authorized to

determine that the Preliminary Official Statement is deemed final for purposes of Rule 15c2-12.

The preparation and delivery to the Underwriter of a final Official Statement (the "Official Statement") relating to the 2021 Series Bonds and 2022 Series Bonds, and its use by the Underwriter in connection with the offering and sale of the 2021 Series Bonds and 2022 Series Bonds, including delivery of the Official Statement in electronic form, be and the same is hereby approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and deletions as may be approved by the Authorized Officer executing the Official Statement (including without limitation the insertion of the final terms of the 2021 Series Bonds and 2022 Series Bonds), said execution being conclusive evidence of such approval. Each of the Authorized Officers, acting singly, is hereby authorized to execute the Official Statement, in the name and on behalf of the City, and thereupon to cause the Official Statement to be delivered to the Underwriter. Each of the Authorized Officers, acting singly, is hereby authorized to approve and execute any amendment or supplement to the Official Statement contemplated by the Purchase Contract, in the name and on behalf of the City, and thereupon to cause such amendment or supplement, to be delivered to the Underwriter.

SECTION 14. Each of the Authorized Officers, acting singly, is hereby authorized to execute an Updated Official Statement with respect to the 2022 Series Bonds (the "Updated Official Statement"), in the name and on behalf of the City, and thereupon cause the Updated Official Statement to be delivered to the Underwriter, subject to the approval of the City Council if changes from the form of the Official Statement are made.

SECTION 15. The Continuing Disclosure Agreements, each in substantially the form attached to the form of the Preliminary Official Statement attached hereto as Exhibit F, and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver the Continuing Disclosure Agreements, in the name of and on behalf of the City, in substantially such form with such changes, insertions and deletions as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval, and the City Clerk is hereby authorized to attest thereto.

SECTION 16. The Escrow Agreement, in substantially the form attached hereto as Exhibit G, and made a part hereof as thought set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver the Escrow Agreement, in the name of and on behalf of the City, in substantially the form attached hereto with such changes, insertions and deletions as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 17. The City Council hereby authorizes the Authorized Officers: (i) to solicit bids on municipal bond insurance policies and/or reserve sureties for the benefit of the 2021 Series Bonds and the 2022 Series Bonds; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policies and related

agreements with a municipal bond insurer; and (iv) if it is determined that the policies will result in net savings for the City, to pay the insurance premium of such policies from the proceeds of the issuance and sale of the 2021 Series Bonds and 2022 Series Bonds.

SECTION 18. The Mayor, the Mayor Pro Tem, the City Administrator, the Treasurer, the Finance Director, the City Clerk, the Interim City Attorney, the General Manager of Public Utilities and any other proper official, officer or employee of the City, acting singly, be and each of them hereby is authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or convenient in carrying out the actions authorized by this Resolution and the transactions contemplated by the documents and instruments approved or authorized by this Resolution, and the authorization, execution, delivery and performance by the City of its obligations under such documents and instruments, including, without limitation, making any determinations or submission of any documents or reports which are required by any rule or regulation of any governmental entity in connection with the issuance and sale of the 2021 Series Bonds and 2022 Series Bonds or the Indenture, the Purchase and Sale Agreement, the Purchase Contract, the Forward Delivery Purchase Contract, the Continuing Disclosure Agreements, the Escrow Agreement or any other documents referred to in this Resolution or related to the 2021 Series Bonds and the 2022 Series Bonds, providing for the giving of written directions and notices, and the securing of any necessary third party approvals in connection with the issuance of the 2021 Series Bonds and the 2022 Series Bonds or as required by the Indenture, the Purchase and Sale Agreement, the Purchase Contract, the Continuing Disclosure Agreements, the Escrow Agreement or any other documents referred to in this Resolution or related to the 2021 Series Bonds, the 2022 Series Bonds, the acquisition of the Malburg Generating Station, or the refunding of the Refunded Bonds.

SECTION 19. All actions heretofore taken by any committee of the City Council, or any official, officer, employee, representative or agent of the City, in connection with the issuance and sale of the 2021 Series Bonds and the Series 2022 Bonds or the authorization, execution, delivery, or performance of the City's obligations under the documents and instruments approved or authorized by this Resolution including but not limited to the delivery of redemption and defeasance notices in connection therewith, and the other actions contemplated by this Resolution, are hereby ratified, approved and confirmed.

SECTION 20. The City Clerk shall certify to the passage, approval and adoption of this resolution and enter it into the book of original resolutions.

SECTION 21. This Resolution shall become effective upon the date hereof.

APPROVED AND ADOPTED this 30th day of November, 2021.

MELISSA YBARRA, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

ZAYNAH N. MOUSSA,
Interim City Attorney

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE (2021 Series Bonds)

In compliance with Section 5852.1 of the California Government Code, the following information consists of estimates that have been provided by BLX Group LLC, the City's Municipal Advisor in connection with the 2021 Series Bonds (the "Municipal Advisor") and has been represented by such party to have been provided in good faith:

(A) *Principal Amount.* The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2021 Series Bonds to be sold is \$184,875,000 (the "Estimated Principal Amount").

(B) *True Interest Cost of the 2021 Series Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2021 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the initial true interest cost in aggregate of the 2021 Series Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2021 Series Bonds, is 1.57%. This estimate is based on an initial Finance Charge of the 2021 Series Bonds as described below.

(C) *Finance Charge of the 2021 Series Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2021 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2021 Series Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2021 Series Bonds), is \$2,916,418.

(D) *Amount of Proceeds to be Received.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2021 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the 2021 Series Bonds, less the finance charge of the 2021 Series Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2021 Series Bonds, is \$198,529,559.

(E) *Total Payment Amount.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2021 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the 2021 Series Bonds, plus the finance charge for the 2021 Series Bonds, as described above, not paid with the proceeds of the 2021 Series Bonds, calculated to the final maturity of the 2021 Series Bonds, is \$221,142,448.

The foregoing constitute good faith estimates only. The principal amount of the 2021 Series Bonds, the true interest cost of the 2021 Series Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the 2021 Series Bonds being different than the date assumed for purposes of such estimates; (b) the

actual principal amount of 2021 Series Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the 2021 Series Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the 2021 Series Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors.

The actual date of sale of the 2021 Series Bonds and the actual principal amount of 2021 Series Bonds sold will be determined by the City based on a variety of factors. The actual interest rates borne by the 2021 Series Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2021 Series Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

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**GOVERNMENT CODE SECTION 5852.1 DISCLOSURE
(2022 Series Bonds)**

In compliance with Section 5852.1 of the California Government Code, the following information consists of estimates that have been provided by BLX Group LLC, the City's Municipal Advisor in connection with the 2022 Series Bonds (the "Municipal Advisor") and has been represented by such party to have been provided in good faith:

(A) *Principal Amount.* The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2022 Series Bonds to be sold is \$52,890,000 (the "Estimated Principal Amount").

(B) *True Interest Cost of the 2022 Series Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2022 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the initial true interest cost in aggregate of the 2022 Series Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2022 Series Bonds, is 2.94%. This estimate is based on an initial Finance Charge of the 2022 Series Bonds as described below.

(C) *Finance Charge of the 2022 Series Bonds.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2022 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2022 Series Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2022 Series Bonds), is \$408,669.

(D) *Amount of Proceeds to be Received.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2022 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the 2022 Series Bonds, less the finance charge of the 2022 Series Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2022 Series Bonds, is \$61,930,720.

(E) *Total Payment Amount.* The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2022 Series Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the 2022 Series Bonds, plus the finance charge for the 2022 Series Bonds, as described above, not paid with the proceeds of the 2022 Series Bonds, calculated to the final maturity of the 2022 Series Bonds, is \$80,032,992.

The foregoing constitute good faith estimates only. The principal amount of the 2022 Series Bonds, the true interest cost of the 2022 Series Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the 2022 Series Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of 2022 Series Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the 2022 Series Bonds

being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the 2022 Series Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors.

The actual date of sale of the 2022 Series Bonds and the actual principal amount of 2022 Series Bonds sold will be determined by the City based on a variety of factors. The actual interest rates borne by the 2022 Series Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2022 Series Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

EXHIBIT B

FORM OF SIXTH SUPPLEMENTAL INDENTURE OF TRUST

**SIXTH SUPPLEMENTAL
INDENTURE OF TRUST**

between

CITY OF VERNON

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

Dated as of December 1, 2021

Relating to

\$ _____
City of Vernon
Electric System Revenue Bonds,
2021 Series A

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SIXTH SUPPLEMENTAL INDENTURE OF TRUST

THIS SIXTH SUPPLEMENTAL INDENTURE OF TRUST, dated as of December 1, 2021, is entered into by and between the City of Vernon (the “**City**”), a municipal corporation and chartered city of the State of California, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), a national banking association that is duly organized and existing under and by virtue of the laws of the United States of America, authorized to accept and execute trusts of the character in the Indenture set forth.

RECITALS

1. The City has entered into the Indenture of Trust, dated as of September 1, 2008 (the “**Master Indenture**”) by and between the City and the Trustee, to provide for the issuance from time to time by the City of Bonds (capitalized terms used herein shall have the meanings given such terms pursuant to Section 1.03 hereof) to, among other things, pay the Cost of Capital Improvements and to refund Outstanding Bonds.

2. The Cost of the Capital Improvements under the Indenture includes all costs of acquiring such Capital Improvements permitted under the Bond Ordinance and includes reimbursing the City for such Costs paid by the City.

3. The Master Indenture authorizes the City and the Trustee to enter into Supplemental Indentures to provide for the issuance of Bonds.

4. The City desires to issue its 2021 Series A Bonds in order to provide moneys: (a) to finance Costs of Capital Improvements to the Electric System associated with acquiring the Assets comprising the Malburg Generating Station and related facilities, assets, property, and contractual rights, including the payment of the purchase price therefor pursuant to the Purchase and Sale Agreement (and to pay related expenses and reimbursement costs) (the “**2021 Project**” as more fully defined herein); (b) to fund a deposit to the Debt Service Reserve Fund; and (c) to pay Costs of Issuance of the 2021 Series A Bonds.

5. The City has determined that all acts and things have been done and performed which are necessary to make the Indenture, as hereto amended and supplemented and as supplemented by this Sixth Supplemental Indenture, a valid and binding agreement for the security of the 2021 Series A Bonds authenticated and delivered hereunder.

In consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Master Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2021 Series A Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the 2021 Series A Bonds according to their tenor and effect, and the performance and observance by the City of all the covenants and conditions in the Indenture and in the 2021 Series A Bonds contained on its part to be performed, it is agreed by and between the City and the Trustee as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01 Supplemental Indenture of Trust. This Sixth Supplemental Indenture is supplemental to the Master Indenture.

Section 1.02 Authority for the Sixth Supplemental Indenture of Trust. This Sixth Supplemental Indenture is entered into: (a) pursuant to the Charter and Bond Ordinance; and (b) in accordance with Articles II and VII of the Master Indenture.

Section 1.03 Definitions.

(a) Except as otherwise defined in this Sixth Supplemental Indenture, all terms which are defined in Section 1.01 of the Master Indenture, as amended and supplemented to the date hereof, shall have the same meanings, respectively, in this Sixth Supplemental Indenture as such terms are given in the Master Indenture as so amended and supplemented.

(b) Additional Definitions. The following terms shall, with respect to the 2021 Series A Bonds and for all purposes hereof, have the meanings set forth below:

“Authorized Denominations” means, with respect to the 2021 Series A Bonds, \$5,000 and any integral multiple thereof.

“Interest Payment Date” means, with respect to the 2021 Series A Bonds, April 1 and October 1 of each year, commencing April 1, 2022.

“Purchase and Sale Agreement” means the Purchase and Sale Agreement dated as of November 18, 2021, between the City and Bicent (California) Malburg LLC, a Delaware limited liability company, as seller.

“Record Date” means, with respect to an Interest Payment Date for the 2021 Series A Bonds, the fifteenth day of the month preceding the month in which such Interest Payment Date falls, whether or not such day is a Business Day.

“Sixth Supplemental Indenture” means this Sixth Supplemental Indenture of Trust, supplementing the Master Indenture, as the same may be amended and supplemented in accordance with the provisions of the Master Indenture.

“2021 Capital Improvement Fund” means the 2021 Capital Improvement Fund established pursuant to Section 3.02 hereof.

“2021 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated December __, 2021, by and between the City and the Trustee, in its capacity as dissemination agent, relating to the 2021 Series A Bonds.

“2021 Costs of Issuance Fund” means the 2021 Costs of Issuance Fund established pursuant to Section 3.01 hereof.

“2021 Delivery Date” means December __, 2021.

“2021 Project” means the following Capital Improvements to the Electric System: (a) the acquisition by the City from Bicent (California) Malburg LLC, a Delaware limited liability company (“Seller”), on and subject to the terms and conditions of the Purchase and Sale Agreement, of that certain 134-megawatt natural gas-fired generating facility located within the City limits on land owned by the City and known as the “Malburg Generating Station,” together with certain related electrical interconnection facilities and other assets, property, and contractual rights, including all of the equipment and materials, spare parts, assigned permits, intellectual property, licenses, assigned agreements, facilities records and other items comprising the “Assets” as defined in the Purchase and Sale Agreement.

“2021 Series A Bonds” means the City’s Electric System Revenue Bonds, 2021 Series A authorized by Article II hereof.

Section 1.04 Interpretation.

(a) Unless the context otherwise indicates, defined terms shall include all variants thereof, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine genders, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) References herein to the Securities Depository shall include both the Securities Depository and any nominee of the Securities Depository in whose name the 2021 Series A Bonds may be registered.

(d) Unless otherwise indicated, references herein to Articles and Sections shall be to the Articles and Sections of this Sixth Supplemental Indenture. The words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Sixth Supplemental Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE 2021 SERIES A BONDS

Section 2.01 Principal Amount and Designation; Conditions to Issuance.

(a) Pursuant to the provisions of the Master Indenture and this Sixth Supplemental Indenture and the provisions of the Charter and the Bond Ordinance, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “City of Vernon Electric System Revenue Bonds, 2021 Series A.” The 2021 Series A Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2021 Series A Bond.

(b) The 2021 Series A Bonds are issued for the purpose of providing moneys: (i) to finance Costs of the Capital Improvements to the Electric System comprising the 2021 Project; (b) to

fund a deposit to the Debt Service Reserve Fund; and (c) to pay Costs of Issuance of the 2021 Series A Bonds.

(c) All (but not less than all) of the 2021 Series A Bonds shall be executed by the City for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to or upon the order of the City but only upon receipt by the Trustee of the applicable items required pursuant to Sections 2.04 and 2.07 of the Master Indenture with respect to the 2021 Series A Bonds.

Section 2.02 Terms of the 2021 Series A Bonds; Registration; Denominations; Payment of Principal and Interest.

(a) The 2021 Series A Bonds shall be issued as fully registered Bonds without coupons in Authorized Denominations. The 2021 Series A Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, the initial Securities Depository for the 2021 Series A Bonds, and shall be evidenced by one bond certificate in the total aggregate principal amount of the 2021 Series A Bonds of each maturity. Registered ownership of the 2021 Series A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 3.04 of the Master Indenture.

(b) The 2021 Series A Bonds shall be dated the 2021 Delivery Date.

(c) The 2021 Series A Bonds shall mature on April 1 and October 1 of the years, in the principal amounts, and shall bear interest at the rates, in each case as set forth below:

<i>Maturity Date</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
April 1, 2022		
October 1, 2022		
April 1, 2023		
October 1, 2023		
April 1, 2024		
October 1, 2024		
April 1, 2025		
October 1, 2025		
April 1, 2026		
October 1, 2026		
April 1, 2027		
October 1, 2027		
April 1, 2028		

Section 2.03 No Redemption.

(a) The 2021 Series A Bonds shall not be subject to optional or mandatory redemption prior to their respective stated maturity dates.

Section 2.04 Application of Proceeds of 2021 Series A Bonds. The proceeds of the sale of the 2021 Series A Bonds (equal to the principal amount thereof, plus original issue premium of \$ _____ and less underwriter's discount of \$ _____) shall be applied simultaneously with the delivery of the 2021 Series A Bonds, as follows:

(a) There shall be deposited in the 2021 Costs of Issuance Fund the sum of \$ _____;

(b) There shall be deposited in the Debt Service Reserve Fund the sum of \$ _____;
and

(c) There shall be deposited in the 2021 Capital Improvement Fund the sum of \$ _____.

The Trustee may establish temporary funds or accounts in its records to record and facilitate the above-described deposits.

ARTICLE III

FUNDS

Section 3.01 2021 Costs of Issuance Fund.

(a) The Trustee shall establish and maintain in trust a separate fund designated as the "2021 Costs of Issuance Fund." Except as provided in subsections (c) and (e) of this Section, money deposited in the 2021 Costs of Issuance Fund shall be used to pay the Costs of Issuance with respect to the 2021 Series A Bonds as provided in this Section.

(b) The Trustee shall make payments from the 2021 Costs of Issuance Fund, except payments and withdrawals pursuant to subsection (c) or subsection (e) of this Section, in the amounts, at the times, in the manner and on the other terms and conditions set forth in this subsection. Before any such payment from the 2021 Costs of Issuance Fund shall be made, there shall be filed with the Trustee a requisition therefor, signed by an Authorized City Representative. Each such requisition shall state, in respect of the payment to be made: (i) the name of the Person to whom payment is due; (ii) the amount of such payment; and (iii) the particular item of the Costs of Issuance of the 2021 Series A Bonds to be paid and that such payment in the stated amount is a proper charge against the 2021 Costs of Issuance Fund and that no part of such payment shall be applied to any item which has previously been paid from moneys in the 2021 Costs of Issuance Fund. The Trustee shall promptly issue its check to the City or to the Person identified in the requisition in the amount or amounts specified in each such requisition or, if requested pursuant to any such requisition, shall by wire transfer, interbank transfer or other method arrange to promptly make each payment required by such requisition. The City shall apply, or cause to be applied, all such moneys received from the 2021 Costs of Issuance Fund pursuant to this subsection (b) to the payment of the Costs of Issuance of the 2021 Series A Bonds identified in the requisition relating to such moneys.

Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Upon receipt of each such requisition, signed by an Authorized City Representative, the Trustee shall pay the amount set forth therein as directed by the terms thereof.

(c) Upon the receipt by the Trustee of a certificate of an Authorized City Representative requesting the Trustee to close the 2021 Costs of Issuance Fund, and after payment from the 2021 Costs of Issuance Fund of all amounts included in requisitions submitted by the City pursuant to subsection (b) of this Section, the Trustee shall transfer any moneys remaining in the 2021 Costs of Issuance Fund to the account in the Debt Service Fund specified by the City. Upon such transfer, the Trustee shall close the 2021 Costs of Issuance Fund.

(d) Moneys held in the 2021 Costs of Issuance Fund may be invested and reinvested to the fullest extent practicable in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. Any investment earnings on moneys on deposit in the 2021 Costs of Issuance Fund shall be deposited in the 2021 Costs of Issuance Fund and be used in the same manner as other amounts on deposit in the 2021 Costs of Issuance Fund.

(e) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the 2021 Costs of Issuance Fund shall be applied to the payment of Bond debt service when due.

Section 3.02 2021 Capital Improvement Fund.

(a) The Trustee shall establish and maintain in trust a separate fund designated as the “2021 Capital Improvement Fund.” Money deposited in the 2021 Capital Improvement Fund shall be used to pay Costs of the 2021 Project as provided in subsections (b) and (c) of this Section.

(b) On the 2021 Delivery Date, the Trustee shall transfer from the 2021 Capital Improvement Fund, in immediately available funds, in accordance with written directions of the City signed by an Authorized City Representative, the amount specified therein to pay the purchase price of the Malburg Generating Station pursuant to the terms of the Purchase and Sale Agreement.

(c) The Trustee shall make payments from the 2021 Capital Improvement Fund, except payments and withdrawals pursuant to subsections (b) and (f) of this Section, in the amounts, at the times, in the manner and on the other terms and conditions set forth in this subsection. Before any such payment from the 2021 Capital Improvement Fund shall be made, there shall be filed with the Trustee a requisition therefor, signed by an Authorized City Representative. Each such requisition shall state, in respect of the payment to be made: (i) the name of the Person to whom payment is due; (ii) the amount of such payment; and (iii) the particular item of the Cost of the 2021 Project to be paid and that such payment in the stated amount is a proper charge against the 2021 Capital Improvement Fund, that no part of such payment shall be applied to any item which has previously been paid as a Cost of the 2021 Project. The Trustee shall promptly issue its check to the City or to the Person identified in the requisition in the amount or amounts specified in each such requisition or, if requested pursuant to any such requisition, shall by wire transfer, interbank transfer or other method arrange to promptly make each payment required by such requisition. The City shall apply, or cause to be applied, all such moneys received from the 2021 Capital Improvement Fund to the payment of the Cost of the 2021 Project identified in the requisition relating to such moneys.

Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Upon receipt of each such requisition, signed by an Authorized City Representative, the Trustee shall pay the amount set forth therein as directed by the terms thereof.

(d) Upon the receipt by the Trustee of a certificate of an Authorized City Representative requesting the Trustee to close the 2021 Capital Improvement Fund, and after payment from the 2021 Capital Improvement Fund of all amounts included in requisitions submitted by the City pursuant to subsection (c) of this Section 3.02, the Trustee shall transfer any moneys remaining in the 2021 Capital Improvement Fund to the account in the Debt Service Fund specified by the City. Upon such transfer the Trustee shall close the 2021 Capital Improvement Fund.

(e) Moneys held in the 2021 Capital Improvement Fund may be invested and reinvested to the fullest extent practicable in Permitted Investments or in investment agreements (including guaranteed investment contracts, forward delivery agreements, long-dated repurchase agreements or similar obligations) with, or guaranteed by, a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term obligations of which are rated, at the time of investment, in the top three rating categories without regard to modifiers by a nationally recognized rating agency which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such fund. Any investment earnings on moneys on deposit in the 2021 Capital Improvement Fund shall be deposited in such fund and be used in the same manner as other amounts on deposit in such fund.

(f) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the 2021 Capital Improvement Fund shall be applied to the payment of Bond debt service when due.

ARTICLE IV

TAX COVENANTS

Section 4.01 Tax Covenants. Notwithstanding any other provision of the Indenture, absent an Opinion of Bond Counsel that the exclusion from gross income of the portion of interest on the 2021 Series A Bonds will not be adversely affected for federal income tax purposes, the City covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2021 Series A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City will take no action, refrain from taking any action and make no use of the proceeds of the 2021 Series A Bonds or of any other moneys or property which would cause the 2021 Series A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The City will make no use of the proceeds of the 2021 Series A Bonds or of any other amounts or property, regardless of the source, and will take no action and refrain from taking any action which will cause the 2021 Series A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City will make no use of the proceeds of the 2021 Series A Bonds and will not take or omit to take any action that would cause the 2021 Series A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Use in Qualified Service Area. The City will use the 2021 Project financed with proceeds of the 2021 Series A Bonds such that at least 95% of the energy output attributable to

the 2021 Project is consumed by customers of the Electric System who purchase such energy other than for resale and are located in an area throughout which the City provided, at all times during the 10-year period ending on the date of acquisition of the 2021 Project, electricity distribution services.

(e) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2021 Series A Bonds pursuant to Section 103(a) of the Code;

(f) Hedge Bonds. The City will make no use of the proceeds of the 2021 Series A Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the 2021 Series A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the City takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2021 Series A Bonds for federal income tax purposes; and

(g) Miscellaneous. The City will take no action and refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the City in connection with the issuance of the 2021 Series A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the City from issuing Bonds or causing the Trustee to execute and deliver contracts payable on a parity with the 2021 Series A Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Section 4.02 Rebate Account.

(a) Establishment. As provided in Section 5.08 of the Master Indenture, the Trustee shall establish an account for the 2021 Series A Bonds within the Rebate Fund designated the “2021 Series A Rebate Account” when required in accordance herewith. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2021 Series A Bonds will not be adversely affected, the City shall cause to be deposited in the 2021 Series A Rebate Account such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate relating to the 2021 Series A Bonds. All money at any time deposited in the 2021 Series A Rebate Account shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the 2021 Series A Rebate Account shall be governed by this Section and the Tax Certificate relating to the 2021 Series A Bonds, unless and to the extent that the City delivers to the Trustee an Opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2021 Series A Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate relating to the 2021 Series A Bonds, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all written requests of the City; (ii) shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate relating to the 2021 Series A Bonds; (iii) may rely conclusively on the City’s calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the City’s calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate relating to the 2021 Series A Bonds), the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate relating to the 2021 Series A Bonds (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written request of the City, an amount shall be deposited to the 2021 Series A Rebate Account by the Trustee from any Net Revenues legally available for such purpose (as specified by the City in the aforesaid written request), if and to the extent required so that the balance in the 2021 Series A Rebate Account shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the 2021 Series A Rebate Account exceeds the amount required to be on deposit therein, upon written request of the City, the Trustee shall withdraw the excess from the 2021 Series A Rebate Account and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by written Request of the City, to the United States Treasury, out of amounts in the 2021 Series A Rebate Account:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all of the 2021 Series A Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the 2021 Series A Rebate Account, the amount in the 2021 Series A Rebate Account is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the City), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the 2021 Series A Rebate Account after redemption and payment of the 2021 Series A Bonds and the payments described in

subsection (a) above being made may be withdrawn by the City and utilized in any manner by the City.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the 2021 Series A Bonds.

ARTICLE V

MISCELLANEOUS

Section 5.01 Indenture to Remain in Effect. Save and except as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and this Sixth Supplemental Indenture, the Master Indenture shall remain in full force and effect.

Section 5.02 Continuing Disclosure. The City hereby covenants and agrees to comply with and carry out all the provisions of the 2021 Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the City to comply with the 2021 Continuing Disclosure Agreement shall not be considered an Event of Default and the Trustee shall have no right to accelerate amounts due under the Indenture as a result thereof; provided, however, that the Trustee, upon receipt of indemnification reasonably satisfactory to it, and the Owners of not less than 25% in principal amount of the Outstanding 2021 Series A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations in this Section and the 2021 Continuing Disclosure Agreement.

Section 5.03 Notice to Rating Agencies. The Trustee or the City, as appropriate, shall provide each Rating Agency with prompt written notice of: (a) the appointment of any successor Trustee; (b) the first date on which no 2021 Series A Bonds are Outstanding; (c) any material amendments to the Master Indenture or this Sixth Supplemental Indenture; (d) any acceleration of the 2021 Series A Bonds pursuant to Section 10.04 of the Master Indenture; or (e) any redemption in whole of the 2021 Series A Bonds.

Section 5.04 Notices. Unless otherwise provided herein, all notices, certificates or other communications hereunder shall be deemed sufficiently given upon actual receipt thereof when received by the City, the Trustee or a Rating Agency, as the case may be, at the respective address provided pursuant to this Section or, if mailed by first class mail, postage prepaid, addressed to the appropriate address provided pursuant to this Section, six Business Days after deposit in the United States mail or, if by Electronic means of communication delivered to the appropriate email address provided pursuant to this Section, if any, on the date of receipt of such Electronic communication. The initial addresses for notices, counterparts and other communications hereunder are as follows:

If to the City:	City of Vernon 4305 Santa Fe Avenue Vernon, California 90058 Attention: City Administrator Email: cfandino@ci.vernon.ca.us
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If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust
Reference: City of Vernon 2021

If to S&P, to: Standard & Poor's Ratings Services
55 Water Street, 38th Floor
New York, New York 10041
Attention: Public Finance Department

If to Moody's, to: Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York, New York 10007

Each of City, the Trustee, and the Rating Agencies may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications to it shall be sent. Unless otherwise requested by the City, the Trustee or a Rating Agency, any notice required to be given hereunder in writing may be given by any form of Electronic notice capable of making a written record.

Section 5.05 Counterparts. This Sixth Supplemental Indenture may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the City of Vernon has caused this Sixth Supplemental Indenture to be signed in its name and on its behalf by its City Administrator and attested by its City Clerk and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the date set forth above.

CITY OF VERNON

By: _____
Carlos R. Fandino, Jr.
City Administrator

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Zaynah Moussa-Milward
Interim City Attorney

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2021 SERIES A BONDS

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE CITY OF VERNON OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**CITY OF VERNON
ELECTRIC SYSTEM REVENUE BOND,
2021 SERIES A**

No. R-____ \$ _____

<i>Interest Rate</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>CUSIP No.</i>
%	_____, 2021	[April] [October] 1, 20__	924397 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE CITY OF VERNON (herein called the “City”), a municipal corporation and chartered city of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay (but only out of the Net Revenues (capitalized terms used herein shall have the meanings given such terms pursuant to the Indenture mentioned below) and other assets pledged therefor and available for such payment pursuant to the Indenture) to the Registered Owner specified above or registered assigns, on the Maturity Date specified above (unless this Bond shall have been previously called for redemption in whole or in part and payment of the Redemption Price shall have been duly made), the Principal Amount specified above, in lawful money of the United States of America and to pay interest thereon (but only from said Net Revenues and other pledged assets available for such payment pursuant to the Indenture) in like lawful money until payment of such principal sum shall be discharged as provided in the Indenture, at the rate set forth above.

Except as otherwise provided in the Indenture with respect to Bonds held by a Securities Depository, the principal or, if applicable, the Redemption Price, hereof is payable upon surrender hereof at the designated Principal Office of the Trustee under the Indenture (the “Trustee”). The current Trustee is The Bank of New York Mellon Trust Company, N.A., and its designated Principal Office is its principal corporate trust office in Los Angeles, California, or such other place as designated by the Trustee. Except as otherwise provided with respect to 2021 Series A Bonds held by a Securities Depository, interest hereon is payable by check mailed on each Interest Payment Date to the Owner hereof as of the applicable Record Date at the address appearing on the Bond Register

maintained by the Trustee; provided Owners of at least \$1,000,000 aggregate principal amount of 2021 Series A Bonds may, at any time prior to a Record Date, give the Trustee written instructions for payment of such interest on each succeeding Interest Payment Date for such 2021 Series A Bonds by wire transfer or by deposit to an account within the United States of America.

This Bond is one of a duly authorized issue of bonds of the City designated as “City of Vernon, Electric System Revenue Bonds” (the “Bonds”) and of a Series of the Bonds designated as “Electric System Revenue Bonds, 2021 Series A” (the “2021 Series A Bonds”). The 2021 Series A Bonds are issued pursuant to the Charter and the Bond Ordinance. The 2021 Series A Bonds have been issued in the aggregate principal amount of \$_____. The 2021 Series A Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by a pledge of the Trust Estate under, and entitled to the protection given by, the Indenture of Trust, dated as of September 1, 2008 (the “Master Indenture”), by and between the City and the Trustee, as amended and supplemented, including as supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021, by and between the City and the Trustee (said Master Indenture, as heretofore amended and supplemented and as the same may be further amended and supplemented, is herein called the “Indenture”).

As provided in the Indenture, Bonds of the City may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

Copies of the Indenture are on file at the City Hall of the City and at the Principal Office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City, the Trustee and the Owners of the Bonds and the terms upon which the Bonds are secured and payable under the Indenture, the rights and remedies of the Owners of the 2021 Series A Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. The Indenture provides that other Parity Obligations secured by a pledge of Revenues and amounts in the Light and Power Fund on a parity with the Bonds may be issued or incurred by the City on the terms set forth therein. By acceptance of this Bond, the Registered Owner accepts and agrees to the terms of the Indenture.

This Bond is a special obligation of the City and the principal of, Redemption Price, if any, and interest on this Bond are payable solely from the Net Revenues, the amounts in the Light and Power Fund available for such payment pursuant to the Indenture, and the amounts in the Funds held by the Trustee under the Indenture other than the Rebate Fund. The City’s obligation to pay and the principal of, Redemption Price, if any, and interest on this Bond shall not constitute a charge against the general credit of the City. This Bond is not secured by a legal or equitable pledge of, or lien or charge upon, any property of the City or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which pledge is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein.

Neither the faith and credit nor the taxing power of the State of California, the City or any other public agency is pledged to the payment of the principal or Redemption Price of or the interest

on this Bond. The issuance of this Bond shall not directly, indirectly or contingently obligate the City Council of the City to levy or pledge any form of taxation or to make any appropriation for the payment of this Bond. The payment of the principal or Redemption Price of or interest on this Bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of the City as provided in the Indenture). Neither the members of the City Council of the City, nor any person executing this Bond, nor any officer or employee of the City, shall be individually liable for the principal or Redemption Price of or interest on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond or in respect of any undertakings by the City under the Indenture.

Interest on the 2021 Series A Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The term “Interest Payment Date” means, with respect to the 2021 Series A Bonds, each April 1 and October 1, commencing April 1, 2022.

The term “Record Date” means, with respect to an Interest Payment Date for the 2021 Series A Bonds, the fifteenth day of the month preceding the month in which such Interest Payment Date falls.

The Series 2021 A Bonds are not subject to optional or mandatory redemption prior to their respective stated maturities.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the City with, in certain cases, the written consent of the Owners of at least a majority in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Bonds would be affected thereby, with such consent of the Owners of a majority in principal amount of the affected Outstanding Bonds; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds for purposes of such consent. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment without the consent of the Owners of all of the Bonds then Outstanding, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

The Indenture may also be amended or supplemented without the necessity of the consent of the Owners of the 2021 Series A Bonds for any one or more of the purposes specified in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the Bond Register kept for that purpose at the Principal Office of the Trustee, by the registered Owner hereof, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his duly authorized attorney.

Thereupon and upon payment of the charges prescribed in the Indenture a new registered 2021 Series A Bond, without coupons, and for the same maturity and aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture. The City, the Trustee and any Paying Agent may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law, including the City Charter and the Bond Ordinance, and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner and that the 2021 Series A Bonds, together with all other indebtedness of the City, comply in all respects with the applicable laws of the State of California, including the City Charter and the Bond Ordinance.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, CITY OF VERNON has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its City Clerk, as of the Dated Date specified above.

CITY OF VERNON

[SEAL]

By: _____
City Administrator

ATTEST:

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 2021 Series A Bonds delivered pursuant to the within mentioned Indenture.

Dated: _____, 20__

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the City of Vernon and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by:

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

EXHIBIT C

FORM OF SEVENTH SUPPLEMENTAL INDENTURE OF TRUST

**SEVENTH SUPPLEMENTAL
INDENTURE OF TRUST**

between

CITY OF VERNON

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

Dated as of December 1, 2021

Relating to

\$ _____
City of Vernon
Electric System Revenue Bonds,
2022 Series A

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SEVENTH SUPPLEMENTAL INDENTURE OF TRUST

THIS SEVENTH SUPPLEMENTAL INDENTURE OF TRUST, dated as of December 1, 2021, is entered into by and between the City of Vernon (the “**City**”), a municipal corporation and chartered city of the State of California, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), a national banking association that is duly organized and existing under and by virtue of the laws of the United States of America, authorized to accept and execute trusts of the character in the Indenture set forth.

RECITALS

1. The City has entered into the Indenture of Trust, dated as of September 1, 2008 (the “**Master Indenture**”) by and between the City and the Trustee, to provide for the issuance from time to time by the City of Bonds (capitalized terms used herein shall have the meanings given such terms pursuant to Section 1.03 hereof) to, among other things, refund Outstanding Bonds.

2. The Master Indenture authorizes the City and the Trustee to enter into Supplemental Indentures to provide for the issuance of Bonds.

3. The City desires to issue its 2022 Series A Bonds in order to provide moneys: (a) to refund the Refunded 2012 Bonds; and (b) pay costs of issuing the 2022 Series A Bonds.

4. The City has determined that all acts and things have been done and performed which are necessary to make the Indenture, as hereto amended and supplemented and as supplemented by this Seventh Supplemental Indenture, a valid and binding agreement for the security of the 2022 Series A Bonds authenticated and delivered hereunder.

In consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Master Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2022 Series A Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the 2022 Series A Bonds according to their tenor and effect, and the performance and observance by the City of all the covenants and conditions in the Indenture and in the 2022 Series A Bonds contained on its part to be performed, it is agreed by and between the City and the Trustee as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01 Supplemental Indenture of Trust. This Seventh Supplemental Indenture is supplemental to the Master Indenture.

Section 1.02 Authority for the Seventh Supplemental Indenture of Trust. This Seventh Supplemental Indenture is entered into: (a) pursuant to the Charter and Bond Ordinance; and (b) in accordance with Articles II and VII of the Master Indenture.

Section 1.03 Definitions.

(a) Except as otherwise defined in this Seventh Supplemental Indenture, all terms which are defined in Section 1.01 of the Master Indenture, as amended and supplemented to the date hereof, shall have the same meanings, respectively, in this Seventh Supplemental Indenture as such terms are given in the Master Indenture as so amended and supplemented.

(b) Additional Definitions. The following terms shall, with respect to the 2022 Series A Bonds and for all purposes hereof, have the meanings set forth below:

“Authorized Denominations” means, with respect to the 2022 Series A Bonds, \$5,000 and any integral multiple thereof.

“Interest Payment Date” means, with respect to the 2022 Series A Bonds, February 1 and August 1 of each year, commencing August 1, 2022.

“Record Date” means, with respect to an Interest Payment Date for the 2022 Series A Bonds, the fifteenth day of the month preceding the month in which such Interest Payment Date falls, whether or not such day is a Business Day.

“Refunded 2012 Bonds” means the Refunded 2012 Series A Bonds and the Refunded 2012 Series B Bonds.

“Refunded 2012 Series A Bonds” means all of the City’s Electric System Revenue Bonds, 2012 Series A refunded pursuant to the terms of the 2012 Escrow Agreement.

“Refunded 2012 Series B Bonds” means the portion of the City’s Electric System Revenue Bonds, 2012 Taxable Series B refunded pursuant to the terms of the 2012 Escrow Agreement.

“Seventh Supplemental Indenture” means this Seventh Supplemental Indenture of Trust, supplementing the Master Indenture, as the same may be amended and supplemented in accordance with the provisions of the Master Indenture.

“2012 Escrow Agreement” means the Escrow Agreement, dated as of December 1, 2021, between the City and The Bank of New York Mellon Trust Company, N.A., as trustee for the Refunded 2012 Bonds.

“2012 Escrow Fund” means the Escrow Fund established pursuant to the 2012 Escrow Agreement.

“2022 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated May __, 2022, by and between the City and the Trustee, acting in its capacity as dissemination agent, relating to the 2022 Series A Bonds.

“2022 Costs of Issuance Fund” means the 2022 Costs of Issuance Fund established pursuant to Section 4.01.

“2022 Delivery Date” means May __, 2022.

“2022 Series A Bonds” means the City’s Electric System Revenue Bonds, 2022 Series A authorized by Article II hereof.

Section 1.04 Interpretation.

(a) Unless the context otherwise indicates, defined terms shall include all variants thereof, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine genders, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) References herein to the Securities Depository shall include both the Securities Depository and any nominee of the Securities Depository in whose name the 2022 Series A Bonds may be registered.

(d) Unless otherwise indicated, references herein to Articles and Sections shall be to the Articles and Sections of this Seventh Supplemental Indenture. The words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Seventh Supplemental Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE 2022 SERIES A BONDS

Section 2.01 Principal Amount and Designation; Conditions to Issuance.

(a) Pursuant to the provisions of the Master Indenture and this Seventh Supplemental Indenture and the provisions of the Charter and the Bond Ordinance, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “City of Vernon Electric System Revenue Bonds, 2022 Series A.” The 2022 Series A Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2022 Series A Bond.

(b) The 2022 Series A Bonds are issued for the purpose of providing moneys: (i) to refund the Refunded 2012 Bonds; and (ii) pay Costs of Issuance of the 2022 Series A Bonds.

(c) All (but not less than all) of the 2022 Series A Bonds shall be executed by the City for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to or upon the order of the City but only upon receipt by the Trustee of the applicable items required pursuant to Sections 2.04 and 2.07 of the Master Indenture with respect to the 2022 Series A Bonds.

Section 2.02 Terms of the 2022 Series A Bonds; Registration; Denominations; Payment of Principal and Interest.

(a) The 2022 Series A Bonds shall be issued as fully registered Bonds without coupons in Authorized Denominations. The 2022 Series A Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, the initial Securities Depository for the 2022 Series A Bonds, and shall be evidenced by one bond certificate in the total aggregate principal amount of the 2022 Series A Bonds of each maturity. Registered ownership of the 2022 Series A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 3.04 of the Master Indenture.

(b) The 2022 Series A Bonds shall be dated the 2022 Delivery Date.

(c) The 2022 Series A Bonds shall mature on August 1 of the years, in the principal amounts, and shall bear interest at the rates, in each case as set forth below:

<i>Maturity Date (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

Section 2.03 Terms of Redemption.

(a) The 2022 Series A Bonds with stated maturities on or after August 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the City and from any source of available funds, as a whole or in part on ____ 1, 20__, or any date thereafter, and by lot within each maturity in integral multiples of \$5,000, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

(b) [The 2022 Series A Bonds maturing on August 1, 20__ are also subject to mandatory redemption in part prior to their stated maturity from Sinking Fund Installments established pursuant to subsection (c) of this Section on any August 1 on or after August 1, 20__, at a Redemption Price equal to the principal amount of the 2022 Series A Bonds to be redeemed, without premium.

(c) The following shall be the Sinking Fund Installments for the 2022 Series A Bonds maturing on August 1, 20__. Such installments shall be due on August 1 of each of the years set forth in the following table in the respective amounts set forth opposite such years in said table:

<i>Sinking Fund Installment</i>	<i>Sinking Fund Installment</i>
<i>Due Date (August 1)</i>	
20[]	\$

†

† Maturity.

Section 2.04 Application of Proceeds of 2022 Series A Bonds. The proceeds of the sale of the 2022 Series A Bonds (equal to the principal amount thereof, plus original issue premium of \$_____ and less underwriter’s discount of \$_____) shall be applied simultaneously with the delivery of the 2022 Series A Bonds, as follows:

- (a) There shall be deposited in the 2022 Costs of Issuance Fund the sum of \$_____;
- and
- (b) There shall be deposited in the 2012 Escrow Fund the sum of \$_____.

The Trustee may establish temporary funds or accounts in its records to record and facilitate the above-described deposits.

ARTICLE III

FUNDS

Section 3.01 2022 Costs of Issuance Fund.

(a) The Trustee shall establish and maintain in trust a separate fund designated as the “2022 Costs of Issuance Fund.” Except as provided in subsections (c) and (e) of this Section, money deposited in the 2022 Costs of Issuance Fund shall be used to pay the Costs of Issuance with respect to the 2022 Series A Bonds as provided in this Section.

(b) The Trustee shall make payments from the 2022 Costs of Issuance Fund, except payments and withdrawals pursuant to subsection (c) or subsection (e) of this Section, in the amounts, at the times, in the manner and on the other terms and conditions set forth in this subsection. Before any such payment from the 2022 Costs of Issuance Fund shall be made, there shall be filed with the Trustee a requisition therefor, signed by an Authorized City Representative. Each such requisition shall state, in respect of the payment to be made: (i) the name of the Person to whom payment is due; (ii) the amount of such payment; and (iii) the particular item of the Costs of Issuance of the 2022 Series A Bonds to be paid and that such payment in the stated amount is a proper charge against the 2022 Costs of Issuance Fund and that no part of such payment shall be applied to any item which has previously been paid from moneys in the 2022 Costs of Issuance Fund. The Trustee shall promptly issue its check to the City or to the Person identified in the requisition in the amount or amounts specified in each such requisition or, if requested pursuant to any such requisition, shall by wire transfer, interbank transfer or other method arrange to promptly make each payment required by such requisition. The City shall apply, or cause to be applied, all such moneys

received from the 2022 Costs of Issuance Fund pursuant to this subsection (b) to the payment of the Costs of Issuance of the 2022 Series A Bonds identified in the requisition relating to such moneys.

Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Upon receipt of each such requisition, signed by an Authorized City Representative, the Trustee shall pay the amount set forth therein as directed by the terms thereof.

(c) Upon the receipt by the Trustee of a certificate of an Authorized City Representative requesting the Trustee to close the 2022 Costs of Issuance Fund, and after payment from the 2022 Costs of Issuance Fund of all amounts included in requisitions submitted by the City pursuant to subsection (b) of this Section, the Trustee shall transfer any moneys remaining in the 2022 Costs of Issuance Fund to the account in the Debt Service Fund specified by the City. Upon such transfer, the Trustee shall close the 2022 Costs of Issuance Fund.

(d) Moneys held in the 2022 Costs of Issuance Fund may be invested and reinvested to the fullest extent practicable in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. Any investment earnings on moneys on deposit in the 2022 Costs of Issuance Fund shall be deposited in the 2022 Costs of Issuance Fund and be used in the same manner as other amounts on deposit in the 2022 Costs of Issuance Fund.

(e) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the 2022 Costs of Issuance Fund shall be applied to the payment of Bond debt service when due.

ARTICLE IV

MISCELLANEOUS

Section 4.01 Indenture to Remain in Effect. Save and except as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture, the Master Indenture shall remain in full force and effect.

Section 4.02 Continuing Disclosure. The City hereby covenants and agrees to comply with and carry out all the provisions of the 2022 Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the City to comply with the 2022 Continuing Disclosure Agreement shall not be considered an Event of Default and the Trustee shall have no right to accelerate amounts due under the Indenture as a result thereof; provided, however, that the Trustee, upon receipt of indemnification reasonably satisfactory to it, and the Owners of not less than 25% in principal amount of the Outstanding 2022 Series A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations in this Section and the 2022 Continuing Disclosure Agreement.

Section 4.03 Tax Covenants. Notwithstanding any other provision of the Indenture, absent an Opinion of Bond Counsel that the exclusion from gross income of the portion of interest on the 2022 Series A Bonds will not be adversely affected for federal income tax purposes, the City

covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2022 Series A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City will take no action, refrain from taking any action and make no use of the proceeds of the 2022 Series A Bonds or of any other moneys or property which would cause the 2022 Series A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The City will make no use of the proceeds of the 2022 Series A Bonds or of any other amounts or property, regardless of the source, and will take no action and refrain from taking any action which will cause the 2022 Series A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City will make no use of the proceeds of the 2022 Series A Bonds and will not take or omit to take any action that would cause the 2022 Series A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2022 Series A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The City will make no use of the proceeds of the 2022 Series A Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the 2022 Series A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the City takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2022 Series A Bonds for federal income tax purposes; and

(f) Miscellaneous. The City will take no action and refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the City in connection with the issuance of the 2022 Series A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the City from issuing Bonds or causing the Trustee to execute and deliver contracts payable on a parity with the 2022 Series A Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Section 4.04 Rebate Account.

(a) Establishment. As provided in Section 5.08 of the Master Indenture, the Trustee shall establish an account for the 2022 Series A Bonds within the Rebate Fund designated the “2022 Series A Rebate Account” when required in accordance herewith. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2022 Series A Bonds will not be adversely affected, the City shall cause to be deposited in the 2022 Series A Rebate Account such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate relating to the 2022 Series A Bonds. All money at any time deposited in the 2022 Series

A Rebate Account shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the 2022 Series A Rebate Account shall be governed by this Section and the Tax Certificate relating to the 2022 Series A Bonds, unless and to the extent that the City delivers to the Trustee an Opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2022 Series A Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate relating to the 2022 Series A Bonds, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all written requests of the City; (ii) shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate relating to the 2022 Series A Bonds; (iii) may rely conclusively on the City's calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the City's calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate relating to the 2022 Series A Bonds), the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate relating to the 2022 Series A Bonds (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "**Rebatable Arbitrage**"). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written request of the City, an amount shall be deposited to the 2022 Series A Rebate Account by the Trustee from any Net Revenues legally available for such purpose (as specified by the City in the aforesaid written request), if and to the extent required so that the balance in the 2022 Series A Rebate Account shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the 2022 Series A Rebate Account exceeds the amount required to be on deposit therein, upon written request of the City, the Trustee shall withdraw the excess from the 2022 Series A Rebate Account and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by written Request of the City, to the United States Treasury, out of amounts in the 2022 Series A Rebate Account:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all of the 2022 Series A Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such

If to S&P, to: Standard & Poor's Ratings Services
55 Water Street, 38th Floor
New York, New York 10041
Attention: Public Finance Department

If to Moody's, to: Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York, New York 10007

Each of City, the Trustee, and the Rating Agencies may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications to it shall be sent. Unless otherwise requested by the City, the Trustee or a Rating Agency, any notice required to be given hereunder in writing may be given by any form of Electronic notice capable of making a written record.

Section 4.07 Counterparts. This Seventh Supplemental Indenture may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the City of Vernon has caused this Seventh Supplemental Indenture to be signed in its name and on its behalf by its City Administrator and attested by its City Clerk and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the date set forth above.

CITY OF VERNON

By: _____
Carlos R. Fandino, Jr.
City Administrator

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Zaynah Moussa-Milward
Interim City Attorney

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2022 SERIES A BONDS

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE CITY OF VERNON OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**CITY OF VERNON
ELECTRIC SYSTEM REVENUE BOND,
2022 SERIES A**

No. R-____ \$ _____

<i>Interest Rate</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>CUSIP No.</i>
%	_____, 2022	August 1, 20__	924397 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE CITY OF VERNON (herein called the “City”), a municipal corporation and chartered city of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay (but only out of the Net Revenues (capitalized terms used herein shall have the meanings given such terms pursuant to the Indenture mentioned below) and other assets pledged therefor and available for such payment pursuant to the Indenture) to the Registered Owner specified above or registered assigns, on the Maturity Date specified above (unless this Bond shall have been previously called for redemption in whole or in part and payment of the Redemption Price shall have been duly made), the Principal Amount specified above, in lawful money of the United States of America and to pay interest thereon (but only from said Net Revenues and other pledged assets available for such payment pursuant to the Indenture) in like lawful money until payment of such principal sum shall be discharged as provided in the Indenture, at the rate set forth above.

Except as otherwise provided in the Indenture with respect to Bonds held by a Securities Depository, the principal or, if applicable, the Redemption Price, hereof is payable upon surrender hereof at the designated Principal Office of the Trustee under the Indenture (the “Trustee”). The current Trustee is The Bank of New York Mellon Trust Company, N.A., and its designated Principal Office is its principal corporate trust office in Los Angeles, California, or such other place as designated by the Trustee. Except as otherwise provided with respect to 2022 Series A Bonds held by a Securities Depository, interest hereon is payable by check mailed on each Interest Payment Date to the Owner hereof as of the applicable Record Date at the address appearing on the Bond Register maintained by the Trustee; provided Owners of at least \$1,000,000 aggregate principal amount of

2022 Series A Bonds may, at any time prior to a Record Date, give the Trustee written instructions for payment of such interest on each succeeding Interest Payment Date for such 2022 Series A Bonds by wire transfer or by deposit to an account within the United States of America.

This Bond is one of a duly authorized issue of bonds of the City designated as “City of Vernon, Electric System Revenue Bonds” (the “Bonds”) and of a Series of the Bonds designated as “Electric System Revenue Bonds, 2022 Series A” (the “2022 Series A Bonds”). The 2022 Series A Bonds are issued pursuant to the Charter and the Bond Ordinance. The 2022 Series A Bonds have been issued in the aggregate principal amount of \$_____. The 2022 Series A Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by a pledge of the Trust Estate under, and entitled to the protection given by, the Indenture of Trust, dated as of September 1, 2008 (the “Master Indenture”), by and between the City and the Trustee, as amended and supplemented, including as supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021, by and between the City and the Trustee (said Master Indenture, as heretofore amended and supplemented and as the same may be further amended and supplemented, is herein called the “Indenture”).

As provided in the Indenture, Bonds of the City may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

Copies of the Indenture are on file at the City Hall of the City and at the Principal Office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City, the Trustee and the Owners of the Bonds and the terms upon which the Bonds are secured and payable under the Indenture, the rights and remedies of the Owners of the 2022 Series A Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. The Indenture provides that other Parity Obligations secured by a pledge of Revenues and amounts in the Light and Power Fund on a parity with the Bonds may be issued or incurred by the City on the terms set forth therein. By acceptance of this Bond, the Registered Owner accepts and agrees to the terms of the Indenture.

This Bond is a special obligation of the City and the principal of, Redemption Price, if any, and interest on this Bond are payable solely from the Net Revenues, the amounts in the Light and Power Fund available for such payment pursuant to the Indenture, and the amounts in the Funds held by the Trustee under the Indenture other than the Rebate Fund. The City’s obligation to pay and the principal of, Redemption Price, if any, and interest on this Bond shall not constitute a charge against the general credit of the City. This Bond is not secured by a legal or equitable pledge of, or lien or charge upon, any property of the City or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which pledge is subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein.

Neither the faith and credit nor the taxing power of the State of California, the City or any other public agency is pledged to the payment of the principal or Redemption Price of or the interest on this Bond. The issuance of this Bond shall not directly, indirectly or contingently obligate the

City Council of the City to levy or pledge any form of taxation or to make any appropriation for the payment of this Bond. The payment of the principal or Redemption Price of or interest on this Bond does not constitute a debt, liability or obligation of the State of California or any public agency (other than the special obligation of the City as provided in the Indenture). Neither the members of the City Council of the City, nor any person executing this Bond, nor any officer or employee of the City, shall be individually liable for the principal or Redemption Price of or interest on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond or in respect of any undertakings by the City under the Indenture.

Interest on the 2022 Series A Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The term “Interest Payment Date” means, with respect to the 2022 Series A Bonds, each February 1 and August 1, commencing August 1, 2022.

The term “Record Date” means, with respect to an Interest Payment Date for the 2022 Series A Bonds, the fifteenth day of the month preceding the month in which such Interest Payment Date falls.

The 2022 Series A Bonds with stated maturities on or after August 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the City and from any source of available funds, as a whole or in part on ____ 1, 20__, or any date thereafter, and by lot within each maturity in integral multiples of \$5,000, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

[The 2022 Series A Bonds maturing on August 1, 20__ are also subject to mandatory redemption in part prior to their stated maturity from Sinking Fund Installments on any August 1 on or after August 1, 20__, at a Redemption Price equal to the principal amount of the 2022 Series A Bonds to be redeemed, without premium. Such installments shall be due on August 1 of each of the years set forth in the following table in the respective amounts set forth opposite such years in said table:

<i>Sinking Fund Installment Due Date (August 1)</i>	<i>Sinking Fund Installment</i>
20[]	\$

†

† Maturity.]

If less than all of the 2022 Series A Bonds of a maturity are to be redeemed, the particular 2022 Series A Bonds of such maturity to be redeemed shall be selected as provided in the Indenture.

The 2022 Series A Bonds are payable upon redemption upon surrender thereof at the Principal Office of the Trustee. The Trustee shall give notice, in the name of the City, of the redemption of 20221 Series A Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days before the redemption date to the

Owners of any 2022 Series A Bonds to be redeemed (in whole or in part) at their addresses appearing in the Bond Register. Such notice shall specify the Series and maturity of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption shall be payable and, if less than all of the 2022 Series A Bonds of a maturity are to be redeemed, the letters and numbers or other distinguishing marks of such 2022 Series A Bonds so to be redeemed, and, in the case of 2022 Series A Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Subject to the provisions of the next paragraph, such notice shall further state that on such redemption date there shall become due and payable upon each 2022 Series A Bond to be redeemed the Redemption Price thereof (or the Redemption Price of the specified portion of the principal amount thereof to be redeemed in the case of a 2022 Series A Bond to be redeemed in part only) and that from and after such date interest on such 2022 Series A Bond (or the portion of such 2022 Series A Bond to be redeemed) shall cease to accrue and be payable.

In the event that funds required to pay the Redemption Price of 2022 Series A Bonds to be redeemed at the option of the City are not on deposit with the Trustee at the time the Trustee gives notice of redemption to the Owners of such 2022 Series A Bonds, such notice shall state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the Redemption Price of the 2022 Series A Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such 2022 Series A Bonds. In the event a notice of redemption of 2022 Series A Bonds contains such a condition and such moneys are not so received, the redemption of 2022 Series A Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given that such moneys were not so received and that there shall be no redemption of 2022 Series A Bonds pursuant to the conditional notice of redemption.

Receipt of notice of redemption shall not be a condition precedent to the redemption of 2022 Series A Bonds and failure of any Owner of a 2022 Series A Bond to receive any such notice or any insubstantial defect in such notice shall not affect the validity of the proceedings for the redemption of 2022 Series A Bonds.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the City with, in certain cases, the written consent of the Owners of at least a majority in principal amount of the Bonds then Outstanding under the Indenture; and, in case less than all of the Bonds would be affected thereby, with such consent of the Owners of a majority in principal amount of the affected Outstanding Bonds; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds for purposes of such consent. No such modification or amendment shall permit a change in the terms of any Sinking Fund Installment or the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment without the consent of the Owners of all of the Bonds then Outstanding, or shall

change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

The Indenture may also be amended or supplemented without the necessity of the consent of the Owners of the 2022 Series A Bonds for any one or more of the purposes specified in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the Bond Register kept for that purpose at the Principal Office of the Trustee, by the registered Owner hereof, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his duly authorized attorney. Thereupon and upon payment of the charges prescribed in the Indenture a new registered 2022 Series A Bond, without coupons, and for the same maturity and aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture. The City, the Trustee and any Paying Agent may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law, including the City Charter and the Bond Ordinance, and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner and that the 2022 Series A Bonds, together with all other indebtedness of the City, comply in all respects with the applicable laws of the State of California, including the City Charter and the Bond Ordinance.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, CITY OF VERNON has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and the seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its City Clerk, as of the Dated Date specified above.

CITY OF VERNON

[SEAL]

By: _____
City Administrator

ATTEST:

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 2022 Series A Bonds delivered pursuant to the within mentioned Indenture.

Dated: _____, 2022

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the City of Vernon and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by:

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

EXHIBIT D
FORM OF CONTRACT OF PURCHASE

[\$[PAR AMOUNT]]
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS
2021 SERIES A

[PRICING DATE], 2021

CONTRACT OF PURCHASE

City of Vernon
4305 South Santa Fe Avenue
Vernon, California 90058

Ladies and Gentlemen:

The undersigned, Goldman Sachs & Co. LLC (the “*Underwriter*”), hereby offers to enter into this Contract of Purchase (this “*Purchase Contract*”) with you, the City of Vernon (the “*City*”). This offer is made subject to acceptance by the City prior to 11:59 P.M., California time, on the date hereof, and if not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to acceptance by the City. Upon acceptance by the execution hereof, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Official Statement (as defined herein).

1. *Purchase, Sale and Delivery of the Bonds; Establishment of Issue Price.*
(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements, set forth herein, the Underwriter agrees to purchase, and the City agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$[PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2021 Series A (the “*Bonds*”). The Bonds shall be dated the date of delivery thereof, shall mature in the amounts and on such dates, shall bear interest at such rates, and shall be subject to redemption, all as set forth in *Schedule I* attached hereto. Interest on the Bonds shall be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2022. The purchase price for the Bonds shall be \$_____ (representing the \$[PAR AMOUNT] aggregate principal amount of the Bonds plus original issue premium of \$_____, less \$_____ of Underwriter’s discount.)

(b) The Bonds are to be issued pursuant to Article II of the City’s Charter and the City of Vernon Municipal Facilities Revenue Bond Law, constituting Article XI of Chapter 2 of the Vernon City Code, and an Indenture of Trust, dated as September 1, 2008 (as previously amended and supplemented, the “*Master Indenture*”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), and as supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021 (the “*Sixth Supplemental*

Indenture” and collectively with the Master Indenture, the “*Indenture*”), providing for the issuance of the Bonds, substantially in the form previously submitted to the Underwriter, with only such changes therein as shall be mutually agreed upon by the City and the Underwriter.

Proceeds of the Bonds will be used to (i) finance the costs of acquisition by the City of that certain 134-megawatt natural gas-fired generating facility located within the City limits on land owned by the City and known as the “*Malburg Generating Station*,” and related facilities, assets, property, and contractual rights to be acquired for the benefit of the Electric System pursuant to the terms of that certain Purchase and Sale Agreement, dated as of November 18, 2021 (the “*Purchase and Sale Agreement*”), between the City and Bicent (California) Malburg LLC (the “*Seller*”); (ii) fund a deposit in the Debt Service Reserve Fund in satisfaction of the Debt Service Reserve Requirement; and (iii) pay costs of issuing the Bonds.

The City will undertake, pursuant to a Continuing Disclosure Agreement, dated December 14, 2021 (the “*Continuing Disclosure Agreement*”), by and between the City and the Trustee, to provide certain annual financial information and notices of the occurrence of certain events. A form of the Continuing Disclosure Agreement is set forth in the Preliminary Official Statement (defined below) and will also be set forth in the Official Statement (defined below).

The Indenture, the Continuing Disclosure Agreement and this Purchase Contract are hereinafter referred to collectively as the “*Legal Documents*.”

(c) The Underwriter, agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, in such form as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City, and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the City under this section to establish the issue price or the Bonds may be taken on behalf of the City by the City’s municipal advisor and any notice or report to be provided to the City may be provided to the City’s municipal advisor.

The City will treat the first price at which 10% of each maturity of the Bonds (the “*10% test*”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the City the price or prices at which the Underwriter has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public).

The Underwriter confirms that:

(i) any selling group agreement and each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold to the public or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, (B) promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) acknowledge that, unless otherwise advised by the dealer or broker-dealer the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold to the public or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity.

The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “*public*” means any person other than an underwriter or a related party,

(ii) “*underwriter*” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “*related party*” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or

the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “*sale date*” means the date of execution of this Purchase Contract by all parties.

(d) At 8:00 A.M., California time, on December 14, 2021, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter (the “*Closing Date*”), the City will deliver to the Underwriter at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“*Bond Counsel*”), the closing documents hereinafter mentioned. The Bonds, registered to Cede & Co. and in definitive form, will be made available to the Underwriter one business day prior to the Closing Date at the offices of Bond Counsel, or at such other place as may be designated by the Underwriter, and shall be subsequently delivered on the Closing Date to The Depository Trust Company (“*DTC*”) or to the Trustee for DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract. Upon release of the Bonds, the Underwriter will pay the purchase price of the Bonds as set forth in this Section 1, in immediately available funds to the order of the City. The releases and payments referenced in this Section 1 are herein called the “*Closing*.”

2. *Use and Preparation of Official Statement.* The City hereby ratifies, confirms and approves of the distribution and use by the Underwriter prior to the date hereof of the preliminary official statement dated [POS DATE], 2021 (which preliminary official statement, together with any amendments or supplements thereto prior to the date hereof as have been approved by the City and the Underwriter, is referred to herein as the “*Preliminary Official Statement*”). The City has deemed the Preliminary Official Statement final as of the date thereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“*Rule 15c2-12*”), except for information permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12. The City hereby acknowledges that the Preliminary Official Statement has been made available to investors in electronic form. The City hereby agrees to deliver or cause to be delivered to the Underwriter, as soon as practicable, but in no case later than one business day preceding the Closing Date, copies of the final Official Statement relating to the Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the City and the Underwriter (including the appendices thereto and any amendments or supplements as have been approved by the City and the Underwriter, the “*Official Statement*”), in sufficient quantity to enable the Underwriter to comply with the rules of the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “*MSRB*”). The City hereby approves of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. At the time of or prior to the Closing Date, the Underwriter shall file a copy of the Official Statement in printed or electronic form with, and as permitted by, the MSRB through its

Electronic Municipal Market Access system. The Underwriter shall advise the City of the date of such filing.

3. *Representations, Warranties and Agreements of the City.* The City represents, warrants and agrees with the Underwriter as follows:

(a) The City is, and will be on the Closing Date, duly existing as a chartered city organized under the laws of the State of California (the “*State*”), and has full legal right, power and authority to cause the Bonds to be authenticated and delivered, to execute and deliver the Purchase and Sale Agreement and the Legal Documents and to perform its obligations contained herein and therein in accordance with the City’s Charter and other applicable laws, and, assuming the Purchase and Sale Agreement and the Legal Documents constitute the legal, valid and binding agreements of the other respective parties thereto, the Purchase and Sale Agreement constitutes, and the Legal Documents will constitute, the legal, valid and binding obligations of the City enforceable in accordance with their respective terms;

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the Legal Documents and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) The City is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a breach or default in any respect under any such instrument which could have a material effect on the business operations or financial condition of the City or its Electric System or the ability of the City to perform its obligations under the Indenture or the Bonds; and the issuance of the Bonds and the execution and delivery of the Official Statement and the Legal Documents and compliance with the provisions on the City’s part contained in the Legal Documents, will not in any material respect conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Indenture;

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the City threatened, against the City in any material respect affecting the existence of the City or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or contesting or affecting, as to the City, the validity or enforceability of the Bonds or the Legal Documents or the collection of Net Revenues of the Electric System or other amounts pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds or contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would likely to result in a material adverse change in the business, properties, assets or financial condition of the Electric System or materially adversely affect the validity or enforceability of the Legal Documents;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations in connection with the issuance of the Bonds under the Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the Legal Documents have been duly obtained;

(f) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; *provided, however*, that in no event shall the City be required to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject;

(g) As of its date and the date hereof, the Preliminary Official Statement (excluding information concerning DTC and the book-entry system and the information provided by the Underwriter under the caption "UNDERWRITING" as to which no representation is made) did not and does not, except as to the information permitted to be

omitted by Rule 15c2-12, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) As of the date hereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement (excluding information concerning DTC and the book-entry system and the information provided by the Underwriter under the caption "UNDERWRITING" as to which no representation is made) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City will notify the Underwriter, and, if in the reasonable opinion of the City, the Underwriter or its respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish to the Underwriter (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(j) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (i) of this Section 3, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (excluding information concerning DTC and the book-entry system and the information provided by the Underwriter under the caption "UNDERWRITING" as to which no representation is made) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(k) As used herein and for the purposes of the foregoing, the term "*End of the Underwriting Period*" for the Bonds shall mean the earlier of (i) the Closing Date unless

the City shall have been notified in writing by the Underwriter on or prior to the Closing Date that the End of the Underwriting Period for the Bonds has not occurred by the Closing Date under Rule 15c2-12, or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12; *provided, however*, that the City may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period;

(l) the City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld;

(m) The City will apply, or cause the application of, the proceeds of the Bonds in accordance with the Indenture;

(n) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing Date the City does not and will not have outstanding any indebtedness which is secured by a lien on Electric System Revenues superior to or on a parity with the lien of the Bonds thereon;

(o) Between the date hereof and the Closing Date, except as contemplated by the Official Statement, the City will not have incurred any material liabilities, direct or contingent, payable from Electric System Revenues or entered into any material transaction in connection with the Electric System in either case other than in the ordinary course of business, and there shall not have been any material adverse change in the financial condition or operations of the Electric System;

(p) The Bonds, the Legal Documents and the other documents described in the Official Statement conform in all material respects to the descriptions thereof contained in the Official Statement, and the Bonds, when delivered as provided herein, will be validly issued and outstanding obligations of the City entitled to the benefits of the Indenture;

(q) The financial statements of the Light and Power Enterprise of the City contained as Appendix A to the Preliminary Official Statement and Official Statement fairly present the financial position and results of operations of the Electric System as of the dates and for the periods therein set forth in accordance with the accounting principles described in Appendix A to the Preliminary Official Statement and Official Statement applied consistently, and there has not been a material adverse change in the business or financial condition of Electric System of the City from that set forth in or contemplated by the Preliminary Official Statement and the Official Statement;

(r) The City (i) has, or will have, as required by applicable laws, rules and regulations, all necessary licenses and permits required to carry on and operate all of the facilities, equipment and other property comprising the Electric System the lack of which

would materially adversely affect the operations or financial condition of the Electric System, and (ii) has not received any notice of an alleged violation and, to the best knowledge of the City, the City is not in violation of any zoning, land use or other similar law or regulation applicable to any of its property comprising the Electric System that would materially adversely affect its operations or financial condition;

(s) Any certificate signed by an authorized officer of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein;

(t) The City has received documentation and assurances from the Seller reasonably satisfactory to the City regarding the consummation of the acquisition by the City of the Malburg Generating Station pursuant to the Purchase and Sale Agreement and as contemplated by and described in the Official Statement; and

(u) Except as disclosed in the Official Statement, the City has not failed to comply in all material respects with the terms of any continuing disclosure obligation under Rule 15c2-12 within the past five years.

4. *Conditions to the Obligations of the Underwriter.* The Underwriter hereby enters into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and the representations and warranties of the City to be contained in the documents and instruments to be delivered on or prior to the Closing Date and upon the performance by the City of its obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The City hereby agrees to use its best efforts to deliver or cause to be delivered to the Underwriter, copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter) not later than three (3) business days prior to the Closing Date, and to deliver or cause to be delivered the final Official Statement within two (2) business days prior to the Closing Date, in such quantity as the Underwriter shall have requested pursuant to Section 2 hereof;

(b) The representations and warranties of the City contained herein shall be true and correct on the date hereof and on the Closing Date, as if made on and at the Closing Date;

(c) As of the Closing Date, the Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the City, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and such Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and there shall be in full force and effect such resolution or resolutions of the City Council of the City as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) If between the date hereof and the Closing Date, the market price or marketability, at the initial public offering prices set forth in the Official Statement, of the Bonds shall have been materially adversely affected, in the reasonable judgment of the Underwriter, by reason of any of the following, the Underwriter may terminate its obligation to accept delivery of and make any payment for the Bonds by delivery to the City of a written notice to such effect by the Underwriter:

(1) legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the U.S. Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the outbreak or escalation in military hostilities or declaration by the United States of a national or international emergency or war, or any other calamity or crisis the effect of any of which on the financial markets is such as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds as contemplated hereby or by the Official Statement;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority having jurisdiction of the subject matter, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally,

or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the U.S. Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(6) except as disclosed in or contemplated by the Official Statement, any material adverse change in the business, properties, assets or financial condition of the Electric System of the City;

(7) the suspension, withdrawal or downgrading of any rating of the Bonds or any other outstanding debt of the City's Electric System by any rating agency then rating such Bonds or other outstanding debt of the City's Electric System, or any official action by any rating agency then rating the Bonds to place the Bonds on "Credit Watch" for possible downgrade or on "Negative Outlook" after the date hereof (and *provided* that the Bonds were not on "Credit Watch" or "Negative Outlook" prior to the date hereof); or

(8) an event shall occur or any information shall become known which makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (a) the City refuses to permit the Official Statement to be supplemented to supply such statement or information or (b) the market price or marketability of the Bonds shall have been materially adversely affected, in the reasonable judgment of the Underwriter, by the Official Statement as so supplemented.

(e) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to the Underwriter and Underwriter's Counsel:

(1) the approving opinion of Bond Counsel, dated the Closing Date and addressed to the City, substantially in the form attached as Appendix C to the Official Statement;

(2) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit A*;

(3) an opinion of the Interim City Attorney or other counsel to the City acceptable to the Underwriter, dated the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit B*;

(4) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the City and the Underwriter, to the effect that: (i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America; (ii) the Trustee is duly eligible and qualified to act as Trustee under the Indenture and as Dissemination Agent under the Continuing Disclosure Agreement; (iii) the Trustee has all requisite power, authority and legal right to execute and deliver the Indenture and the Continuing Disclosure Agreement and to perform its obligations under such documents; (iv) the Trustee has duly authenticated the Bonds; and (v) the Trustee has duly executed and delivered the Indenture and the Continuing Disclosure Agreement and assuming that such documents constitute the legal, valid and binding agreements of the other respective parties thereto, such documents are the legal, valid and binding agreements of the Trustee, enforceable in accordance with their terms, except to the extent enforceability thereof may be subject to (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies heretofore or hereafter enacted, and (b) the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(5) an opinion of Chapman and Cutler LLP, Underwriter's Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) assuming the due authorization, execution and delivery of the Continuing Disclosure Agreement by the City and the Trustee and the enforceability thereof, the Continuing Disclosure Agreement is in a form which satisfies the requirements of section (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended; and (iii) on the basis of the information made available to such firm in the course of acting as counsel to the Underwriter (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the Underwriter in connection with the preparation of the Preliminary Official Statement and the Official Statement that cause them to believe that (a) the Preliminary Official Statement as of its date or as of the date of this Purchase Contract (excluding therefrom financial, demographic and statistical data; forecasts, projections,

estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Preliminary Official Statement under the captions “TAX MATTERS,” and in the Appendices to the Preliminary Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, Underwriter’s discount and CUSIP numbers or (b) the Official Statement as of its date or as of the Closing Date (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the captions “TAX MATTERS,” and in the Appendices to the Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(6) a certificate or certificates, dated the Closing Date, of the City executed by its City Administrator or other appropriate official, to the (i) effect that the representations and warranties of the City in this Purchase Contract are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and the City has complied with and performed all of its covenants and agreements in this Purchase Contract on its part to be complied with and performed at or prior to the Closing (ii) since June 30, 2020, except as referred to in or as contemplated by the Official Statement, with respect to its Electric System, the City has not incurred any financial liabilities, direct or contingent, or entered into any transactions and there has not been any adverse change in the condition, financial or physical, of the Electric System, in any case that would materially and adversely affect the ability of the City to meet its obligations under the Indenture; and (iii) other than as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation pending or, to the best knowledge of such official, threatened (a) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (b) seeking to restrain or enjoin the delivery of the Bonds, or the collection of Net Revenues of the Electric System or other amounts pledged to pay the principal of, premium, if any, and interest on such Bonds or the pledge thereof; (c) in any way contesting or affecting the validity of the Bonds or the

Legal Documents; (d) in any way contesting the powers of the City or any authority for the issuance and delivery of the Bonds and the performance of its obligations contained therein or the execution and delivery of the Legal Documents and the performance of its obligations contained therein, nor to the best knowledge of such official after reasonable investigation, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would make invalid or materially adversely affect the authorization, execution, delivery or performance by the City of the foregoing; (e) which would be likely to result in a material adverse change in the business, properties, assets or the financial condition of the Electric System or which would be likely to have a material adverse effect on the ability of the City to meet its obligations under the Indenture; or (f) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, which certificate shall be in form and substance acceptable to the Underwriter (but in lieu of such certificate, the Underwriter may in its sole discretion accept an opinion of Bond Counsel or Counsel to the City, acceptable to the Underwriter in form and substance, that in their opinion the issues raised in any such pending or threatened litigation are without substance or that the contentions of any plaintiffs therein are without merit);

(7) a certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Indenture and the Continuing Disclosure Agreement, together with a certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that: (i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture and the Continuing Disclosure Agreement; (ii) the Trustee is duly authorized to enter into the Indenture and the Continuing Disclosure Agreement and to authenticate and deliver the Bonds to the Underwriter pursuant to the terms of the Indenture; (iii) the execution and delivery of the Indenture and the Continuing Disclosure Agreement and compliance with the provisions on the Trustee's part contained therein, and the authentication and delivery of the Bonds will not conflict in any material respect with or constitute a breach of or default under any law, administrative regulation, judgment, decree, material agreement, or material instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, material agreement, or material instrument, except as provided by the Indenture; and (iv) to the

knowledge of such officer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served on, or threatened against, the Trustee, affecting the existence of the Trustee or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Indenture against the Trustee, or contesting the power of the Trustee or its authority to enter into, adopt or perform its obligations under the Indenture, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture against the Trustee or the authentication and delivery of the Bonds;

(8) the Official Statement and each supplement or amendment, if any, thereto, executed by the City;

(9) copies of each of the Legal Documents, each duly executed and delivered by the respective parties thereto;

(10) certified copies of all proceedings relating to the authorization and issuance of the Bonds certified by the City Clerk or other appropriate official of the City;

(11) a certificate of the City (or an Independent Engineer, as such term is defined in the Indenture) pursuant to Section 2.07(e) of the Indenture, together with all other certificates, opinions and instruments required under for the issuance of the Bonds as “Additional Bonds” under the Indenture;

(12) evidence that the respective ratings on the Bonds of “___” from Standard and Poor’s Ratings Services and “___” from Moody’s Investors Services as described in the Official Statement are in full force and effect as of the Closing Date;

(13) the Blanket Issuer Letter of Representations of the City;

(14) a Tax Certificate with respect to the Bonds, prepared by Bond Counsel and executed by the City Administrator or other appropriate official of the City;

(15) a copy of any Blue Sky Memorandum with respect to the Bonds, prepared by Counsel to the Underwriter;

(16) a copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(17) a certificate of the City “*deeming final*” the Preliminary Official Statement for purposes of Rule 15c2-12.

(18) evidence of compliance with Section 8855(i) of the California Government Code;

(19) a letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel, dated the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit C*; and

(20) such additional certificates, instruments and other documents as the Underwriter or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the City’s representations and warranties contained in this Purchase Contract and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City pursuant to this Purchase Contract.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Contract or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be subject to termination by the Underwriter for any reason permitted by this Purchase Contract, this Purchase Contract and all obligations of the Underwriter hereunder may, at the option of the Underwriter, be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the City, and, upon any such termination, neither the Underwriter nor the City shall have any further obligations hereunder.

5. *Expenses.* (a) The Underwriter shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City’s obligations hereunder including, but not limited to: (i) the cost of preparation, printing and distribution of the Legal Documents, the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto, including a reasonable number of certified or conformed copies thereof; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel; (iv) the fees and disbursements of any engineers, accountants and other experts, consultants or advisors retained by the City; (v) fees for bond ratings (which include fees of rating agencies and travel expenses of the City); and (vi) all expenses incurred on behalf of City personnel with respect to the financing, including (a) air travel and hotel costs in connection with the pricing of the Bonds, any investor meetings, any rating agency trips and the Closing, (b) meals and transportation for City personnel during such trips, (c) expenses of City personnel related to attending working group meetings, such as parking, meals and transportation, and (d) any other miscellaneous costs related to the Closing.

(b) The Underwriter shall pay: (i) the cost of preparation and printing of this Purchase Contract and the Preliminary Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; (iii) fees, if any, payable to the

California Debt and Investment Advisory Commission, the MSRB and DTC; and (iv) all other expenses (including travel and other out-of-pocket expenses) incurred by them in connection with the public offering of the Bonds and the transactions contemplated by this Purchase Contract not outlined in (a) above, including the fees and disbursements of Underwriter's Counsel. The City acknowledges and agrees that some or all of the expenses (including all normally occurring out-of-pocket expenses) to be paid by the Underwriter may be included as part of the expense component of the underwriter's discount or may be reimbursed to the Underwriter as out-of-pocket expenses.

6. *Notices.* Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to: City of Vernon, 4305 South Santa Fe Avenue, Vernon, California 90058, Attn: City Administrator; and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to the Underwriter: Goldman Sachs & Co. LLC, 555 California Street, 45th Floor, San Francisco, California 94104, Attn: Joseph Natoli.

7. *Survival of Representations and Warranties.* The City's representations, warranties and agreements contained in this Purchase Contract or made in any certificate delivered hereunder shall remain operative and in full force and effect, regardless of: (i) any investigations or statements made by or on behalf of the Underwriter; and (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract.

8. *No Fiduciary.* The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as the agent, fiduciary, financial advisor or municipal advisor of the City; (ii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the City on other matters); (iii) the Underwriter has no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract; (iv) the Underwriter has financial and other interests that differ from those of the City; and (v) the City has consulted with its own legal, accounting, tax, financial and other advisors to the extent it deemed appropriate.

9. *No Assignment.* The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter or the City without the prior written consent of the other party hereto.

10. *Governing Law.* This Purchase Contract shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State.

11. *Counterpart Signatures.* This Purchase Contract may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

12. *Parties in Interest.* This Purchase Contract, when accepted by the City in writing as heretofore specified, shall constitute the entire agreement between the City and the Underwriter in connection with the subject matter hereof and is made solely for the benefit of the City and the Underwriter (including any successor in business of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

[Remainder of page intentionally left blank.]

Very truly yours,

GOLDMAN SACHS & Co. LLC

By: _____
Joseph Natoli, Managing Director

Accepted on [PRICING DATE]

CITY OF VERNON

By: _____
City Administrator

ATTEST:

By: _____
City Clerk

SCHEDULE 1

**[\$[PAR AMOUNT]]
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS
2021 SERIES A**

MATURITY SCHEDULE

MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	PRICE
April 1, 2022	\$	%	%	
October 1, 2022				
April 1, 2023				
October 1, 2023				
April 1, 2024				
October 1, 2024				
April 1, 2025				
October 1, 2025				
April 1, 2026				
October 1, 2026				
April 1, 2027				
October 1, 2027				
April 1, 2028				

MATURITY DATE	10% TEST SATISFIED	10% TEST NOT SATISFIED	SUBJECT TO HOLD-THE-OFFERING PRICE RULE
April 1, 2022			
October 1, 2022			
April 1, 2023			
October 1, 2023			
April 1, 2024			
October 1, 2024			
April 1, 2025			
October 1, 2025			
April 1, 2026			
October 1, 2026			
April 1, 2027			
October 1, 2027			
April 1, 2028			

OPTIONAL REDEMPTION

The Bonds are not subject to optional redemption prior to maturity.

EXHIBIT A

[Closing Date], 2021

Goldman Sachs & Co. LLC
as Underwriter
Los Angeles, California

Re: *[/PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2021 Series A*

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the “*Bonds*”). The Bonds have been issued pursuant to the City of Vernon Municipal Facilities Revenue Bond Law, constituting Article XI of Chapter 2 of the Vernon City Code, and an Indenture of Trust, dated as of September 1, 2008 (as amended and supplemented, the “*Indenture*”), by and between the City and The Bank of New York Mellon Trust Company, N.A. (the “*Trustee*”), including as supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021, by and between the City and the Trustee. Capitalized terms used herein and not defined shall have the meanings given to such terms in the Contract of Purchase, dated [PRICING DATE], 2021 (the “*Purchase Contract*”), by and between the City and Goldman Sachs & Co. LLC, as underwriter (“*Underwriter*”).

On the date hereof, we delivered to the City our opinion relating to, among other things, the validity of the Bonds (the “*Approving Opinion*”). You are authorized to rely upon the Approving Opinion as if addressed to you.

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary and in reliance on the foregoing, as appropriate, we are of the opinion that:

1. The Purchase Contract has been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery by the Underwriter, is a valid and binding agreement of the City enforceable in accordance with its terms.
2. The statements contained in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION,” “THE 2021 BONDS,” “SECURITY AND SOURCES OF PAYMENT” and “TAX MATTERS,” and in Appendices B and C, insofar as such statements purport to summarize certain provisions of the Bonds and the Indenture and our opinion with respect to certain federal and state income tax matters related to the Bonds, are accurate in all material respects.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. This opinion is limited to matters governed by the laws of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the Purchase Contract, the Indenture, the Continuing Disclosure Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any 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 Bonds, the Indenture, the Sixth Supplemental Indenture, or the Continuing Disclosure Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or Sixth Supplemental Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

This letter is limited to matters governed by the laws of the State of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. Except as expressly set forth in the Approving Opinion, we express no opinion regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the offer or sale of the Bonds.

This opinion letter may be relied upon only by you and may not be circulated, quoted from or relied upon by any other party without our prior written consent. This letter is being furnished to you solely for your benefit in connection with your purchase of the Bonds and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and you in connection with the execution and delivery of the Bonds or by virtue of this letter. We note you were represented by separate counsel retained by you in connection with the transaction described in the Official Statement.

Our engagement with respect to the Bonds terminates as of the date hereof, and we have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed in the Official Statement. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not addressed other than you.

Respectfully submitted,

EXHIBIT B

FORM OF OPINION OF INTERIM CITY ATTORNEY

[Closing Date]

Goldman Sachs & Co. LLC,
as Underwriter
Los Angeles, California

Re: *[\$[PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2021 Series A*

Ladies and Gentlemen:

I am the Interim City Attorney of the City of Vernon (the “City”) and as such I have served as counsel to the City in connection with the issuance of the City’s $[\text{PAR AMOUNT}]$ Electric System Revenue Bonds, 2021 Series A (the “Bonds”). As such counsel, I have examined and am familiar with: (i) those documents relating to the existence, organization and operation of the City; (ii) all necessary documentation of the City relating to the authorization, execution and delivery of: (a) the Indenture of Trust, dated as September 1, 2008, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented, including as supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021, providing for the issuance of the Bonds (as so amended and supplemented, the “Indenture”), (b) the Continuing Disclosure Agreement, dated December 14, 2021 (the “Continuing Disclosure Agreement”), by and between the City and the Trustee, as dissemination agent; and (c) the Contract of Purchase, dated [PRICING DATE], 2021 with respect to the Bonds (the “Purchase Contract”), by and between the City and Goldman Sachs & Co. LLC, as underwriter (the “Underwriter”); and (iii) a Preliminary Official Statement of the City, dated [POS DATE], 2021 (the “Preliminary Official Statement”) and an Official Statement of the City, dated [PRICING DATE], 2021 (the “Official Statement”), relating to the Bonds. The Indenture, the Continuing Disclosure Agreement and the Purchase Contract are collectively referred to herein as the “Legal Documents.”

I am of the opinion that:

1. The City is a chartered city, duly created, organized and existing under the Constitution and laws of the State of California and duly qualified to furnish electric service within said City.

2. The resolution of the City (the “Resolution”) approving and authorizing the execution and delivery of Legal Documents and approving and authorizing the distribution of the Preliminary Official Statement and the Official Statement by the City was duly adopted at a meeting of the City Council of the City, which was called and held

pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. The City has the authority and right to execute, deliver and perform its obligations under the Legal Documents, and the City has complied in all material respects with the provisions of applicable law in all matters relating to the transactions contemplated by the Legal Documents.

4. The Official Statement and the Legal Documents have been duly authorized, executed and delivered by the City and, assuming that the Legal Documents constitute the legal, valid and binding agreements of the other respective parties thereto, the Legal Documents constitute the legal, valid and binding agreements of the City enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought and to limitations on legal remedies against municipal corporations in the State.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the City of the Legal Documents or the performance by the City of its obligations thereunder or the execution and delivery, on the part of the City, of the Bonds. Under the laws of the State of California, the City has the authority to determine, fix, impose and collect rates and charges for electric service and is not presently subject to the regulatory jurisdiction of any state, regional or local governmental regulatory authority other than to the extent described in the Preliminary Official Statement and the Official Statement.

6. To the best of my knowledge, the execution and delivery of the Legal Documents by the City and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any instrument relating to the organization, existence or operation of the City, or commitment, agreement or other instrument to which the City is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the City or any of its officers in their respective capacities as such are subject or any provision of the laws of the State of California relating to the City and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to the best of my knowledge, threatened against or affecting the City or any entity affiliated with the City or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor) that questions the powers of the City referred to in paragraph 3 above or in connection with the transactions contemplated by the Legal Documents, or the validity of the proceedings taken by the City in connection with the authorization, execution or delivery of the Legal Documents, or [except as disclosed in the Official Statement] wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Legal Documents, or that, in any way, would adversely affect the validity or enforceability of the Legal Documents or, in

any material respect, the ability of the City to perform its obligations under the Legal Documents.

8. Based on the information made available to me in my role as City Attorney and since the date of my retention as City Attorney to the City, without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained therein, the information in the Preliminary Official Statement and the Official Statement under the captions “GENERAL INFORMATION REGARDING THE CITY AND ELECTRIC SYSTEM,” “THE ELECTRIC SYSTEM” and “LITIGATION” is true and accurate to the best of my knowledge at and as of the respective dates of the Preliminary Official Statement and the Official Statement and as of the date hereof.

Capitalized terms used herein not otherwise defined shall have the meanings ascribed thereto in the Purchase Contract.

Respectfully submitted,

EXHIBIT C

FORM OF NEGATIVE ASSURANCE LETTER TO UNDERWRITER

[Closing Date], 2021

Goldman Sachs & Co. LLC
as Underwriter
Los Angeles, California

Re: \$/[PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2021 Series A

Ladies and Gentlemen:

We have acted as disclosure counsel to the City of Vernon (the “City”) in connection with the issuance of the above-referenced bonds (the “Bonds”). The Bonds are being purchased by you pursuant to a Contract of Purchase, dated [PRICING DATE], 2021 (the “Purchase Contract”), by and between the City and you, as underwriter of the Bonds. All capitalized terms that are used herein and not defined herein have the meanings that are given to such terms in the Purchase Contract.

In rendering the advice contained herein, we have examined originals or copies certified or otherwise identified to our satisfaction of: (i) the Official Statement dated [PRICING DATE], 2021 (the “Official Statement”) relating to the Bonds; (ii) the Indenture of Trust, dated as of September 1, 2008, as amended and supplemented, including as amended and supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021 (collectively, the “Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”); (iii) the Continuing Disclosure Agreement dated December 14, 2021, by and between the City and the Trustee, as dissemination agent; (iv) the Preliminary Official Statement, dated [POS DATE], 2021 (together with any additions or modifications set forth in the Official Statement, the “Preliminary Official Statement”); (v) the letters, certificates, and opinions that were delivered to you pursuant to the provisions of the Purchase Contract, including, but not limited to, Section 4(e) thereof; and (vi) minutes of the meetings of the City Council for the period from [January 2020 through November 2021]. We do not assume any responsibility for any electronic version of the Official Statement, and for all purposes of this letter, we have assumed that any electronic version of the Official Statement conforms in all respects to the printed version of the Official Statement.

The conclusions that are expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters that are not directly addressed by such authorities. Such conclusions may be affected by actions that are taken or omitted or events that occur after the date hereof. We have not undertaken to determine, or to inform you or any other person, whether any such actions are taken or omitted or whether such events do occur or any other matters come to our attention after the date hereof. We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates that we have examined are genuine, that all documents which are submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations in the

documents that we have reviewed are true and accurate. We have assumed, without independent verification, the accuracy of the factual matters that are represented, warranted or certified in the documents, and of the legal conclusions that are contained in any opinions referenced in the Preliminary Official Statement or the Official Statement.

By delivering this letter, we are not expressing any 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 that are contained in any document that is referenced in the Preliminary Official Statement or the Official Statement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets that are described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description that is contained therein of, or the remedies that are available to enforce liens on, any such assets. Our services as disclosure counsel to the City did not involve the rendering of financial or other non-legal advice to you or any other party to the transaction.

Although we have not undertaken to determine independently or verify and are not passing upon and do not assume responsibility for, the accuracy, completeness or fairness of the statements that are contained in the Preliminary Official Statement or the Official Statement, and are therefore unable to make any representation to you in that regard, we have participated in conferences prior to the date of the Preliminary Official Statement and the Official Statement with the City Administrator, the Chief Financial Officer and other City staff, the Interim City Attorney, BLX Group LLC, the City's Municipal Advisor, and representatives of the Underwriter and Chapman and Cutler LLP, as counsel to the Underwriter, during which conferences the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed. Based upon the information that was made available to us in the course of our participation in such conferences as disclosure counsel to the City, our review of the documents that are referred to above, our reliance on the oral and written statements of the City and others, the documents, certificates, instructions and records and the opinions of counsel that are described above and our understanding of applicable law, and subject to the limitations on our role as disclosure counsel to the City, we advise you as a matter of fact but not opinion that no information has come to the attention of the attorneys in the firm representing the City as disclosure counsel on this matter which caused us to believe that the Preliminary Official Statement as of its date or as of the date of the Purchase Contract contained, or the Official Statement, as of its date contained, or as of the date hereof contains, any untrue statement of a material fact, or that the Preliminary Official Statement as of its date or as of the date of the Purchase Contract omitted, or the Official Statement as of its date omitted, or as of the date hereof omits, to state a material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that we express no view with respect to: (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, or assessed valuations contained in the Preliminary Official Statement or the Official Statement; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the appendices to the Preliminary Official Statement or the Official Statement; (v) any information

incorporated by reference into the Preliminary Official Statement or the Official Statement; (vi) any information with respect to the underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “UNDERWRITING;” (vii) the City’s compliance with its obligations to provide notice of the events described in part (b)(5)(i)(C) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) or to file annual reports described in part (b)(5)(i)(A) of Rule 15c2-12, review of which matters we understand you have undertaken; and (viii) any information with respect to the ratings on the Bonds, including but not limited to information under the caption “RATINGS”). We advise you that, other than reviewing the various certificates and opinions that were delivered by the City regarding the Preliminary Official Statement or the Official Statement, we have not taken any steps since the date of the Preliminary Official Statement or the Official Statement to verify the accuracy of the statements that are contained in the Preliminary Official Statement or the Official Statement as of the date hereof. Moreover, in providing such advice and assistance, we provided no independent diligence on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website, and we express no view regarding the City’s compliance with any obligation to file annual reports or provide notice of events, each as described in Rule 15c2-12.

By acceptance of this letter you recognize and acknowledge that: (1) the negative assurance above is not an opinion and is based on certain limited activities that were performed by specific attorneys in our firm in our role as disclosure counsel to the City; (2) the scope of the activities that were performed by such attorneys in our role as disclosure counsel to the City and for purposes of delivering such negative assurances were inherently limited and do not purport to encompass all activities that are necessary for compliance by you or others in accordance with applicable state and federal securities laws; and (3) the activities that were performed by such attorneys in our role as disclosure counsel to the City rely in part by representations, warranties, certifications and opinions of other parties to the transaction, including representations, warranties and certifications made by the City.

This letter is being furnished to you solely for your benefit in connection with your purchase of the Bonds in accordance with the Purchase Contract and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and you in connection with the issuance of the Bonds or by virtue of this letter. We note that you were represented by separate counsel retained by you in connection with the transaction described in the Official Statement. This letter is limited to matters governed by the laws of the State of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

Our engagement as disclosure counsel to the City terminates as of the date hereof, and we have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed in the Official Statement. This letter is not intended to, and may not, be relied upon by owners of the Bonds, the owners of any beneficial ownership interest in the Bonds or by any other party to whom it is not addressed.

Respectfully submitted,

EXHIBIT E

FORM OF FORWARD DELIVERY PURCHASE CONTRACT

**[\$[PAR AMOUNT]]
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS
2022 SERIES A**

[PRICING DATE], 2021

**FORWARD DELIVERY
CONTRACT OF PURCHASE**

City of Vernon
4305 South Santa Fe Avenue
Vernon, California 90058

Ladies and Gentlemen:

The undersigned, Goldman Sachs & Co. LLC (the “*Underwriter*”), hereby offers to enter into this Forward Delivery Contract of Purchase (this “*Purchase Contract*”) with you, the City of Vernon (the “*City*”). This offer is made subject to acceptance by the City prior to 11:59 P.M., California time, on the date hereof, and if not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to acceptance by the City. Upon acceptance by the execution hereof, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Official Statement (as defined herein).

As used in this Purchase Contract, the following terms shall have the indicated meanings:

“*Closing Date*” shall mean the date specified in Section 1(d) below upon which various certificates, opinions and documents required by Section 4(d) hereof are to be delivered.

“*Settlement Date*” shall mean the date specified in Section 1(e) below upon which, subject to the terms and conditions hereof, the Underwriter pays for and the City delivers the Bonds and the other certificates, opinions and documents required by Section 5(c) hereof.

1. *Purchase, Sale and Delivery of the Bonds; Establishment of Issue Price.* (a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements, set forth herein, the Underwriter agrees to purchase, and the City agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$[PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2022 Series A (the “*Bonds*”). The Bonds shall be dated the Settlement Date, shall mature in the amounts and on such dates, shall bear interest at such rates, and shall be subject to redemption, all as set forth in *Schedule I* attached hereto. Interest on the Bonds shall be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2022.

The purchase price for the Bonds shall be \$ _____ (representing the \$[PAR AMOUNT] aggregate principal amount of the Bonds plus original issue premium of \$ _____, less \$ _____ of Underwriter's discount.) Payment and delivery of the Bonds shall occur at the Settlement (defined below).

If this offer shall be accepted by the City, then the Underwriter, shall, immediately upon the acceptance by the City of this offer (or as soon thereafter as practicable), deliver or cause to be delivered to the City a wire transfer of immediately available funds, in the amount of \$ _____ as security for the performance by the Underwriter of its obligations to accept delivery of and pay for the Bonds on the Settlement Date in accordance with the provisions of this Purchase Contract (such deposit is herein referred to as the "Good Faith Deposit"). Such deposit shall not be expended by the City pending the Settlement except as provided below. On the Settlement Date, the Good Faith Deposit will be applied towards the purchase price stated above. If the City fails to deliver the Bonds on the Settlement Date, or if the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds as set forth in this Purchase Contract shall be unsatisfied (unless waived by the Underwriter), or if such obligations of the Underwriter shall be terminated by the Underwriter for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and the Good Faith Deposit shall be immediately returned to the Underwriter. In the event that the Underwriter fails (other than for a reason permitted under this Purchase Contract) to purchase, accept delivery of and pay for the Bonds on the Settlement Date as herein provided, the Good Faith Deposit shall be retained by the City and shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and shall constitute full release and discharge of all claims and rights hereunder of the City against the Underwriter with respect to such failure.

(b) The Bonds are to be issued pursuant to Article II of the City's Charter and the City of Vernon Municipal Facilities Revenue Bond Law, constituting Article XI of Chapter 2 of the Vernon City Code, and an Indenture of Trust, dated as September 1, 2008, as previously amended and supplemented (the "*Master Indenture*"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"), and as supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021, providing for the issuance of the Bonds, in substantially in the form previously submitted to the Underwriter, with only such changes therein as shall be mutually agreed upon by the City and the Underwriter. (the "*Seventh Supplemental Indenture*" and collectively with the Master Indenture, the "*Indenture*").

Proceeds of the Bonds will be used to (i) refund all of the City's Outstanding Electric System Revenue Bonds, 2012 Series A (the "*Refunded 2012A Bonds*") and a portion of the City's Outstanding Electric System Revenue Bonds, 2012 Taxable Series B (the "*Refunded 2012B Bonds*") and together with the Refunded 2012A Bonds, the "*Refunded 2012 Bonds*"); and (ii) pay costs of issuing the Bonds.

A portion of the proceeds of the Bonds, together with certain other available funds, will be deposited into an escrow fund (the "*Escrow Fund*") established pursuant to an escrow agreement between The Bank of New York Mellon Trust Company, N.A., as Trustee and as escrow agent (the "*Escrow Agent*"), and the City, dated as of December 1, 2021 (the "*Escrow*").

Agreement”). Amounts on deposit in the Escrow Fund will be held as cash or will be invested in Defeasance Securities (as such term is defined in the Indenture) to provide for the payment or redemption of the Refunded 2012 Bonds.

The City will undertake, pursuant to a Continuing Disclosure Agreement relating to the Bonds (the “*Continuing Disclosure Agreement*”), by and between the City and the Trustee, to provide certain annual financial information and notices of the occurrence of certain events. A form of the Continuing Disclosure Agreement is set forth in the Preliminary Official Statement (defined below) and will also be set forth in the Official Statement and Updated Official Statement (each defined below).

The Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and this Purchase Contract are hereinafter referred to collectively as the “*Legal Documents.*”

(c) The Underwriter agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “*issue price*” or similar certificate, together with the supporting pricing wires or equivalent communications, in such form as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City, and Bond Counsel (defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the City under this section to establish the issue price or the Bonds may be taken on behalf of the City by the City’s municipal advisor and any notice or report to be provided to the City may be provided to the City’s municipal advisor.

The City will treat the first price at which 10% of each maturity of the Bonds (the “*10% test*”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the City the price or prices at which the Underwriter has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public).

The Underwriter confirms that:

(i) any selling group agreement and each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold to the public or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, (B) promptly notify the Underwriter of any

sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) acknowledge that, unless otherwise advised by the dealer or broker-dealer the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold to the public or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity.

The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “*public*” means any person other than an underwriter or a related party,

(ii) “*underwriter*” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “*related party*” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “*sale date*” means the date of execution of this Purchase Contract by all parties.

(d) At 8:00 A.M., California time, on December 14, 2021, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the

Underwriter (the “*Closing Date*”), the City will, subject to the terms and conditions hereof, deliver to the Underwriter at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“*Bond Counsel*”), or at such other place as shall have been mutually agreed upon by the City and the Underwriter, the closing documents described in Section 4(e) hereof (such delivery being referred to herein as the “*Closing*”).

(e) If the Closing is completed in accordance with the provisions of this Purchase Contract, then, subject to the terms and conditions hereof, at 8:00 A.M., California time, on May 5, 2022, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter (the “*Settlement Date*”), the City will cause to be delivered to the Underwriter, the Bonds (delivered by Fast Automated Securities Transfer (FAST) through the book-entry system of The Depository Trust Company (“*DTC*”), duly executed, and at the offices of Bond Counsel, or at such other place as shall have been mutually agreed upon by the City and the Underwriter, the other documents mentioned herein. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract. Upon satisfaction of the terms and provisions hereof and the release of the Bonds, the Underwriter will pay the purchase price of the Bonds as set forth in paragraph (a) of this Section 1 in immediately available funds (such delivery and payment being herein referred to as the “*Settlement*”) to the order of the Trustee.

2. *Use and Preparation of Official Statement; Updated Official Statement.* (a) The City hereby ratifies, confirms and approves of the distribution and use by the Underwriter prior to the date hereof of the preliminary official statement dated [POS DATE], 2021 (which preliminary official statement, together with any amendments or supplements thereto prior to the date hereof as have been approved by the City and the Underwriter, is referred to herein as the “*Preliminary Official Statement*”). The City has deemed the Preliminary Official Statement final as of the date thereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“*Rule 15c2-12*”), except for information permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12. The City hereby acknowledges that the Preliminary Official Statement has been made available to investors in electronic form.

(b) The City hereby agrees to use its best efforts to deliver or cause to be delivered to the Underwriter, copies of the final Official Statement relating to the Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the City and the Underwriter (including the appendices thereto and any amendments or supplements as have been approved by the City and the Underwriter, the “*Official Statement*”) not later than three (3) business days prior to the Closing Date, and to deliver or cause to be delivered the final Official Statement within two (2) business days prior to the Closing Date, in sufficient quantity to enable the Underwriter to comply with the rules of the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “*MSRB*”). The City hereby approves of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. At the time of or prior to the Closing Date, the Underwriter shall file a copy of the Official Statement in printed or

electronic form with, and as permitted by, the MSRB through its Electronic Municipal Market Access system. The Underwriter shall advise the City of the date of such filing.

(c) The City hereby agrees to deliver or cause to be delivered to the Underwriter, not more than twenty-five (25) and not less than ten (10) days prior to the Settlement Date, copies of an update to the Official Statement, in the form of the Official Statement (including the appendices thereto and any amendments or supplements as have been approved by the City and the Underwriter, the "*Updated Official Statement*"), in such quantity as the Underwriter shall reasonably request. The City hereby approves of the distribution and use by the Underwriter of the Updated Official Statement in connection with the offer and sale of the Bonds. The Underwriter hereby agrees to deliver a copy of the Updated Official Statement to the MSRB through the Electronic Municipal Market Access (EMMA) website of the MSRB. The City hereby acknowledges that the Updated Official Statement may be made available to investors in electronic form.

(d) Between the Closing Date and the date of delivery of the Updated Official Statement, the City agrees to cooperate with the Underwriter in the updating from time to time of the Official Statement or other offering document for the Bonds if (i) following the receipt of a request from the Underwriter to update the Official Statement or such other offering document, the City determines that such updating is required to comply with federal or state securities laws or (ii) the Underwriter and the City each determine and agree that such updating would be desirable in connection with marketing the Bonds.

3. *Representations, Warranties and Agreements of the City.* The City represents, warrants and agrees with the Underwriter, as of the date hereof and as of the Closing Date and the Settlement Date, as follows:

(a) The City is, and will be on the Closing Date and the Settlement Date, duly existing as a chartered city organized under the laws of the State of California (the "*State*"), and has full legal right, power and authority to cause the Bonds to be authenticated and delivered, to execute and deliver the Legal Documents and to perform its obligations contained herein and therein in accordance with the City's Charter and other applicable laws, and, assuming the Legal Documents constitute the legal, valid and binding agreements of the other respective parties thereto, the Legal Documents will constitute the legal, valid and binding obligations of the City enforceable in accordance with their respective terms;

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement and the Updated Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the Legal Documents and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) The City is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a breach or default in any respect under any such instrument which could have a material effect on the business operations or financial condition of the City or its Electric System or the ability of the City to perform its obligations under the Indenture or the Bonds; and the issuance of the Bonds and the execution and delivery of the Official Statement, the Updated Official Statement and the Legal Documents and compliance with the provisions on the City's part contained in the Legal Documents, will not in any material respect conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Indenture;

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the City threatened, against the City in any material respect affecting the existence of the City or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or contesting or affecting, as to the City, the validity or enforceability of the Bonds or the Legal Documents or the collection of Net Revenues of the Electric System or other amounts pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds or contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would likely to result in a material adverse change in the business, properties, assets or financial condition of the Electric System or materially adversely affect the validity or enforceability of the Legal Documents;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations in connection with the issuance of the Bonds under the Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits,

consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the Legal Documents have been duly obtained;

(f) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; *provided, however*, that in no event shall the City be required to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject;

(g) As of its date and the date hereof, the Preliminary Official Statement (excluding information concerning DTC and the book-entry system and the information provided by the Underwriter under the caption “UNDERWRITING” as to which no representation is made) did not and does not, except as to the information permitted to be omitted by Rule 15c2-12, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) As of the date hereof and as of the Closing Date, the Official Statement (excluding information concerning DTC and the book-entry system and the information provided by the Underwriter under the caption “UNDERWRITING” as to which no representation is made) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) As of its date and at all times subsequent thereto to and including the date that is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Updated Official Statement (excluding therefrom the information concerning DTC and the book-entry system and the information provided by the Underwriter under the caption “UNDERWRITING” as to which no representation is made) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(j) If between the date of the Updated Official Statement and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Updated Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the

circumstances under which they were made, not misleading, the City will notify the Underwriter, and, if in the reasonable opinion of the City, the Underwriter or its respective counsel, such event requires the preparation and publication of a supplement or amendment to the Updated Official Statement, the City will forthwith prepare and furnish to the Underwriter (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Updated Official Statement (in form and substance reasonably satisfactory to the Underwriter) which will amend or supplement the Updated Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Updated Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(j) If the information contained in the Updated Official Statement is amended or supplemented pursuant to paragraph (j) of this Section 3, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Updated Official Statement so supplemented or amended (excluding information concerning DTC and the book-entry system and the information provided by the Underwriter under the caption “UNDERWRITING” as to which no representation is made) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(k) As used herein and for the purposes of the foregoing, the term “*End of the Underwriting Period*” for the Bonds shall mean the earlier of (i) the Settlement Date unless the City shall have been notified in writing by the Underwriter on or prior to the Settlement Date that the End of the Underwriting Period for the Bonds has not occurred by the Settlement Date under Rule 15c2-12, or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12; *provided, however*, that the City may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period;

(l) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement or the Updated Official Statement, as applicable, and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld;

(m) The City will apply, or cause the application of, the proceeds of the Bonds in accordance with the Indenture;

(n) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing Date the City does not and will not have outstanding any indebtedness which is secured by a lien on Electric System Revenues superior to or on a parity with the lien of the Bonds thereon;

(o) Between the date hereof and the Closing Date, except as contemplated by the Official Statement, the City will not have incurred any material liabilities, direct or contingent, payable from Electric System Revenues or entered into any material transaction in connection with the Electric System in either case other than in the ordinary course of business, and there shall not have been any material adverse change in the financial condition or operations of the Electric System;

(p) The Bonds, the Legal Documents and the other documents described in the Official Statement conform in all material respects to the descriptions thereof contained in the Official Statement, and the Bonds, when delivered as provided herein, will be validly issued and outstanding obligations of the City entitled to the benefits of the Indenture;

(q) The financial statements of the Light and Power Enterprise of the City contained as Appendix A to the Official Statement fairly present the financial position and results of operations of the Electric System as of the dates and for the periods therein set forth in accordance with the accounting principles described in Appendix A to the Official Statement applied consistently, and there has not been a material adverse change in the business, properties or financial condition of the City or the Electric System from that set forth in or contemplated by the Official Statement;

(r) The City (i) has, or will have, as required by applicable laws, rules and regulations, all necessary licenses and permits required to carry on and operate all of the facilities, equipment and other property comprising the Electric System the lack of which would materially adversely affect the operations or financial condition of the Electric System, and (ii) has not received any notice of an alleged violation and, to the best knowledge of the City, the City is not in violation of any zoning, land use or other similar law or regulation applicable to any of its property comprising the Electric System that would materially adversely affect its operations or financial condition;

(s) Any certificate signed by an authorized officer of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein; and

(t) Except as disclosed in the Official Statement or Updated Official Statement, the City has not failed to comply in all material respects with the terms of any continuing disclosure obligation under Rule 15c2-12 within the past five years.

4. *Closing Conditions to the Obligations of the Underwriter.* The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and the representations and warranties of the City to be contained in the

documents and instruments to be delivered on or prior to the Closing Date and upon the performance by the City of its obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriter shall receive within seven (7) business days of the date hereof, copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such quantity as the Underwriter shall have requested pursuant to Section 2 hereof;

(b) The representations and warranties of the City contained herein shall be true and correct on the date hereof and on the Closing Date, as if made on and at the Closing Date;

(c) As of the Closing Date, all official action of the City authorizing the issuance of the Bonds, the execution and delivery of the Legal Documents and the transactions contemplated hereby shall have been taken and shall be in full force and effect;

(d) If between the date hereof and the Closing Date, the market price or marketability, at the initial public offering prices set forth in the Official Statement, of the Bonds shall have been materially adversely affected, in the reasonable judgment of the Underwriter, by reason of any of the following, the Underwriter may terminate its obligation to accept delivery of and make any payment for the Bonds by delivery to the City of a written notice to such effect by the Underwriter:

(1) legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the U.S. Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the outbreak or escalation in military hostilities or declaration by the United States of a national or international emergency or war, or any other

calamity or crisis the effect of any of which on the financial markets is such as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds as contemplated hereby or by the Official Statement;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority having jurisdiction of the subject matter, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the U.S. Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(6) except as disclosed in or contemplated by the Official Statement, any material adverse change in the business, properties, assets or financial condition of the Electric System of the City;

(7) the suspension, withdrawal or downgrading of any rating of the Bonds or any other outstanding debt of the City's Electric System by any rating agency then rating such Bonds or other outstanding debt of the City's Electric System, or any official action by any rating agency then rating the Bonds to place the Bonds on "Credit Watch" for possible downgrade or on "Negative Outlook" after the date hereof (and *provided* that the Bonds were not on "Credit Watch" or "Negative Outlook" prior to the date hereof); or

(8) an event shall occur or any information shall become known which makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (a) the City refuses to permit the Official Statement to be supplemented to

supply such statement or information or (b) the market price or marketability of the Bonds shall have been materially adversely affected, in the reasonable judgment of the Underwriter, by the Official Statement as so supplemented.

(e) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to the Underwriter and Underwriter's Counsel:

(1) a letter from Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that it is not aware of any reason that will prevent it from delivering on the Settlement Date an approving opinion substantially in the form attached as Appendix C to the Official Statement;

(2) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit A*;

(3) an opinion of the Interim City Attorney or other counsel to the City acceptable to the Underwriter, dated the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit B*;

(4) an opinion or opinions of counsel to the Trustee and the Escrow Agent, dated the Closing Date and addressed to the City and the Underwriter, to the effect that: (i) the Trustee and Escrow Agent is a national banking association duly organized and validly existing under the laws of the United States of America; (ii) the Trustee or Escrow Agent is duly eligible and qualified to act as Trustee under the Indenture, as Escrow Agent under the Escrow Agreement, and as Dissemination Agent under the Continuing Disclosure Agreement, as applicable; (iii) the Trustee and Escrow Agent has all requisite power, authority and legal right to execute and deliver the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, as applicable, and to perform its respective obligations under such documents; (iv) the execution and delivery by the Trustee and Escrow Agent of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, as applicable, and the performance of their respective obligations thereunder, have been and are as of the Closing Date duly authorized by all necessary corporate action; and (v) no approval, authorization or other action by, or filing with, any governmental body or regulatory authority (which has not been obtained) is required in connection with the due execution, delivery and performance by the Trustee and Escrow Agent of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, as applicable;

(5) an opinion of Chapman and Cutler LLP, Underwriter's Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that (i) assuming no change in applicable law from the law in effect on the Closing Date, the Bonds, if issued, would not be subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from

qualification under the Trust Indenture Act of 1939, as amended; (ii) the Continuing Disclosure Agreement is in a form which satisfies the requirements of section (b)(5)(i) of Rule 15c2-12, and (iii) on the basis of the information made available to such firm in the course of acting as counsel to the Underwriter (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the Underwriter in connection with the preparation of the Preliminary Official Statement and the Official Statement that cause them to believe that (a) the Preliminary Official Statement as of its date or as of the date of this Purchase Contract (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Preliminary Official Statement under the captions "TAX MATTERS," and in the Appendices to the Preliminary Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, Underwriter's discount and CUSIP numbers or (b) the Official Statement as of its date or as of the Closing Date (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the captions "TAX MATTERS," and in the Appendices to the Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(6) a certificate or certificates, dated the Closing Date, of the City executed by its City Administrator or other appropriate official, to the effect that the (i) representations and warranties of the City in this Purchase Contract are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and the City has complied with and performed all of its covenants and agreements in this Purchase Contract on its part to be complied with and performed at or prior to the Closing (ii)) since June 30, 2020, except as referred to in or as contemplated by the Official Statement, with respect to its Electric

System, the City has not incurred any financial liabilities, direct or contingent, or entered into any transactions and there has not been any adverse change in the condition, financial or physical, of the Electric System, in any case that would materially and adversely affect the ability of the City to meet its obligations under the Indenture; and (iii) other than as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation pending or, to the best knowledge of such official, threatened (a) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (b) seeking to restrain or enjoin the delivery of the, or the collection of Net Revenues of the Electric System or other amounts pledged to pay the principal of, premium, if any, and interest on such Bonds or the pledge thereof; (c) in any way contesting or affecting the validity of the or the Legal Documents; (d) in any way contesting the powers of the City or any authority for the issuance and delivery of the and the performance of its obligations contained therein or the execution and delivery of the Legal Documents and the performance of its obligations contained therein, nor to the best knowledge of such official after reasonable investigation, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would make invalid or materially adversely affect the authorization, execution, delivery or performance by the City of the foregoing; (e) which would be likely to result in a material adverse change in the business, properties, assets or the financial condition of the Electric System or which would be likely to have a material adverse effect on the ability of the City to meet its obligations under the Indenture; or (f) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, which certificate shall be in form and substance acceptable to the Underwriter (but in lieu of such certificate, the Underwriter may in its sole discretion accept an opinion of Bond Counsel or Counsel to the City, acceptable to the Underwriter in form and substance, that in their opinion the issues raised in any such pending or threatened litigation are without substance or that the contentions of any plaintiffs therein are without merit);

(7) a certified copy of the general resolution of the Trustee and Escrow Agent authorizing the execution and delivery of the Indenture, the Escrow Agreement, and the Continuing Disclosure Agreement, together with a certificate or certificates, dated the Closing Date, signed by a duly authorized officer of the Trustee and Escrow Agent, to the effect that: (i) the Trustee and Escrow Agent is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its respective duties under the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, as applicable; (ii) the Trustee and Escrow Agent is duly authorized to enter into the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, as applicable, and the Trustee is duly authorized to authenticate and deliver the Bonds to the Underwriter pursuant to the terms of the Indenture; (iii) the execution and

delivery of the Indenture, the Escrow Agreement, and the Continuing Disclosure Agreement and compliance with the provisions on the Trustee's or Escrow Agent's part contained therein, as applicable, and the authentication and delivery of the Bonds by the Trustee will not conflict in any material respect with or constitute a breach of or default under any law, administrative regulation, judgment, decree, material agreement, or material instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, material agreement, or material instrument, except as provided by the Indenture; and (iv) to the knowledge of such officer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served on, or threatened against, the Trustee or Escrow Agent, affecting the existence of the Trustee and Escrow Agent or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Indenture against the Trustee, or contesting the power of the Trustee and Escrow Agent or its authority to enter into, adopt or perform its respective obligations under the Indenture, the Escrow Agreement and Continuing Disclosure Agreement, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the Escrow Agreement against the Trustee or Escrow Agent, as applicable, or the authentication and delivery of the Bonds;

(8) A certified copy of the resolution or resolutions of the City authorizing the issuance of the Bonds and the execution and delivery and of the Legal Documents and the distribution of the Official Statement;

(9) the Official Statement and each supplement or amendment, if any, thereto, executed by the City;

(10) a certified copy of the Indenture as amended to the Closing Date;

(11) copies of each of the Seventh Supplemental Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, each duly executed and in form to be delivered by the respective parties thereto at Settlement;

(12) evidence that the respective ratings on the Bonds of “___” from Standard and Poor's Ratings Services and “___” from Moody's Investors Services as described in the Official Statement are in full force and effect as of the Closing Date;

(13) a Tax Certificate with respect to the Bonds, prepared by Bond Counsel and executed by the City Administrator or other appropriate official of the City, unless Bond Counsel determines to require such a Tax Certificate only at Settlement;

(14) a copy of any Blue Sky Memorandum with respect to the Bonds, prepared by Counsel to the Underwriter;

(15) a certificate of the City “*deeming final*” the Preliminary Official Statement for purposes of Rule 15c2-12.

(16) evidence of compliance with Section 8855(i) of the California Government Code relating to a debt policy;

(17) A verification report prepared by Causey Demgen & Moore P.C., as verification agent, and dated the Closing Date, in connection with the Refunded 2012 Bonds;

(18) A letter from Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that it is not aware of any reason that will prevent it from delivering on the Settlement Date an opinion to the effect that the Refunded 2012 Bonds have been deemed to have been paid and are no longer outstanding pursuant to the terms of the Indenture, in accordance with Section 2.06(b) of the Indenture;

(19) a letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel, dated the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit C*; and

(20) such additional certificates, instruments and other documents as the Underwriter or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the City’s representations and warranties contained in this Purchase Contract and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City pursuant to this Purchase Contract.

If the City shall be unable to satisfy the conditions to the Underwriter’s obligations contained in this Purchase Contract or if the Underwriter’s obligations shall be terminated for any reason permitted herein on or before the Closing Date, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the City and neither the Underwriter nor the City shall have any further liability or obligations hereunder, except that the Good Faith Deposit shall be returned to the Underwriter by the City within two business days.

5. *Settlement Conditions.* The Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds at the Settlement shall be conditioned upon (i) the performance by the City of its obligations to be performed hereunder at and prior to the Settlement Date, including, without limitation, the Closing having been completed, and the performance by the City of its obligations to be performed under such other documents and instruments to be delivered at or prior to the Settlement, (ii) the Bonds being issued and secured under and pursuant to the Indenture; (iii) the Bonds being as described in, and having the terms and conditions set forth in, the Indenture, the Official Statement and the Updated Official Statement; and (iv) the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificate or other document furnished pursuant to the provisions hereof. The Underwriter's obligations under this Purchase Contract are and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true and correct in all material respects on the Settlement Date, as if made on the Settlement Date;

(b) At the time of the Settlement, the Legal Documents shall be in full force and effect and shall not have been amended, modified, rescinded or supplemented; and the Updated Official Statement shall have been duly authorized, executed and delivered by the City substantially in the form submitted to the Underwriter (with only such changes as shall have been agreed to in writing by the Underwriter);

(c) At or prior to the Settlement Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) the Legal Documents, duly executed and delivered by the parties thereto;

(2) the Updated Official Statement and each supplement or amendment, if any, thereto, approved by the Underwriter, and executed on behalf of the City;

(3) the approving opinion of Bond Counsel, dated the Settlement Date and addressed to the City, in substantially the form attached to the Official Statement as Appendix C thereto;

(4) the supplemental opinion of Bond Counsel, dated the Settlement Date and addressed to the Underwriter in substantially the form attached hereto as *Exhibit A*;

(5) the opinion of the Interim City Attorney or other counsel to the City acceptable to the Underwriter, dated the Settlement Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit B*;

(6) the letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel, dated the Settlement Date and addressed to the Underwriter, substantially in the form attached hereto as *Exhibit C*;

(7) an opinion or opinions of counsel to the Trustee and the Escrow Agent, dated the Settlement Date and addressed to the City and the Underwriter, to the effect that: (i) the Trustee and Escrow Agent is a national banking association duly organized and validly existing under the laws of the United States of America; (ii) the Trustee or Escrow Agent is duly eligible and qualified to act as Trustee under the Indenture, as Escrow Agent under the Escrow Agreement, and as Dissemination Agent under the Continuing Disclosure Agreement, as applicable; (iii) the Trustee and Escrow Agent has all requisite power, authority and legal right to execute and deliver the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement and to perform its obligations under such documents; (iv) the Trustee has duly authenticated the Bonds; and (v) the Trustee has duly executed and delivered the Indenture, the Escrow Agreement, and the Continuing Disclosure Agreement, as applicable, and assuming that such documents constitute the legal, valid and binding agreements of the other respective parties thereto, such documents are the legal, valid and binding agreements of the Trustee and Escrow Agent, enforceable in accordance with their terms, except to the extent enforceability thereof may be subject to (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies heretofore or hereafter enacted, and (b) the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(8) an opinion of Chapman and Cutler LLP, Underwriter's Counsel, dated the Settlement Date and addressed to the Underwriter, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) the Continuing Disclosure Agreement is in a form which satisfies the requirements of section (b)(5)(i) of Rule 15c2-12; and (iii) on the basis of the information made available to such firm in the course of acting as counsel to the Underwriter (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Updated Official Statement), no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the Underwriter in connection with the preparation of the Updated Official Statement that cause them to believe that the Updated Official Statement as of its date or as of the Settlement Date (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Updated Official

Statement under the captions “TAX MATTERS,” and in the Appendices to the Updated Official Statement; as to all of which they express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(9) a certificate or certificates, dated the Settlement Date, of the City executed by its City Administrator or other appropriate official, to the effect that the representations and warranties of the City contained in this Purchase Contract are true and correct on and as of the Settlement Date with the same effect as if made on the Settlement Date (except that the references to the Official Statement in the representations made in Section 3(d) and 3(q) shall be deemed made with respect to the Updated Official Statement), and the City has complied with and performed all of its covenants and agreements in this Purchase Contract on its part to be complied with and performed at or prior to Settlement;

(10) a certified copy of the general resolution of the Trustee and Escrow Agent authorizing the execution and delivery of the Indenture, the Escrow Agreement, and the Continuing Disclosure Agreement, together with a certificate, dated the Settlement Date, signed by a duly authorized officer of the Trustee and Escrow Agent, to the effect that: (i) the Trustee and Escrow Agent is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, as applicable; (ii) the Trustee and Escrow Agent is duly authorized to enter into the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, and the Trustee is duly authorized to authenticate and deliver the Bonds to the Underwriter pursuant to the terms of the Indenture; (iii) the execution and delivery of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement and compliance with the provisions on the Trustee’s and Escrow Agent’s part contained therein, as applicable, and the authentication and delivery of the Bonds by the Trustee will not conflict in any material respect with or constitute a breach of or default under any law, administrative regulation, judgment, decree, material agreement, or material instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, material agreement, or material instrument, except as provided by the Indenture; and (iv) to the knowledge of such officer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served on, or threatened against, the Trustee or Escrow Agent, affecting the existence of the Trustee or Escrow Agent

or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Indenture, the Escrow Agreement or the Continuing Disclosure Agreement against the Trustee or Escrow Agent, as applicable, or contesting the power of the Trustee or Escrow Agent or its authority to enter into, adopt or perform its obligations under the Indenture, the Escrow Agreement or the Continuing Disclosure Agreement, as applicable, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture, the Escrow Agreement or the Continuing Disclosure Agreement against the Trustee or Escrow Agent, as applicable, or the authentication and delivery of the Bonds by the Trustee;

(11) All certificates, opinions and instruments required for the issuance of the Bonds as “Refunding Bonds” under Indenture;

(12) evidence of then current ratings on the Bonds from Standard and Poor’s Ratings Services and Moody’s Investors Services as reflected in the Updated Official Statement and that such ratings are in full force and effect as of the Settlement Date;

(13) in the event amounts set aside for the payment or redemption of the Refunded 2012 Bonds are to be invested, a verification report, or a supplement to the verification report delivered on the Closing Date, prepared by Causey Demgen & Moore P.C., as verification agent, and dated the Settlement Date, in connection with the Refunded 2012 Bonds;

(14) a defeasance opinion or opinions of Bond Counsel, dated the Settlement Date and addressed to the Underwriter, to the effect that the Refunded 2012 Bonds have been deemed to have been paid and are no longer outstanding pursuant to the terms of the Indenture, in accordance with Section 2.06(b) of the Indenture governing documents pursuant to which the Refunded 2012 Bonds were issued;

(15) the Blanket Issuer Letter of Representations of the City;

(16) a copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(17) a Tax Certificate (or a supplement to the Tax Certificate, as applicable) with respect to the Bonds in form satisfactory to Bond Counsel, and a completed Form 8038-G of the Internal Revenue Service for the Bonds, executed by the City; and

(18) such additional legal opinions, certificates, proceedings, instruments, insurance policies or evidences thereof and other documents as the Underwriter, Underwriter’s Counsel or Bond Counsel may reasonably request to

evidence the truth and accuracy, as of the date hereof and as of the Settlement Date, of the representations of the City herein and of the statements and information contained in the Updated Official Statement, and the due performance or satisfaction by the City at or prior to the Settlement of all agreements then to be performed and all conditions then to be satisfied by the City in connection with the transactions contemplated hereby and by the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Updated Official Statement.

6. *Termination Rights of the Underwriter Following Closing and Prior to Settlement.* At any time prior to the Settlement, the Underwriter may terminate this Purchase Contract without liability therefor by notification to the City if at any time on or after Closing and on or prior to Settlement:

(a) a Change of Law (as defined below) shall have occurred;

(b) the House of Representatives or the Senate of the Congress of the United States, or a committee of either, shall have pending before it, or shall have passed or recommended favorably, legislation which, if enacted in the form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Electric System or by any similar body or upon interest received on the Bonds, or obligations of the general character of the Bonds, or causing interest on the Bonds, or obligations of the general character of the Bonds, to be includable in gross income for purposes of federal income taxation;

(c) any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State of California is either enacted, issued, effective, or adopted, that would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Electric System or by any similar body or upon interest received on the Bonds, or obligations of the general character of the Bonds, or causing interest on the Bonds, or obligations of the general character of the Bonds, to be includable in gross income for purposes of federal and State income taxation.

(d) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the U.S. Securities and Exchange Commission which has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Indenture under the Trust Indenture Act of 1939, as amended;

(e) a general banking moratorium has been declared by federal, New York or California authorities and it is in effect as of the Settlement Date;

(f) an order, decree or injunction of any court of competent jurisdiction shall be rendered, or any order, ruling, regulation or official statement by the U.S. Securities and Exchange Commission shall be issued which has the effect of making the issuance and sale of the Bonds to be in violation of the federal securities laws, as amended;

(g) the Official Statement, as of the Closing Date, or the Updated Official Statement, as of its date and as of the Settlement Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(h) an event of default, technical or otherwise, has occurred and is continuing on the Settlement Date under the Indenture;

(i) evidence of then current ratings on the Bonds from Standard and Poor's Ratings Services and Moody's Investors Services as reflected in the Updated Official Statement is not delivered; or

(j) there has been a material adverse change in the business, properties, assets, results of operations, financial position or affairs of the Electric System or the City (and affecting the Electric System) that, in the reasonable judgment of the Underwriter, materially adversely affects the market price or the marketability of the Bonds.

“*Change of Law*” shall mean (i) any change in or addition to applicable federal or State law, whether statutory or as interpreted by the courts or by federal or State agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or State agencies, (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date that is on or before the date of Settlement), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date that is on or before the date of Settlement) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the Bonds or selling the Bonds or beneficial ownership interests therein to the public or, (B) as to the City, would make the completion of the issuance, sale or delivery of the Bonds illegal.

If the City shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted herein on or before the Settlement, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Settlement Date by written notice to the City and neither the Underwriter nor the City shall have any further liability or obligations hereunder, except that (i) the Good Faith Deposit shall be returned to the Underwriter by the City within two business days and (ii) the respective obligations of the City and the Underwriter set forth in Section 7 hereof shall continue in full force and effect (to the extent not previously satisfied).

7. *Expenses.* (a) The Underwriter shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and distribution of the Legal Documents, the Preliminary Official Statement, the Official Statement, the Updated Official Statement and any supplements or amendments thereto, including a reasonable number of certified or conformed copies thereof; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel; (iv) the fees and disbursements of any engineers, accountants and other experts, consultants or advisors retained by the City; (v) fees for bond ratings (which include fees of rating agencies and travel expenses of the City); and (vi) all expenses incurred on behalf of City personnel with respect to the financing, including (a) air travel and hotel costs in connection with the pricing of the Bonds, any investor meetings, any rating agency trips and the Closing, (b) meals and transportation for City personnel during such trips, (c) expenses of City personnel related to attending working group meetings, such as parking, meals and transportation, and (d) any other miscellaneous costs related to the Closing.

(b) The Underwriter shall pay: (i) the cost of preparation and printing of this Purchase Contract and the Preliminary Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; (iii) fees, if any, payable to the California Debt and Investment Advisory Commission, the MSRB and DTC; and (iv) all other expenses (including travel and other out-of-pocket expenses) incurred by them in connection with the public offering of the Bonds and the transactions contemplated by this Purchase Contract not outlined in (a) above, including the fees and disbursements of Underwriter's Counsel. The City acknowledges and agrees that some or all of the expenses (including all normally occurring out-of-pocket expenses) to be paid by the Underwriter may be included as part of the expense component of the underwriter's discount or may be reimbursed to the Underwriter as out-of-pocket expenses.

8. *Notices.* Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to: City of Vernon, 4305 South Santa Fe Avenue, Vernon, California 90058, Attn: City Administrator; and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to the Underwriter: Goldman Sachs & Co. LLC, 555 California Street, 45th Floor, San Francisco, California 94104, Attn: Joseph Natoli.

9. *Survival of Representations and Warranties.* The City's representations, warranties and agreements contained in this Purchase Contract or made in any certificate delivered hereunder shall remain operative and in full force and effect, regardless of: (i) any investigations or statements made by or on behalf of the Underwriter; and (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract.

10. *No Fiduciary Responsibility.* The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as the agent, fiduciary, financial advisor or municipal advisor of the City; (ii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the

City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the City on other matters); (iii) the Underwriter has no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract; (iv) the Underwriter has financial and other interests that differ from those of the City; and (v) the City has consulted with its own legal, accounting, tax, financial and other advisors to the extent it deemed appropriate.

11. *No Assignment.* The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter or the City without the prior written consent of the other party hereto..

12. *Governing Law.* This Purchase Contract shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State.

13. *Counterpart Signatures.* This Purchase Contract may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

14. *Parties in Interest.* This Purchase Contract, when accepted by the City in writing as heretofore specified, shall constitute the entire agreement between the City and the Underwriter in connection with the subject matter hereof and is made solely for the benefit of the City and the Underwriter (including any successor in business of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

[Remainder of page intentionally left blank.]

Very truly yours,

GOLDMAN SACHS & Co. LLC

By: _____
Joseph Natoli, Managing Director

Accepted on [PRICING DATE], 2021

CITY OF VERNON

By: _____
City Administrator

ATTEST:

By: _____
City Clerk

SCHEDULE 1

**[\$[PAR AMOUNT]]
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS
2022 SERIES A**

MATURITY SCHEDULE

MATURITY DATE (AUGUST 1)	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	PRICE
	\$	%	%	

MATURITY DATE (AUGUST 1)	10% TEST SATISFIED	10% TEST NOT SATISFIED	SUBJECT TO HOLD-THE-OFFERING PRICE RULE
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OPTIONAL REDEMPTION

The Bonds with stated maturities on or after August 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the City and from any source of available funds, as a whole or in part on ____ 1, 20__, or any date thereafter, and by lot within each maturity in integral multiples of \$5,000, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

EXHIBIT A

[Closing Date/Settlement Date]

Goldman Sachs & Co. LLC
as Underwriter
Los Angeles, California

Re: *[/PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2022 Series A*

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the “*Bonds*”). The Bonds are being issued pursuant to the City of Vernon Municipal Facilities Revenue Bond Law, constituting Article XI of Chapter 2 of the Vernon City Code, and an Indenture of Trust, dated as of September 1, 2008 (as amended and supplemented, the “*Indenture*”), by and between the City and The Bank of New York Mellon Trust Company, N.A. (the “*Trustee*”), including as supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021, by and between the City and the Trustee. Capitalized terms used herein and not defined shall have the meanings given to such terms in the Forward Delivery Contract of Purchase, dated [PRICING DATE], 2021 (the “*Purchase Contract*”), by and between the City and Goldman Sachs & Co. LLC, as underwriter (“*Underwriter*”).

[On the date hereof, we delivered to the City our opinion relating to, among other things, the validity of the Bonds (the “*Approving Opinion*”). You are authorized to rely upon the Approving Opinion as if addressed to you.]¹

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary and in reliance on the foregoing, as appropriate, we are of the opinion that:

1. The Purchase Contract has been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery by the Underwriter, is a valid and binding agreement of the City enforceable in accordance with its terms.
2. The statements contained in the [Preliminary Official Statement and the Official Statement][Updated Official Statement]² under the captions “INTRODUCTION,” “THE 2022 BONDS,” “SECURITY AND SOURCES OF PAYMENT” and “TAX MATTERS,” and in Appendices B and C, insofar as such

¹ May be excluded from opinion delivered on the Closing Date.

² To refer to Official Statement in opinion at Closing Date and Updated Official Statement in opinion at Settlement Date.

statements purport to summarize certain provisions of the Bonds and the Indenture and our opinion with respect to certain federal and state income tax matters related to the Bonds, are accurate in all material respects.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. This opinion is limited to matters governed by the laws of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the Purchase Contract, the Indenture, the Continuing Disclosure Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any 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 Bonds, the Indenture, the Seventh Supplemental Indenture, or the Continuing Disclosure Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or Seventh Supplemental Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

This letter is limited to matters governed by the laws of the State of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. [Except as expressly set forth in the Approving Opinion, we express no opinion regarding any tax consequences with respect to the Bonds.]¹ No opinion is expressed herein with respect to the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the offer or sale of the Bonds.

This opinion letter may be relied upon only by you and may not be circulated, quoted from or relied upon by any other party without our prior written consent. This letter is being furnished to you solely for your benefit in connection with your purchase of the Bonds and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and you in connection with the execution and delivery of the Bonds or by virtue of this letter. We note you were represented by separate counsel retained by you in connection with the transaction described in the [Preliminary Official Statement and the Official Statement][Updated Official Statement]².

Our engagement with respect to the Bonds terminates as of the date hereof, and we have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed in the

[Preliminary Official Statement and the Official Statement][Updated Official Statement]². This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not addressed other than you.

Respectfully submitted,

EXHIBIT B

FORM OF OPINION OF INTERIM CITY ATTORNEY

[Closing Date/Settlement Date]

Goldman Sachs & Co. LLC,
as Underwriter
Los Angeles, California

Re: *[/PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2022 Series A*

Ladies and Gentlemen:

I am the Interim City Attorney of the City of Vernon (the “City”) and as such I have served as counsel to the City in connection with the issuance of the City’s \$[/PAR AMOUNT] Electric System Revenue Bonds, 2022 Series A (the “Bonds”). As such counsel, I have examined and am familiar with: (i) those documents relating to the existence, organization and operation of the City; (ii) all necessary documentation of the City relating to the authorization, execution and delivery of: (a) the Indenture of Trust, dated as September 1, 2008, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented, including as supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021, providing for the issuance of the Bonds (as so amended and supplemented, the “Indenture”), (b) the Escrow Agreement, dated as of December 1, 2021 (the “Escrow Agreement”), [as executed and to be delivered on the date of delivery of the Bonds,]¹ by and between the City and The Bank of New York Mellon Trust Company, N.A., as Trustee and as escrow agent, (c) the Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), [as executed and to be delivered on the date of delivery of the Bonds,]¹ by and between the City and the Trustee, as dissemination agent; and (d) the Forward Delivery Contract of Purchase, dated [PRICING DATE], 2021 with respect to the Bonds (the “Purchase Contract”), by and between the City and Goldman Sachs & Co. LLC, as underwriter (the “Underwriter”); and (iii) [a Preliminary Official Statement of the City, dated [POS DATE], 2021 (the “Preliminary Official Statement”) and]² an Official Statement of the City, dated [_____, 202_] (the “Official Statement”)³, relating to the Bonds. The Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Purchase Contract are collectively referred to herein as the “Legal Documents.”

¹ To be excluded from opinion delivered on the Settlement Date.

² Opinion delivered on the Settlement Date may delete references to the Preliminary Official Statement throughout.

³ For opinion delivered on the Settlement Date, references to the Official Statement will be to the Updated Official Statement.

I am of the opinion that:

1. The City is a chartered city, duly created, organized and existing under the Constitution and laws of the State of California and duly qualified to furnish electric service within said City.

2. The resolution of the City (the “*Resolution*”) approving and authorizing the execution and delivery of Legal Documents and approving and authorizing the distribution of the Preliminary Official Statement and the Official Statement by the City was duly adopted at a meeting of the City Council of the City, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. The City has the authority and right to execute, deliver and perform its obligations under the Legal Documents, and the City has complied in all material respects with the provisions of applicable law in all matters relating to the transactions contemplated by the Legal Documents.

4. The Official Statement[, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement,]¹ and the Purchase Contract have been duly authorized, executed and delivered by the City and, assuming that [the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement, and]¹ the Purchase Contract constitute[s] the legal, valid and binding agreements of the other respective parties thereto, the [Purchase Contract][Legal Documents]⁴ constitute[s] the legal, valid and binding agreements of the City enforceable in accordance with [its] [their] terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and to the application of equitable principles if equitable remedies are sought and to limitations on legal remedies against municipal corporations in the State.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the City of the Legal Documents or the performance by the City of its obligations thereunder or the execution and delivery, on the part of the City, of the Bonds. Under the laws of the State of California, the City has the authority to determine, fix, impose and collect rates and charges for electric service and is not presently subject to the regulatory jurisdiction of any state, regional or local governmental regulatory authority other than to the extent described in the [Preliminary Official Statement and the]² Official Statement³.

6. To the best of my knowledge, the execution and delivery of the Legal Documents by the City and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any instrument relating to the organization, existence or operation of the City, or commitment, agreement or other instrument to

⁴ Legal Documents to be included at Settlement Date. Purchase Contract only at Closing Date.

which the City is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the City or any of its officers in their respective capacities as such are subject or any provision of the laws of the State of California relating to the City and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to the best of my knowledge, threatened against or affecting the City or any entity affiliated with the City or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor) that questions the powers of the City referred to in paragraph 3 above or in connection with the transactions contemplated by the Legal Documents, or the validity of the proceedings taken by the City in connection with the authorization, execution or delivery of the Legal Documents, or [except as disclosed in the [Preliminary Official Statement and the]² Official Statement³] wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Legal Documents, or that, in any way, would adversely affect the validity or enforceability of the Legal Documents or, in any material respect, the ability of the City to perform its obligations under the Legal Documents.

8. Based on the information made available to me in my role as Interim City Attorney and since the date of my retention as Interim City Attorney to the City, without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained therein, the information in the [Preliminary Official Statement and the]² Official Statement³ under the captions “GENERAL INFORMATION REGARDING THE CITY AND THE SERVICE AREA,” “THE ELECTRIC SYSTEM” and “LITIGATION” was true and accurate to the best of my knowledge at and as of the [respective dates] of the [Preliminary Official Statement and the]² Official Statement³ and as the date of hereof.

Capitalized terms used herein not otherwise defined shall have the meanings ascribed thereto in the Purchase Contract.

Respectfully submitted,

EXHIBIT C

FORM OF NEGATIVE ASSURANCE LETTER TO UNDERWRITER

[Closing Date/Settlement Date]

Goldman Sachs & Co. LLC
as Underwriter
Los Angeles, California

Re: [/PAR AMOUNT] City of Vernon Electric System Revenue Bonds, 2022 Series A

Ladies and Gentlemen:

We have acted as disclosure counsel to the City of Vernon (the “City”) in connection with the issuance of the above-referenced bonds (the “Bonds”). The Bonds are being purchased by you pursuant to a Forward Delivery Contract of Purchase, dated [PRICING DATE], 2021 (the “Purchase Contract”), by and between the City and you, as underwriter of the Bonds. All capitalized terms that are used herein and not defined herein have the meanings that are given to such terms in the Purchase Contract.

In rendering the advice contained herein, we have examined originals or copies certified or otherwise identified to our satisfaction of: (i) the Official Statement dated [PRICING DATE], 2021 (the “Official Statement”)¹ relating to the Bonds; (ii) the Indenture of Trust, dated as of September 1, 2008, as amended and supplemented, including as [to be]² amended and supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021 (collectively, the “Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”); (iii) the Continuing Disclosure Agreement dated May __, 2022, [as executed and to delivered on the date of delivery of the Bonds,]² by and between the City and the Trustee, as dissemination agent; (iv) the Preliminary Official Statement, dated [_____, 202_] (together with any additions or modifications set forth in the Official Statement¹, the “Preliminary Official Statement”)³; (v) the letters, certificates, and opinions that were delivered to you pursuant to the provisions of the Purchase Contract, including, but not limited to, Section [4(e)][5(c)] thereof; and (vi) minutes of the meetings of the City Council for the period from [January 2020 through _____, 20__]. We do not assume any responsibility for any electronic version of the Official Statement¹, and for all purposes of this letter, we have assumed that any electronic version of the Official Statement¹ conforms in all respects to the printed version of the Official Statement¹.

¹ For opinion delivered on the Settlement Date, references to Official Statement will be to Updated Official Statement.

² To be excluded from opinion delivered on the Settlement Date.

³ Opinion delivered on the Settlement Date may delete references to Preliminary Official Statement throughout.

The conclusions that are expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters that are not directly addressed by such authorities. Such conclusions may be affected by actions that are taken or omitted or events that occur after the date hereof. We have not undertaken to determine, or to inform you or any other person, whether any such actions are taken or omitted or whether such events do occur or any other matters come to our attention after the date hereof. We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates that we have examined are genuine, that all documents which are submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations in the documents that we have reviewed are true and accurate. We have assumed, without independent verification, the accuracy of the factual matters that are represented, warranted or certified in the documents, and of the legal conclusions that are contained in any opinions referenced in the [Preliminary Official Statement or the]³ Official Statement¹.

By delivering this letter, we are not expressing any 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 that are contained in any document that is referenced in the [Preliminary Official Statement or the]³ Official Statement¹, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets that are described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description that is contained therein of, or the remedies that are available to enforce liens on, any such assets. Our services as disclosure counsel to the City did not involve the rendering of financial or other non-legal advice to you or any other party to the transaction.

Although we have not undertaken to determine independently or verify and are not passing upon and do not assume responsibility for, the accuracy, completeness or fairness of the statements that are contained in the [Preliminary Official Statement or the]³ Official Statement¹, and are therefore unable to make any representation to you in that regard, we have participated in conferences prior to the date of the [Preliminary Official Statement and the]³ Official Statement¹ with the City Administrator, the Chief Financial Officer and other City staff, the Interim City Attorney, BLX Group LLC, the City's Municipal Advisor, and representatives of the Underwriter and Chapman and Cutler LLP, as counsel to the Underwriter, during which conferences the contents of the [Preliminary Official Statement or the]³ Official Statement¹ and related matters were discussed. Based upon the information that was made available to us in the course of our participation in such conferences as disclosure counsel to the City, our review of the documents that are referred to above, our reliance on the oral and written statements of the City and others, the documents, certificates, instructions and records and the opinions of counsel that are described above and our understanding of applicable law, and subject to the limitations on our role as disclosure counsel to the City, we advise you as a matter of fact but not opinion that no information has come to the attention of the attorneys in the firm representing the City as disclosure counsel on this matter which caused us to believe that the [Preliminary Official Statement as of its date or as of the date of the Purchase Contract contained, or the]³ Official Statement¹, as of its date contained, or as of the date hereof contains, any untrue statement of a material fact, or that the [Preliminary Official Statement as of its date or as of the date of the

Purchase Contract omitted, or the]³ Official Statement¹ as of its date omitted, or as of the date hereof omits, to state a material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that we express no view with respect to: (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, or assessed valuations contained in the [Preliminary Official Statement or the]³ Official Statement¹; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the appendices to the [Preliminary Official Statement or the]³ Official Statement¹; (v) any information incorporated by reference into the [Preliminary Official Statement or the]³ Official Statement; (vi) any information with respect to the underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “UNDERWRITING;” (vii) the City’s compliance with its obligations to provide notice of the events described in part (b)(5)(i)(C) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) or to file annual reports described in part (b)(5)(i)(A) of Rule 15c2-12, review of which matters we understand you have undertaken; and (viii) any information with respect to the ratings on the Bonds, including but not limited to information under the caption “RATINGS”). We advise you that, other than reviewing the various certificates and opinions that were delivered by the City regarding the [Preliminary Official Statement or the]³ Official Statement¹, we have not taken any steps since the date of the [Preliminary Official Statement or the] Official Statement to verify the accuracy of the statements that are contained in the [Preliminary Official Statement or the]³ Official Statement¹ as of the date hereof. Moreover, in providing such advice and assistance, we provided no independent diligence on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website, and we express no view regarding the City’s compliance with any obligation to file annual reports or provide notice of events, each as described in Rule 15c2-12.

By acceptance of this letter you recognize and acknowledge that: (1) the negative assurance above is not an opinion and is based on certain limited activities that were performed by specific attorneys in our firm in our role as disclosure counsel to the City; (2) the scope of the activities that were performed by such attorneys in our role as disclosure counsel to the City and for purposes of delivering such negative assurances were inherently limited and do not purport to encompass all activities that are necessary for compliance by you or others in accordance with applicable state and federal securities laws; and (3) the activities that were performed by such attorneys in our role as disclosure counsel to the City rely in part by representations, warranties, certifications and opinions of other parties to the transaction, including representations, warranties and certifications made by the City.

This letter is being furnished to you solely for your benefit in connection with your purchase of the Bonds in accordance with the Purchase Contract and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and you in connection with the issuance of the Bonds or by virtue of this letter. We note that you were represented by separate counsel retained by you in connection with the transaction described in the Official Statement¹. This letter is limited to matters governed by the laws of the State of California and federal

securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

Our engagement as disclosure counsel to the City terminates as of the date hereof, and we have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed in the Official Statement¹. This letter is not intended to, and may not, be relied upon by owners of the Bonds, the owners of any beneficial ownership interest in the Bonds or by any other party to whom it is not addressed.

Respectfully submitted,

EXHIBIT F
FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 30, 2021

NEW ISSUE—FULL BOOK-ENTRY ONLY

Ratings: See the caption “RATINGS”

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the 2021/2022 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2021/2022 Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS.” Delivery of the 2022 Bonds, and delivery of Bond Counsel’s opinion with respect to the 2022 Bonds, is subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Purchase Contract as described under the heading “FORWARD DELIVERY OF THE 2022 BONDS.”



\$ _____ *
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS,
2021 SERIES A

\$ _____ *
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS,
2022 SERIES A

Dated: 2021 Bonds – Date of Delivery
2022 Bonds – Date of Forward Delivery

Due: As set forth on the inside front cover page

The City of Vernon Electric System Revenue Bonds, 2021 Series A (the “2021 Bonds”) are being issued to provide funds: (i) to pay the costs of the acquisition by the City of Vernon of a 134-megawatt natural gas-fired generating facility located within the City limits on land owned by the City, together with certain related electrical interconnection facilities and other assets, property, and contractual rights; (ii) to fund a deposit to the Debt Service Reserve Fund in satisfaction of the Debt Service Reserve Requirement; and (iii) to pay costs of issuance of the 2021 Bonds, all as more fully described in this Official Statement. The facility and related assets are currently owned by Bicent (California) Malburg LLC and are being acquired through a Purchase and Sale Agreement, dated as of November 18, 2021, by and between the City and Bicent (California) Malburg LLC. See “PLAN OF FINANCE – The MGS Acquisition Project.”

The City of Vernon Electric System Revenue Bonds, 2022 Series A (the “2022 Bonds” and together with the 2021 Bonds, the “2021/2022 Bonds”) are being issued on a forward delivery basis to provide funds: (i) to refund and defease all of the City’s outstanding Electric System Revenue Bonds, 2012 Series A and a portion of the City’s outstanding Electric System Revenue Bonds, 2012 Taxable Series B; and (ii) to pay costs of issuance of the 2022 Bonds, all as more fully described in this Official Statement. See “PLAN OF FINANCE – Refunding of the Refunded 2012 Bonds” and “FORWARD DELIVERY OF THE 2022 BONDS” herein.

The 2021/2022 Bonds are being issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the 2021/2022 Bonds will not receive securities representing their beneficial ownership in the 2021/2022 Bonds purchased. Interest on the 2021 Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2022, until the respective maturities of the 2021 Bonds. Interest on the 2022 Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2022, until the respective maturities of the 2022 Bonds. The principal of and interest on the 2021/2022 Bonds are payable by The Bank of New York Mellon Trust Company, N.A., as Trustee, to Cede & Co. and such interest and principal payments are to be disbursed to the Beneficial Owners of the 2021/2022 Bonds through their nominees.

The 2021 Bonds are not subject to redemption prior to maturity. The 2022 Bonds are subject to redemption as more fully described in this Official Statement.

The 2021 Bonds are being issued pursuant to the Indenture of Trust, dated as of September 1, 2008, by and between the City and the Trustee, as amended and supplemented (the “Indenture”), including as supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021. The 2022 Bonds are being issued pursuant to the Indenture, as amended and supplemented, including as supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021. The 2021/2022 Bonds are limited obligations of the City payable solely from Net Revenues, which consist of Revenues of the City’s Electric System remaining after the payment of Operation and Maintenance Expenses, and from amounts on deposit in certain funds and accounts created under the Indenture.

The 2021/2022 Bonds are payable from Net Revenues on a parity with \$241,660,000 outstanding principal amount of Electric System Revenue Bonds (of which \$61,235,000 is expected to be refunded by the 2022 Bonds). The City may incur additional obligations payable from Net Revenues on a parity with the obligation to pay principal of and interest on the 2021/2022 Bonds, subject to the terms and conditions of the Indenture, as more fully described in this Official Statement.

THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2021/2022 BONDS PURSUANT TO THE INDENTURE DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY GENERAL TAXES OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY GENERAL TAXES. THE OBLIGATION OF THE CITY TO PAY PRINCIPAL OF AND INTEREST ON THE 2021/2022 BONDS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. Capitalized terms used and not defined on the cover of this Official Statement have the meanings ascribed thereto in this Official Statement.

MATURITY SCHEDULES – See Inside Front Cover Pages

The 2021/2022 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the 2021/2022 Bonds by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by the City Attorney, for the Underwriter by its counsel, Chapman and Cutler LLP, and for the Trustee by its counsel. It is anticipated that the 2021 Bonds will be available for delivery through the facilities of The Depository Trust Company on or about December 14, 2021. It is anticipated that the 2022 Bonds will be available for delivery through the facilities of The Depository Trust Company on or about May 5, 2022. Potential investors should carefully review the information under the caption “FORWARD DELIVERY OF THE 2022 BONDS” herein.

Goldman Sachs & Co. LLC

Dated: December __, 2021

MATURITY SCHEDULES

\$ _____*
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS, 2021 SERIES A

BASE CUSIP^{®†} 924397

<i>Maturity Date</i> *	<i>Principal Amount</i> *	<i>Interest Rate</i>	<i>Price or Yield</i>	<i>CUSIP^{®†}</i> <i>Suffix</i>
April 1, 2022				
October 1, 2022				
April 1, 2023				
October 1, 2023				
April 1, 2024				
October 1, 2024				
April 1, 2025				
October 1, 2025				
April 1, 2026				
October 1, 2026				
April 1, 2027				
October 1, 2027				
April 1, 2028				

* Preliminary, subject to change.

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\$ _____*
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS, 2022 SERIES A

BASE CUSIP®† 924397

<i>Maturity Date (August 1)*</i>	<i>Principal Amount*</i>	<i>Interest Rate</i>	<i>Price or Yield</i>	<i>CUSIP®† Suffix</i>
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				

* Preliminary, subject to change.

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**CITY OF VERNON
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

CITY COUNCIL

Melissa Ybarra, Mayor
William “Bill” Davis, Mayor Pro Tem
Crystal Larios, Council Member
Leticia Lopez, Council Member
Judith Merlo, Council Member

STAFF

Carlos R. Fandino, Jr., City Administrator
Scott Williams, Finance Director/Treasurer
Abraham Alemu, General Manager of Public Utilities
Zaynah Moussa, Esq., Interim City Attorney

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Municipal Advisor

BLX Group LLC
Los Angeles, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter 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 other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2021/2022 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2021/2022 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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 responsibilities 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.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2021/2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2021/2022 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

The 2021/2022 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The 2021/2022 Bonds have not been registered or qualified under the securities laws of any state. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act.

The City maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2021/2022 Bonds. Unless specified otherwise, references to websites included herein and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

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OFFICIAL STATEMENT

\$ _____ *
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS,
2021 SERIES A

\$ _____ *
CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS,
2022 SERIES A

INTRODUCTION

This Introduction is qualified in its entirety by reference to the more detailed information that is included and referred to elsewhere in this Official Statement. The offering of the 2021/2022 Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Indenture. See Appendix B.

Purpose of Official Statement

The purpose of this Official Statement (which includes the cover page and the appendices attached hereto) is to provide information concerning the sale and delivery by the City of Vernon, California (the “City”) of its Electric System Revenue Bonds, 2021 Series A (the “**2021 Bonds**”) and its Electric System Revenue Bonds, 2022 Series A (the “**2022 Bonds**” and together with the 2021 Bonds, the “**2021/2022 Bonds**”).

Authority

The 2021 Bonds are being issued pursuant to Article II of the City’s Charter, the City of Vernon Municipal Facilities Revenue Bond Law, constituting Article XI of the Vernon City Code (collectively, the “**Bond Law**”), and an Indenture of Trust, dated as of September 1, 2008 (the “**Master Indenture**” and, as amended and supplemented, the “**Indenture**”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), including as supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021 (the “**Sixth Supplemental Indenture**”). The 2022 Bonds are being issued pursuant to the Bond Law, and the Indenture, including as supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021 (the “**Seventh Supplemental Indenture**”).

Use of Proceeds

The 2021 Bonds are being issued to provide funds: (i) to finance the acquisition by the City of a 134-megawatt natural gas-fired generating facility located within the City limits on land owned by the City and known as the “Malburg Generating Station” (the “**MGS**”), together with certain related electrical interconnection facilities and other assets, property, and contractual rights (which, collectively with the MGS, are referred to herein as the “**MGS Assets**”); (ii) to fund a deposit to the Debt Service Reserve Fund in satisfaction of the Debt Service Reserve Requirement; and (iii) to pay costs of issuance of the 2021 Bonds, all as more fully described in this Official Statement. See the captions “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE – The MGS Acquisition Project.” The MGS Assets are currently owned by Bicent (California) Malburg LLC, a Delaware limited liability company (the “**Seller**”), and are being acquired by the City on or about the delivery date of the 2021 Bonds pursuant to a Purchase and Sale Agreement, dated as of November 18, 2021 (the “**Purchase and Sale Agreement**”), by and between the City and the Seller. Pursuant to the Purchase and Sale Agreement, the aggregate purchase price to be paid by the City to the Seller for acquisition of the MGS Assets is \$198,000,000, plus certain adjustments for prepaid expenses paid by the Seller.

The 2022 Bonds are being issued on a forward delivery basis to provide funds: (i) to refund and defease all of the City’s outstanding Electric System Revenue Bonds, 2012 Series A (the “**2012A Bonds**”),

* Preliminary, subject to change.

which are currently outstanding in the aggregate principal amount of \$37,640,000, and a portion of the City's outstanding Electric System Revenue Bonds, 2012 Taxable Series B (the "**2012B Bonds**"), which are currently outstanding in the aggregate principal amount of \$35,100,000 of which \$23,595,000 are expected to be refunded (which refunded portion shall be referred to herein as the "**Refunded 2012B Bonds**" and, together with the 2012A Bonds, shall be referred to herein as the "**Refunded 2012 Bonds**"); and (ii) to pay costs of issuance of the 2022 Bonds, all as more fully described in this Official Statement. See the captions "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE – Refunding of the Refunded 2012 Bonds."

Security and Sources of Payment

The 2021/2022 Bonds are special obligations of the City. The principal and Redemption Price, if any, of and interest on the 2021/2022 Bonds are payable by the City solely from the Net Revenues of the City's Electric System, amounts in the Light and Power Fund other than the Operating Reserve, and amounts in the Funds, other than the Rebate Fund, held by the Trustee under the Indenture (as defined in Appendix B, the "**Trust Estate**") and are secured by a pledge of the Trust Estate. See the caption "SECURITY AND SOURCES OF PAYMENT—Pledge Effected by the Indenture."

The issuance of the 2021/2022 Bonds does not directly, indirectly or contingently obligate the City to levy or pledge any form of taxation or to make any appropriation for their payment. The 2021/2022 Bonds are not secured by a legal or equitable pledge of, or lien or charge upon, any property of the City or any of its income or receipts except the Trust Estate pledged therefor pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Neither the faith and credit nor the taxing power of the City, the State or any other public agency is pledged to the payment of the principal of, premium, if any, or interest on the 2021/2022 Bonds. The 2021/2022 Bonds do not constitute a debt, liability or obligation of the State or any public agency other than the special obligation of the City as provided in the Indenture.

The City has issued and there are currently outstanding under the Indenture \$241,660,000 aggregate principal amount of Electric System Revenue Bonds payable from Net Revenues on a parity with the 2021/2022 Bonds (of which \$61,235,000 is expected to be refunded by the 2022 Bonds), consisting of: (a) the Electric System Revenue Bonds, 2008 Taxable Series A (the "**2008A Bonds**"), which are currently outstanding in the aggregate principal amount of \$36,870,000; (b) the 2012A Bonds, which are currently outstanding in the aggregate principal amount of \$37,895,000 (all of which is expected to be refunded by the 2022 Bonds); (c) the 2012B Bonds, which are currently outstanding in the aggregate principal amount of \$35,100,000 (of which \$23,595,000 is expected to be refunded by the 2022 Bonds); (d) the Electric System Revenue Bonds, 2015 Taxable Series A (the "**2015A Bonds**"), which are currently outstanding in the aggregate principal amount of \$111,720,000; and (e) the Electric System Revenue Bonds, 2020 Series A (the "**2020A Bonds**"), which are currently outstanding in the aggregate principal amount of \$19,305,000.

The Indenture permits the City to issue Additional Bonds and Refunding Bonds which are payable from Net Revenues on a parity with the 2021/2022 Bonds on the terms and conditions set forth in the Indenture. The 2008A Bonds, the 2012A Bonds, the 2012B Bonds, 2015A Bonds, the 2020A Bonds, the 2021 Bonds, the 2022 Bonds and any such Additional Bonds and Refunding Bonds issued under the Indenture are referred to as the "**Bonds**." All Bonds are equally and ratably secured by the pledge of the Trust Estate under the Indenture. See the captions "SECURITY AND SOURCES OF PAYMENT—Outstanding Electric System Obligations" and "SECURITY AND SOURCES OF PAYMENT—Additional Parity Obligations."

Debt Service Reserve Fund

Pursuant to the Indenture, the Debt Service Reserve Fund is required to be maintained in an amount equal to the Debt Service Reserve Requirement. Amounts on deposit in the Debt Service Reserve Fund will be

applied to make up any deficiency in any account of the Debt Service Fund for the payment when due of principal or Redemption Price of or interest on Bonds, including the 2021/2022 Bonds. A portion of the proceeds of the 2021 Bonds will be deposited in the Debt Service Reserve Fund so that the amount on deposit therein is no less than the Debt Service Reserve Requirement as of the date of issuance of the 2021 Bonds. In connection with the issuance of the 2022 Bonds, a portion of the amount on deposit in the Debt Service Reserve Fund is expected to be released and applied to the redemption of the Refunded 2012 Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS.”

In lieu of the required deposits and transfers of money to the Debt Service Reserve Fund, the City may cause to be deposited in the Debt Service Reserve Fund a Reserve Financial Guaranty. Pursuant to the Fifth Supplemental Indenture, dated as of March 1, 2020 (the “**Fifth Supplemental Indenture**”), by and between the City and the Trustee, at such time as the 2008A Bonds, the 2012A Bonds, the 2012B Bonds and the 2015A Bonds are no longer Outstanding, the definition of “Reserve Financial Guaranty” under the Master Indenture will be amended as described under the caption “SECURITY AND SOURCES OF PAYMENT—Debt Service Reserve Fund.”

Redemption Provisions

The 2021 Bonds are not subject to redemption prior to maturity. See the caption “THE 2021/2022 BONDS—No Optional Redemption of the 2021 Bonds.” The 2022 Bonds are subject to redemption prior to maturity. See the caption “THE 2021/2022 BONDS—Redemption of the 2022 Bonds.”

Continuing Disclosure

The City will covenant for the benefit of the holders and beneficial owners of the 2021/2022 Bonds, pursuant to separate Continuing Disclosure Agreements relating respectively to the 2021 Bonds and the 2022 Bonds, each with the Trustee, in its capacity as dissemination agent, to provide to the Municipal Securities Rulemaking Board (the “**MSRB**”) through its Electronic Municipal Market Access System (“**EMMA**”) a copy of the annual audited financial statements of the Electric System, as well as certain operating and financial data relating to the Electric System, and notices of certain enumerated events. With respect to the 2021 Bonds, the first Annual Report will be due by April 1, 2022. With respect to the 2022 Bonds, the first Annual Report will be due by April 1, 2023. See the caption “CONTINUING DISCLOSURE” and Appendix E.

Other Matters

The summaries of and references to all documents, statutes, reports and other instruments that are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given to it in such agreement or document.

Attached to this Official Statement as Appendix B are summaries of certain provisions of the Indenture. Copies of the Indenture are available for inspection at the offices of the Trustee, and copies of the Indenture will be provided by the Trustee upon request and payment of costs.

PLAN OF FINANCE

General

The 2021 Bonds are being issued to provide funds: (i) to finance the acquisition by the City of the MGS Assets; (ii) to fund a deposit to the Debt Service Reserve Fund in satisfaction of the Debt Service Reserve Requirement; and (iii) to pay costs of issuance of the 2021 Bonds.

The 2022 Bonds are being issued on a forward delivery basis to provide funds: (i) to refund and defease all of the outstanding 2012A Bonds and a portion of outstanding 2012B Bonds; and (ii) to pay costs of issuance of the 2022 Bonds, all as more fully described in this Official Statement.

MGS Acquisition Project

The City is issuing the 2021 Bonds primarily for the purpose of providing funds to pay the costs of the acquisition by the City of the MGS Assets. Pursuant to the Purchase and Sale Agreement, the aggregate purchase price to be paid by the City to the Seller for acquisition of the MGS Assets is \$198,000,000, subject to certain adjustments set forth in the Purchase and Sale Agreement, including certain adjustments for prepaid expenses paid by the Seller. The City expects that the acquisition of the MGS Assets will be completed on or about the issuance date of the 2021 Bonds.

The MGS was developed by the City and achieved commercial operation in October 2005. The City sold the MGS to Bicent (California) Power LLC in 2008. Bicent (California) Power LLC subsequently assigned its rights and obligations with respect to the MGS to the Seller.

In connection with the approval of the Purchase and Sale Agreement on November 16, 2021, the City reasonably expects to achieve meaningful benefits from the acquisition of the MGS, including but not limited to: potential cost savings, operational flexibility, long-term site control after the termination of the PPTA (as hereinafter defined), resource management and power supply flexibility, local reliability and other Electric System benefits. The City reasonably projects that, based on the current LTSA (as hereinafter defined), debt service on the 2021 Bonds, and projected maintenance and operation costs, the total cost of ownership will be less than the current projected costs payable to the Seller under the PPTA through 2028. See the caption “ELECTRIC SYSTEM FINANCIAL AND RELATED INFORMATION—Projected Operating Results and Debt Service Coverage.”

Following the acquisition of the MGS, the City plans to analyze the current operations of the MGS and evaluate potential changes if any, to the operation, and potentially the configuration, of the MGS in the future in order to best meet the needs and objectives of the City. As of the date of this Official Statement, the City does not have definitive plans to alter the current configuration of the MGS and the projected operating results under the caption “ELECTRIC SYSTEM FINANCIAL AND RELATED INFORMATION—Projected Operating Results and Debt Service Coverage” do not assume any such reconfiguration of the MGS.

Description of Facility. The MGS is a 120 MW base load/134 MW full load combined cycle, natural gas-fired, electric power plant located within the City. The MGS includes two Siemens (formerly Alstom) GTXI00 natural gas-fired combustion turbine generators and a steam turbine generator. The MGS includes duct burners and evaporative inlet air coolers and filters to achieve higher levels of power output in selected modes of operation. The MGS is connected to the Electric System’s distribution facilities at the Vernon Substation, located at Station A (as hereinafter defined). Originally developed and constructed by the City, the MGS was designed to provide approximately 60% of the City’s then-expected requirements for base load electric power. The MGS has been operating as a base load generation resource for the City since it achieved commercial operation in October 2005.

In connection with the sale of the MGS, the City entered into a Power Purchase Tolling Agreement, dated as of April 10, 2008 (the “PPTA”), with the Seller, pursuant to which the City agreed to purchase the capacity, energy, ancillary services and resource adequacy benefits produced by the MGS. In Fiscal Year 2021, the MGS provided 594,954 MWhs of energy to the City, comprising approximately 49% of the energy needed to satisfy the City’s load requirements. The City expects that the MGS will provide approximately 614,191 MWhs of energy to the City in Fiscal Year 2022, or an estimated 48% of the total needed to satisfy the City’s estimated load requirements.

Operation of MGS. Prior to being sold to Bicent (California) Power LLC in 2008, the City had been operating the MGS since commercial operation commenced in 2005. Since the acquisition of MGS by the Seller, the MGS has been operated and managed by Colorado Energy Management LLC (“**CEM**”) pursuant to an Operation and Maintenance Agreement, dated as of April 10, 2008, as amended (the “**Operation and Maintenance Agreement**”), by and between the Seller and CEM. Under the Operation and Maintenance Agreement, CEM is responsible for all operations, routine maintenance, budget, control, purchasing, billing and reporting for the operation of the MGS, other than the maintenance provided Siemens Energy, Inc. (“**Siemens**”) under the Amended and Restated Services Agreement. Except as discussed below, the City intends to directly operate and manage the MGS following the acquisition of the MGS Assets and will not assume the Operation and Maintenance Agreement in connection with the acquisition of the MGS Assets.

Under the Purchase and Sale Agreement, the City has agreed to offer employment with the City to certain current employees of the CEM who are currently involved in the operation and management of the MGS. CEM employees who accept the employment offer of the City would continue to work at the MGS as employees of the City and would be subject to an initial probation period and the City’s other personnel policies.

Major maintenance, including parts supply, parts repair and labor of the MGS’s two natural gas-fired combustion turbines and the steam turbine are currently provided pursuant to an Amended and Restated Services Agreement, dated as of September 30, 2010, as amended (the “**Long-Term Services Agreement**”), by and between the Seller and Siemens. The Long-Term Services Agreement will be assumed by the City when the MGS Assets are acquired. The Long-Term Services Agreement expires with respect to each combustion turbine upon the earlier of (i) the date the applicable combustion turbine accumulates 189,999 equivalent operating hours from the first ignition after the applicable combustion turbine’s installation or (ii) September 30, 2030 (being 20 years from the effective date of the Long-Term Services Agreement). The City intends to enter into negotiations with Siemens following the acquisition of the MGS Assets with respect to the costs, terms and the current scheduled termination date. There can be no assurance that the City and Siemens will reach an agreement to reduce the current term of the Long-Term Services Agreement or the costs payable under the Long-Term Services Agreement. For purposes of the projected expenses included in this Official Statement, no changes to the current costs, term or scheduled termination date of the Long-Term Services Agreement are assumed.

As part of its responsibilities under the Long-Term Services Agreement, on November 11 and 12, 2021, Siemens performed a borescope inspection of the MGS’s two gas-fired combustion turbines. In a letter from Siemens to the Seller dated November 15, 2021 (the “**Siemens Letter**”), Siemens noted that the inspection detected oxidation to one of the two turbines. The Siemens Letter indicated that the deterioration had not exceeded engineering expectations. The Siemens Letter recommended that a second inspection be performed after the turbine has operated for an additional 2,000 equivalent operating hours, which Siemens has projected to occur by the end of January or the beginning of February 2022. If the results of the second inspection reveal a requirement for repair of the turbine prior to the next scheduled maintenance outage, which is planned to occur in April 2022, Siemens committed to perform any such repair to the extent of and in compliance with the Long-Term Services Agreement. In the Siemens Letter, Siemens estimated that such repair would be expected to take approximately four days to complete after two days of mobilization along with the City’s estimate of several days for cooling and testing prior to and after a repair, if any.

Natural gas for the operation of the turbines is currently provided by the City to the Seller pursuant to the terms of the PPTA. Natural gas for the operation of the turbines is delivered to MGS through a 10-inch lateral connected to the City’s natural gas utility system. Operation of the MGS can require delivery of up to 21,300 million British Thermal units (“**MMBtus**”) of natural gas per day. The City has been supplying the MGS with natural gas primarily through bilateral contracts and spot market purchases. See also the caption “**THE ELECTRIC SYSTEM—Renewable Energy Resources—Current Renewable Energy Resources—Contracts for Bio-Gas,**” The City continues to monitor the market for natural gas and may, in the future, enter

into additional contracts for the purchase of natural gas for the MGS if the City determines that the terms of such contracts are beneficial to the City.

In connection with its purchase of natural gas and capacity, transmission, transportation, grid management and extraordinary expenses related thereto, the City has established the Energy Cost Adjustment Billing Factor (the “**ECABF**”) to pass through to Electric System customers increased costs related to fuel. See the caption “THE ELECTRIC SYSTEM—Electric Rates—Energy Cost Adjustment Billing Factor.”

Reclaimed water is currently delivered to the MGS pursuant to an arrangement between the City and the Seller whereby the City has agreed to provide all water provided to the City under a recycled water agreement with the Central Basin Municipal Water District (the “**CBMWD Agreement**”) which was executed on July 15, 2002. The CBMWD Agreement has a term of 30 years and can be automatically extended by the City for an additional 10-year term. Recycled water is delivered to the MGS through an 18-inch diameter, 1.8-mile long pipeline connection to the Central Basin Municipal Water District system. The water is supplied for cooling tower make-up, boiler make-up, combustion turbine evaporative coolers and combustion turbine water wash.

Permits, Licenses and Approvals. The operation of the MGS is subject to a variety of federal, state and local laws and regulations. There are no approvals by a federal, state or local body that are required to be obtained by the City or the Seller prior to the acquisition of the MGS Assets by the City that have not already been obtained or will be obtained by the date of delivery of the 2021 Bonds. Certain permits and approvals will be transferred to the City as part of the assets purchased upon the acquisition of the MGS Assets by the City under the Purchase and Sale Agreement, and others will be applied for directly by the City. Other permits and governmental approvals relating to the operation of MGS are expected to be obtained by the City following the acquisition of the MGS Assets. The City expects to be able to obtain all such permits and governmental approvals in compliance with all applicable federal, state and local regulations.

Refunding of the Refunded 2012 Bonds

General. The City issued the 2012A Bonds, which are currently outstanding in the aggregate principal amount of \$37,640,000, and the 2012B Bonds, which are currently outstanding in the aggregate principal amount of \$35,100,000, pursuant to the Indenture, as supplemented by a Third Supplemental Indenture of Trust, dated as of January 1, 2012.

The City plans to apply a portion of the proceeds of the 2022 Bonds, together with other available monies, to refund all of the outstanding 2012A Bonds and a portion of each of the 2012B Bonds maturing on and after August 1, 2023, constituting the Refunded 2012B Bonds, as shown in the below tables. The \$6,165,000 principal amount of the 2012B Bonds maturing on August 1, 2022 are not being refunded and are expected to be paid by the City as they become due.

Refunded 2012A Bonds

<i>Principal Payment Date (August 1)</i>	<i>Principal Amount Refunded</i>	<i>CUSIP®† (924397)</i>	<i>Redemption Date</i>
2030	\$ 4,645,000	CL4	August 1, 2022
2033	4,155,000	CM2	August 1, 2022
2041	28,840,000	CN0	August 1, 2022

† CUSIP numbers have been assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as set forth above.

Refunded 2012B Bonds

<i>Principal Payment Date (August 1)</i>	<i>Outstanding Principal Amount of 2012B Bonds</i>	<i>CUSIP® (924397)</i>	<i>Refunded Principal Amount of 2012B Bonds</i>	<i>Redemption Date</i>	<i>Outstanding Principal Amount of 2012B Bonds After Refunding</i>
2023	\$6,565,000	CQ3	\$5,395,000	August 1, 2022	\$1,170,000
2024	6,990,000	CR1	5,685,000	August 1, 2022	1,305,000
2025	7,440,000	CS9	6,050,000	August 1, 2022	1,390,000
2026	7,940,000	CT7	6,465,000	August 1, 2022	1,475,000

Under an Escrow Agreement, dated as of December 1, 2021 (the “**2012 Escrow Agreement**”), by and between the City and the Trustee, as escrow agent, the City will deliver a portion of the proceeds of the 2022 Bonds and certain amounts released from the Debt Service Reserve Fund to the Trustee for deposit in the escrow fund established under the 2012 Escrow Agreement (the “**2012 Escrow Fund**”). See the caption “ESTIMATED SOURCES AND USES OF FUNDS.” Such amount will be held in cash or will be invested in direct obligations of the Department of Treasury of the United States of America (the “**Federal Securities**”). From the moneys and Federal Securities, if any, on deposit in the 2012 Escrow Fund, together with investment earnings thereon, the Trustee will pay the redemption price of the Refunded 2012 Bonds on August 1, 2022 (the “**Redemption Date**”), at a redemption price equal to the principal amount to be redeemed, without premium, plus accrued, unpaid interest to the Redemption Date.

As a result of the deposit and application of funds, Federal Securities, if any, and investment earnings as provided in the 2012 Escrow Agreement, the Refunded 2012 Bonds will be deemed paid and will no longer be deemed to be Outstanding under the Indenture, as of the date of issuance of the 2022 Bonds.

The amounts held by the Trustee in the 2012 Escrow Fund are pledged solely to the payment of the Refunded 2012 Bonds. The funds and Federal Securities deposited in the 2012 Escrow Fund and the investment earnings thereon will not be available for the payments of principal of and interest on the 2022 Bonds.

Verification. Sufficiency of the deposits in the 2012 Escrow Fund for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided above, as of the date of issuance of the 2022 Bonds, the Refunded 2012 Bonds will be defeased pursuant to the provisions of the Indenture.

The Verification Agent will also deliver to the City, on or before the delivery date of the 2022 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, if any, when deposited into the 2012 Escrow Fund, to pay, when due, the redemption price of the Refunded 2012 Bonds on the Redemption Date and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the 2022 Bonds will be excluded from gross income for federal income tax purposes (assuming and subject to the satisfaction of certain terms and conditions of a Forward Delivery Purchase Contract for the 2022 Bonds). See “FORWARD DELIVERY OF THE 2022 BONDS.”

The verifications described above to be performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by Goldman Sachs & Co. LLC, as the Underwriter of the 2021/2022 Bonds. The Verification Agent has restricted its procedures to recalculating the computations provided by Goldman Sachs & Co. LLC and has not evaluated or examined the assumptions or information used in the computations.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2021/2022 Bonds are set forth below.

<i>Sources</i>	<i>2021 Bonds</i>	<i>2022 Bonds⁽¹⁾</i>
Principal Amount	\$	\$
Plus Original Issue Premium		
Debt Service Reserve Fund Release ⁽²⁾	<u> </u>	<u> </u>
Total Sources	<u>\$ </u>	<u>\$ </u>
<i>Uses</i>		
Deposit to 2021 Capital Improvement Fund ⁽³⁾	\$	\$
Deposit to 2022 Escrow Fund		
Deposit to Debt Service Reserve Fund		
Costs of Issuance ⁽⁴⁾	<u> </u>	<u> </u>
Total Uses	<u>\$ </u>	<u>\$ </u>

- ⁽¹⁾ Sources of funds with respect to the 2022 Bonds will not be delivered until the forward delivery date of the 2022 Bonds. See “FORWARD DELIVERY OF THE 2022 BONDS.”
- ⁽²⁾ Reflects moneys released from the Debt Service Reserve Fund in connection with the refunding of the Refunded 2012 Bonds. See the caption “SECURITY AND SOURCES OF PAYMENT—Debt Service Reserve Fund.”
- ⁽³⁾ Reflects the purchase price of \$198,000,000 for the MGS Assets, such amount is subject to certain adjustments under the Purchase and Sale Agreement, including certain adjustments for prepaid expenses paid by the Seller and certain other adjustments.
- ⁽⁴⁾ Includes Underwriter’s discount, legal fees, Trustee fees, Verification Agent fees, rating agency fees, printing costs and other expenses in connection with the issuance of 2021 Bonds and the 2022 Bonds, as applicable.

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DEBT SERVICE SCHEDULE

The following table shows the debt service schedule for the City’s Outstanding Bonds, including the 2021 Bonds and 2022 Bonds.

<i>Fiscal Year Ended June 30</i>	<i>Debt Service on Outstanding Bonds^{(1)*}</i>	<u>2021 Bonds</u>		<u>2022 Bonds⁽²⁾</u>		<i>Total Debt Service</i>
		<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
2022	\$ 6,781,121 ⁽³⁾					
2023	39,018,606					
2024	33,793,829					
2025	33,849,662					
2026	33,855,627					
2027	22,393,694					
2028	5,204,714					
2029	6,689,854					
2030	6,692,199					
2031	6,691,585					
2032	6,686,813					
2033	6,691,221					
2034	6,692,839					
2035	6,690,041					
2036	6,690,856					
2037	6,688,105					
2038	6,694,262					
2039	4,239,592					
2040	0					
2041	0					
2042	0					
TOTAL⁽³⁾	\$246,044,618					

- (1) Reflects debt service on the 2008A Bonds, 2012A Bonds, 2012B Bonds, 2015A Bonds and 2020A Bonds. The entire outstanding principal amount of the 2012A Bonds, which are currently outstanding in the aggregate principal amount of \$37,640,000, is expected to be redeemed with a portion of the proceeds of the 2022 Bonds on August 1, 2022, and \$23,595,000 of the 2012B Bonds is expected to be redeemed with a portion of the proceeds of the 2022 Bonds on August 1, 2022.
- (2) Subject to the delivery of the 2022 Bonds on a forward delivery basis upon satisfaction of certain conditions. See “FORWARD DELIVERY OF THE SERIES 2022 BONDS.”
- (3) Reflects debt service payable for the remainder of Fiscal Year 2022 as of December 1, 2021.
- (4) Totals may not add due to rounding.

THE 2021/2022 BONDS

General

The 2021 Bonds and the 2022 Bonds will be issued in the respective aggregate principal amounts, will bear interest at the rates and will mature in the years and amounts as set forth on the inside cover pages of this Official Statement. The 2021/2022 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The 2021 Bonds and the 2022 Bonds will be dated and will bear interest from their respective dates of original issuance. Interest on the 2021 Bonds will be payable semiannually on each April 1 and October 1, commencing April 1, 2022. Interest on the 2022 Bonds will be payable semiannually on each February 1 and

* Preliminary, subject to change.

August 1, commencing August 1, 2022. Interest on the 2021/2022 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2021/2022 Bonds will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), and held in DTC’s book-entry system. So long as the 2021/2022 Bonds are held in the book-entry system, DTC or its nominee will be the registered owner of the 2021/2022 Bonds for all purposes of the Indenture. For purposes of this Official Statement, DTC or its nominee, and its successors and assigns, are referred to as the “**Securities Depository**.” So long as the 2021/2022 Bonds are held in book-entry form through DTC, all payments with respect to principal of, premium, if any, and interest on each 2021/2022 Bond will be made pursuant to DTC’s rules and procedures. See Appendix D.

Redemption Provisions

No Optional or Mandatory Redemption of the 2021 Bonds. The 2021 Bonds are not subject to optional or mandatory redemption prior to their respective stated maturities.

Redemption of the 2022 Bonds.

Optional Redemption of the 2022 Bonds. The 2022 Bonds with stated maturities on or after August 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the City and from any source of available funds, as a whole or in part on ____ 1, 20__, or any date thereafter, and by lot within each maturity in integral multiples of \$5,000, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption of the 2022 Bonds.* The 2022 Bonds maturing on August 1, 20__ are also subject to mandatory redemption in part prior to their stated maturity from Sinking Fund Installments established pursuant to the below table on any August 1 on or after August 1, 20__, at a Redemption Price equal to the principal amount of the 2022 Bonds to be redeemed, without premium. The following are the Sinking Fund Installments for the 2022 Bonds maturing on August 1, 20__. Such installments will be due on August 1 of each of the years set forth in the following table in the respective amounts set forth opposite such years in said table:

<i>Sinking Fund Installment Due Date (August 1)</i>	<i>Sinking Fund Installment</i>
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†

† Maturity.

Notice of Redemption. The Trustee is to give notice of the redemption of any 2022 Bonds by first class mail, postage prepaid, not more than 60 nor less than 30 days before the redemption date to the Owners of any 2022 Bonds to be redeemed (in whole or in part) at their addresses appearing in the Bond Register. Such notice will specify the maturity date of the 2022 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2022 Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such 2022 Bonds to be redeemed, and, in the case of a 2022 Bond to be redeemed in part only, such notice will also specify the respective portion of the principal amount thereof to be redeemed.

* Preliminary; subject to change.

In the event that funds required to pay the Redemption Price of 2022 Bonds to be redeemed at the option of the City are not on deposit with the Trustee at the time the notice of redemption of such 2022 Bonds is given, such notice will state that such redemption is conditioned upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the Redemption Price of the 2022 Bonds to be redeemed, and that if such moneys have not been so received, said notice will be of no force and effect and the City will not be required to redeem such 2022 Bonds. In the event that a notice of redemption of 2022 Bonds contains such a condition and such moneys are not so received, the redemption of 2022 Bonds as described in the conditional notice of redemption will not be made and the Trustee, within a reasonable time after the date on which such redemption was to occur, is to give notice to the persons and in the manner in which the notice of redemption was given that such moneys were not so received and that there will be no redemption of 2022 Bonds pursuant to the conditional notice of redemption.

Receipt of notice of redemption is not a condition precedent to the redemption of 2022 Bonds and failure of any Owner of a 2022 Bond to receive any such notice or any insubstantial defect in such notice does not affect the validity of the proceedings for the redemption of 2022 Bonds.

SECURITY AND SOURCES OF PAYMENT

Pledge Effected by the Indenture

The payment of the principal and Redemption Price of and interest on the 2021/2022 Bonds is secured by a pledge of the Trust Estate under the Indenture. The Trust Estate consists of: (i) the Revenues; (ii) all amounts on deposit in the Light and Power Fund, including the investments, if any, thereof; and (iii) all amounts on deposit in the Funds, other than the Rebate Fund, held by the Trustee under the Indenture, including the investments, if any, thereof. The pledge of the Trust Estate in the Indenture is subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

The 2021/2022 Bonds and all other Bonds issued under the Indenture are equally and ratably secured by the pledge of the Trust Estate pursuant to the Indenture. The 2021/2022 Bonds and all other Bonds issued under the Indenture are equally and ratably payable from the Net Revenues, amounts in the Light and Power Fund other than the Operating Reserve, and amounts held in the Funds, other than the Rebate Fund, held by the Trustee under the Indenture. The City has and, in the future, may issue or incur other Parity Obligations which are secured by a pledge of the Trust Estate. The City has issued under the Indenture and there is currently outstanding \$241,660,000 aggregate principal amount of Electric System Revenue Bonds (of which \$61,235,000 is expected to be refunded by the 2022 Bonds), consisting of the 2008A Bonds, the 2012A Bonds, the 2012B Bonds, the 2015A Bonds and the 2020A Bonds. See the caption “THE ELECTRIC SYSTEM—Outstanding Electric System Parity Obligations” for more information about outstanding Parity Obligations.

“**Revenues**” is defined in the Indenture to include all gross income and revenue received or receivable by the City from the ownership or operation of the Electric System, including all rates and charges for the Electric Service and the other services and facilities of the Electric System, all proceeds of insurance covering business interruption loss relating to the Electric System and all other income and revenue howsoever derived by the City from the ownership or operation of the Electric System or otherwise arising from the Electric System, including all net receipts pursuant to Public Finance Contracts entered into in connection with any Obligations or program of investments relating to the Electric System and all income from the deposit or investment of any money in the Light and Power Fund, but excluding: (i) proceeds of taxes; (ii) refundable deposits made to establish credit and advances; (iii) contributions in aid of construction; and (iv) line extension fees. The proceeds of the utility users’ tax which is described under the caption “—Transfers to General Fund” do not constitute Revenues and are not pledged to payment of the Bonds.

“**Net Revenues**” is defined in the Indenture to mean, for any period of time, the Revenues for such period less Operation and Maintenance Expenses for such period.

“Operation and Maintenance Expenses” is defined in the Indenture to mean the costs paid or incurred by the City for operating and maintaining the Electric System including, but not limited to: (a) all costs of electric energy and power generated or purchased by the City for resale, costs of transmission, fuel supply and water supply in connection with the foregoing; (b) all costs and expenses of management of the Electric System; (c) all costs and expenses of maintenance and repair, and other expenses necessary or appropriate in the judgment of the City to maintain and preserve the Electric System in good repair and working order; (d) all administrative costs of the several departments of the City that are charged directly or apportioned to the operation or maintenance of the Electric System, such as salaries and wages (including retirement benefits) of employees, overhead, taxes (if any) and insurance premiums; (e) payments in lieu of taxes to any public agency other than the City in connection with the Electric System; (f) all costs, expenses and charges of the City required to be paid by it to comply with the terms of any Issuing Instrument authorizing the issuance of Parity Obligations, such as compensation, reimbursement and indemnification of the trustee, remarketing agent, broker-dealer or auction agent or fees and expenses of Independent Certified Public Accountants, Independent Engineers and other consultants; (g) the fees, expenses and indemnification of Credit Providers and Reserve Financial Guaranty Providers; (h) all amounts required to be paid by the City under contracts with joint powers agencies for the purchase of capacity rights in an electric generating station or electric transmission facilities, transmission capability or any other commodity, right or service in connection with the Electric System, which contracts require payments to be made by the City thereunder to be treated as operation and maintenance expenses of the Electric System; (i) all deposits to be made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the Tax-Exempt status of interest on such Parity Obligations; (j) any cost or expense paid by the City to comply with requirements of law applicable to the Electric System or the City’s ownership or operation thereof or in any capacity with respect thereto or any activity in connection therewith, including without limitation the public benefit uses required by Section 385 of the California Public Utilities Code; and (k) any other costs or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as a cost of operating or maintaining the Electric System; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles, Franchise Payments to the City and Unrealized Items. Except as provided in clause (d) above, no transfer of Revenues to the City, including Franchise Payments, will constitute an Operation and Maintenance Expense.

For a description of certain obligations payable as Operation and Maintenance Expenses, see the caption “THE ELECTRIC SYSTEM–Power Supply Resources.”

“Operating Reserve” is defined in the Indenture to mean, as of any date of calculation, an amount in the Light and Power Fund equal to the amount contained in the then current Budget for Operation and Maintenance Expenses for the four months next succeeding the month in which the date of calculation occurs.

“Obligations” is defined in the Indenture to include: (a) obligations with respect to borrowed money such as bonds, notes or other evidences of indebtedness, installment purchase payments under any contract and lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles) which are payable from the Net Revenues and/or amounts in the Light and Power Fund; (b) obligations to replenish any debt service reserve fund with respect to obligations of the City described in clause (a); (c) obligations under a Public Finance Contract payable from the Net Revenues and/or amounts in the Light and Power Fund; and (d) Credit Provider Reimbursement Obligations.

“Public Finance Contract” is defined in the Indenture to mean: (a) any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices; (b) any contract to exchange cash flows or a series of payments; or (c) any contract to hedge payment, currency, rate spread or similar exposure, including but not limited to interest, any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without

limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the City and a counterparty.

“**Franchise Payments**” is defined in the Indenture to mean the payment in lieu of franchise tax added to each Electric System customer bill to be paid to the City’s General Fund and any successor or replacement payment.

For definitions of certain other terms used herein, see Appendix B.

The issuance of the 2021/2022 Bonds does not directly, indirectly or contingently obligate the City to levy or pledge any form of taxation or to make any appropriation for their payment. The 2021/2022 Bonds are not secured by a legal or equitable pledge of, or lien or charge upon, any property of the City or any of its income or receipts except the Trust Estate pledged pursuant to the Indenture which is subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Neither the faith and credit nor the taxing power of the City, the State or any other public agency is pledged to the payment of the principal of, or premium, if any, or interest on, the 2021/2022 Bonds. The 2021/2022 Bonds do not constitute a debt, liability or obligation of the State or any public agency other than the special obligation of the City as provided in the Indenture. The members of the City Council of the City, and the officers and employees of the City, will not be individually liable on the 2021/2022 Bonds or in respect of any undertakings by the City under the Indenture.

Deposit and Application of Revenues

Pursuant to the Indenture, the City is to deposit or cause to be deposited all Revenues into the Light and Power Fund upon receipt thereof. Without limiting the provisions of the Indenture regarding investment of certain funds, the City is to apply the Revenues for each Fiscal Year, as received, first to the payment of Operation and Maintenance Expenses then due and payable, and then to the payment of amounts required to be paid with respect to Debt Service on, and reserves for, the Bonds and other Parity Obligations. The City may then apply any remaining Revenues to any lawful purpose in connection with the Electric System, including the payment of amounts required to be paid with respect to Subordinate Obligations, the payment of Costs of Capital Improvements and, to the extent permitted by the Indenture, to transfers to the City’s General Fund.

Payments to Trustee for Bonds

During each Fiscal Year the City will pay the Trustee, from the Net Revenues of such Fiscal Year, the following amounts at the following times:

(a) on the fourth Business Day prior to each Interest Payment Date for any Outstanding Bonds, an amount equal to the interest payable on the Outstanding Bonds on such Interest Payment Date; provided, however, that such payments will be reduced by any available amounts on deposit in the Interest Account which are to be applied to such upcoming interest payment;

(b) on the fourth Business Day prior to each date on which the principal of Outstanding Bonds which are Serial Obligations mature, an amount equal to the principal of such Outstanding Bonds maturing on such date; provided, however, that such payments will be reduced by any available amounts on deposit in the Principal Account which are to be applied to the upcoming principal payment;

(c) on the fourth Business Day prior to each Sinking Fund Installment due date for Outstanding Bonds which are Term Obligations, an amount equal to the Sinking Fund Installments due with respect to all Outstanding Bonds which are Term Obligations on such Sinking Fund Installment due date; provided, however, that such payments will be reduced by any available amounts on deposit in the Sinking Fund Account which are to be applied to the redemption or payment of such Bonds on such Sinking Fund

Installment due date and by the amount by which the City's obligations to make payments with respect to such Sinking Fund Installments have been satisfied pursuant to the Indenture;

(d) at least one Business Day prior to each date fixed for the redemption of Outstanding Bonds (other than from Sinking Fund Installments and other than an optional redemption of Bonds as to which a conditional notice of redemption has been sent to the Owners pursuant to the Indenture), an amount equal to the Redemption Price of the Bonds to be redeemed;

(e) on the date on which the principal of or interest on any Outstanding Bond becomes due and payable, other than as provided in clauses (a) through (d) above, the City will pay an amount in funds which are immediately available to the Trustee by 10:00 a.m. (Pacific Time) on the due date, equal to the principal of and interest on the Outstanding Bonds due on such date;

(f) in the event that on any date upon which the City is to make a payment pursuant to clauses (a), (b), (c), (d), and/or (e) above and the amount of Net Revenues and the amount in the Light and Power Fund available therefor in accordance with the Indenture is not sufficient to make such payment and any payment required to be made on such date with respect to the principal and redemption premium of and interest on other Parity Obligations (including, with respect to transactions under Qualified Swap Agreements, the Net Payments due), then the City will apply the Net Revenues and amounts in the Light and Power Fund available therefor in accordance with the Indenture to the payments required by clauses (a), (b), (c), (d), and/or (e) above and such payments with respect to the other Parity Obligations ratably (based on the respective amounts to be paid), without any discrimination or preferences;

(g) on the Business Day preceding each July 1, the City will pay an amount for deposit in the Debt Service Reserve Fund, such that, after the deposit, the amount on deposit in such Fund is at least equal to the Debt Service Reserve Requirement, including the amount of any Reserve Financial Guaranties on deposit in the Debt Service Reserve Fund; and

(h) in the event that on any date upon which the City is to make a payment pursuant to clause (g) above and the amount of Net Revenues and the amount in the Light and Power Fund available therefor in accordance with the Indenture is not sufficient to make such payment and any payment required to be made on such date with respect debt service reserves for other Parity Obligations, then the City, after making the payments required by clauses (a), (b), (c), (d), (e), and (f) above, will apply the Net Revenues and amounts in the Light and Power Fund available therefor in accordance with the Indenture to the payments required by paragraph (g) above and such payments with respect to debt service reserves for Parity Obligations ratably (based on the respective amounts to be paid), without any discrimination or preferences.

In the event that on any date all payments required to be made pursuant to the preceding paragraphs are not made in full from Net Revenues, then the City will make up any deficiency from amounts in the Light and Power Fund after setting aside in the Light and Power Fund an amount equal to the Operating Reserve. In the event that on any date all payments required to be made pursuant to the preceding clauses (a) through (h) are not made in full, then no payment will be made which has a priority lower than the delinquent payment until all delinquent payments with a higher priority have been made in full.

Rate Covenant

Pursuant to the Indenture, the City has covenanted, at all times, to fix, prescribe and collect rates and charges for the Electric Service of the Electric System during each Fiscal Year which will be at least sufficient to yield: (a) Adjusted Revenues for such Fiscal Year at least equal to the sum of the following for such Fiscal Year: (i) Operation and Maintenance Expenses; (ii) Adjusted Debt Service; and (iii) all other payments required to be paid in such Fiscal Year to meet any other obligations of the City which are charges, liens or encumbrances upon or payable from the Revenues (including Net Revenues), including all amounts owed to a Credit Provider under the terms of its Credit Support Agreement and amounts owed to a Reserve Financial

Guaranty Provider under the terms of its Reserve Financial Guaranty; and (b) Adjusted Revenues less Operation and Maintenance Expenses for such Fiscal Year equal to at least 110% of Adjusted Debt Service for such Fiscal Year.

The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Adjusted Revenues and the Adjusted Net Revenues from such reduced rates and charges will at all times be sufficient to meet the foregoing requirements.

“**Adjusted Revenues**” is defined in the Indenture to mean, for any period of time, the Revenues for such period less the amount of such Revenues which have been deposited in the Expense Stabilization Fund during such period plus the amount of withdrawals during such period from the Expense Stabilization Fund.

“**Adjusted Debt Service**” is defined in the Indenture to mean, for any period of time, the Debt Service with respect to Outstanding Parity Obligations for such period minus the sum of the amount of such Debt Service to be paid during such period from the proceeds of Parity Obligations or Subordinate Obligations as set forth in a certificate of the City.

Debt Service Reserve Fund

The Debt Service Reserve Fund is required to be maintained in an amount equal to the Debt Service Reserve Requirement. A portion of the proceeds of the 2021 Bonds will be deposited in the Debt Service Reserve Fund so that the amount on deposit therein is no less than the Debt Service Reserve Requirement as of the date of issuance of the 2021 Bonds. Amounts in the Debt Service Reserve Fund are to be used to pay principal and Redemption Price of and interest on the Bonds then due and payable in the event of any insufficiency in the amount on deposit in the Debt Service Fund available for such payment.

“**Debt Service Reserve Requirement**” means, as of any date of calculation, an amount equal to the least of: (a) 10% of the initial offering price to the public of the Bonds as determined under the Code; or (b) the greatest amount of Debt Service on the Outstanding Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Outstanding Bond is due; or (c) 125% of the sum of the Debt Service for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made (or if appropriate, the first full Fiscal Year following the issuance of any Bonds) and terminating with the last Fiscal Year in which any Debt Service on an Outstanding Bond is due, divided by the number of such Fiscal Years, all as computed and determined by the City and specified in writing to the Trustee; provided, however that in determining Debt Service with respect to any Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds for any period as to which such interest rate has not been established will be assumed to be: (i) with respect to Bonds which are Tax-Exempt, the ten year historical average of the SIFMA Index ending with the week preceding the date of calculation; and (ii) with respect to Bonds which are not Tax-Exempt, the ten year historical average of the One Month USD LIBOR Rate ending with the month preceding the date the calculation is made or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the City. Upon the issuance of the 2021 Bonds, the Debt Service Reserve Requirement will be \$34,059,832*. Following the issuance of the 2022 Bonds and the refunding of the Refunded 2012 Bonds, the Debt Service Reserve Requirement is expected to be \$32,980,718*.

Pursuant to the Indenture, in lieu of the required deposits and transfers of money to the Debt Service Reserve Fund, the City may cause to be deposited in the Debt Service Reserve Fund a Reserve Financial Guaranty or Guaranties in an amount equal to the difference between the Debt Service Reserve Requirement and the sums, if any, then on deposit in the Debt Service Reserve Fund or being deposited in such fund

* Preliminary; subject to change.

concurrently with such Reserve Financial Guaranty or Guaranties. There is currently no such Reserve Financial Guaranty in the Debt Service Reserve Fund.

“Reserve Financial Guaranty” is defined in the Indenture to mean a policy of municipal bond insurance or surety bond issued by a municipal bond insurer or a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit in the highest rating category (without regard to qualifiers) by S&P and Moody’s and, if rated by A.M. Best & Company, also in the highest rating category (without regard to qualifiers) by A.M. Best & Company.

Pursuant to the Fifth Supplemental Indenture, the definition of “Reserve Financial Guaranty” set forth above will be amended and restated as set forth below at such time as all of the 2008A Bonds, the 2012A Bonds, the 2012B Bonds and the 2015A Bonds are no longer Outstanding:

“Reserve Financial Guaranty” means a policy of municipal bond insurance or surety bond issued by a municipal bond insurer or a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings from the rating agencies then rating the Bonds at the time of issuance of such policy or surety bond or letter of credit in the same rating category (without regard to qualifiers) as the Bonds which are supported by such Reserve Financial Guaranty.”

Expense Stabilization Fund

Moneys may be deposited in the Expense Stabilization Fund held by the Trustee in such amounts, at such times and from such sources as determined by the City in its sole discretion. Moneys on deposit in the Expense Stabilization Fund may be withdrawn by the City at any time that no Event of Default exists under the Indenture and applied to any lawful purpose in connection with the Electric System, including without limitation, payment of Operation and Maintenance Expenses, payment of Debt Service on the Bonds or other Parity Obligations, payment of principal or premium or interest on Subordinate Obligations, payment of costs of Capital Improvements or payment of the costs of issuance of Parity Obligations or Subordinate Obligations. For any period of time, any amounts so withdrawn from the Expense Stabilization Fund are included in the calculation of Adjusted Revenues for such period of time. See the caption “—Rate Covenant.” If an Event of Default under the Indenture has occurred and is continuing, the Trustee will transfer all moneys in the Expense Stabilization Fund to the Interest Account and the Principal Account of the Debt Service Fund as provided in the Indenture. On November 18, 2021, the City transferred \$25,000,000 from the Light and Power Fund to the Expense Stabilization Fund and, as of November 30, 2021, there was approximately \$38,918,000 on deposit in the Expense Stabilization Fund.

Outstanding Electric System Obligations

Upon the issuance of the 2021 Bonds, the 2008A Bonds, the 2012A Bonds, the 2012B Bonds, the 2015A Bonds, the 2020A Bonds and the 2021 Bonds will be the only Parity Obligations of the City payable from the Electric System Net Revenues or amounts in the Light and Power Fund. Upon the issuance of the 2022 Bonds and the refunding of the Refunded 2012 Bonds, the 2008A Bonds, the 2012B Bonds not refunded by the 2022 Bonds, the 2015A Bonds, the 2020A Bonds, the 2021 Bonds and the 2022 Bonds will be the only Parity Obligations of the City payable from the Electric System Net Revenues or amounts in the Light and Power Fund. For a description of other obligations of the City payable from Electric System Revenues, including certain “take-or-pay” obligations payable as Operation and Maintenance Expenses, see the caption “THE ELECTRIC SYSTEM—Power Supply Resources.”

Additional Parity Obligations

The City has covenanted pursuant to the Indenture that it will not issue any bond, note or other evidence of indebtedness payable from or secured by the Trust Estate or any part thereof on a basis which is: (i) in any manner prior or superior to the lien on, pledge of and security interest in the Trust Estate securing the Outstanding Bonds pursuant to the Indenture; or (ii) except for other Parity Obligations with respect to the Revenues and/or amounts in the Light and Power Fund, in any manner on a parity with the lien on, pledge of and security interest in the Revenues and amounts in the Light and Power Fund securing the Outstanding Bonds pursuant to the Indenture. Nothing in the Indenture prevents the City from issuing Subordinate Obligations.

Pursuant to the Indenture, the City may, at any time and from time to time, issue Additional Parity Obligations, provided that the City obtains or provides either:

(a) a certificate or certificates, prepared by the City or at the City's option by an Independent Engineer, showing: (i) that the Adjusted Net Revenues for any 12 consecutive month period within the 18 consecutive months ending immediately prior to the issuance of such Additional Parity Obligations selected by the City in its sole discretion (the "**Calculation Period**"), amounts to at least 1.25 times the Maximum Adjusted Annual Debt Service on all Parity Obligations to be Outstanding immediately after the issuance of the proposed Additional Parity Obligations; and (ii) that the Net Revenues for such applicable Calculation Period amount to at least 1.00 times the Maximum Adjusted Annual Debt Service on all Parity Obligations to be Outstanding immediately after the issuance of the proposed Additional Parity Obligations; or

(b) a certificate or certificates, prepared by the City or at the City's option by an Independent Engineer, showing: (i) that the projected Adjusted Net Revenues during each of the five complete Fiscal Years beginning with the first Fiscal Year following the issuance of such Parity Obligations in which interest thereon is not capitalized, in whole or in part, amount to at least 1.25 times the Maximum Adjusted Annual Debt Service on all Parity Obligations to be Outstanding during such Fiscal Years; and (ii) that the projected Net Revenues during each of the five complete Fiscal Years beginning with the first Fiscal Year following the issuance of such Parity Obligations in which interest thereon is not capitalized, in whole or in part, amount to at least 1.00 times the Maximum Adjusted Annual Debt Service on all Parity Obligations to be Outstanding during such Fiscal Years.

For purposes of preparing such certificate or certificates, the City and any Independent Engineer will utilize and rely on financial statements prepared by the City which have been audited by an Independent Certified Public Accountant but may utilize and rely upon the books and records of the City or any unaudited financial statements prepared by the City if audited financial statements for the particular Calculation Period selected by the City are not available.

Notwithstanding the foregoing (and without satisfying the revenue tests above), the City may at any time but subject to the applicable requirements of the Indenture: (i) issue or enter into an obligation or commitment which is a Qualified Swap Agreement; (ii) issue Refunding Parity Obligations, provided that the Aggregate Adjusted Annual Debt Service for all Parity Obligations to be Outstanding after the issuance of such Refunding Parity Obligations will not exceed the Aggregate Adjusted Annual Debt Service for all Parity Obligations Outstanding immediately prior to the issuance of such Refunding Parity Obligations in each Fiscal Year from the date of issuance of such Refunding Parity Obligations to the last Fiscal Year in which any Parity Obligations Outstanding immediately prior to and subsequent to the issuance of such Refunding Parity Obligations are scheduled to remain Outstanding; and (iii) enter into Credit Support Instruments or otherwise become obligated for Credit Provider Reimbursement Obligations with respect to Parity Obligations.

See Appendix B for the definition of certain terms used above.

Transfers to General Fund

As shown in the table below, in addition to its portion of the allocated administrative costs of the City payable from the Light & Power Fund as Operation and Maintenance Expenses, the City has historically transferred Net Revenues remaining after the payment of debt service on Bonds from the Light and Power Fund to the City’s General Fund in order to cover certain other services provided by the General Fund for the benefit of the Electric System. The City has covenanted in the Indenture not to transfer Net Revenues for any Fiscal Year to the City’s General Fund, including the Franchise Payment, in an amount exceeding the Net Transferable Income for such Fiscal Year, which amount will be determined at the end of such Fiscal Year; provided that so long as an Event of Default has occurred and is continuing under the Indenture, the City may not transfer any Net Transferable Income to the City’s General Fund.

“**Net Transferable Income**” means, with respect to any Fiscal Year, the Net Revenues for such Fiscal Year less the Debt Service for such Fiscal Year; provided that, the Net Transferable Income for any Fiscal Year may not exceed the difference between: (i) 11.5% of the retail sales for such Fiscal Year; and (ii) the sum of: (A) the amount paid pursuant to clause (d) of the definition of Operation and Maintenance Expenses in such Fiscal Year; plus (B) the amount, if any, paid to the City as a Franchise Payment in such Fiscal Year.

In 2018, City voters approved a utility users’ tax (the “UUT”), including a 6% tax on industrial and commercial users of electric services which was phased in over a period from Fiscal Year 2019 through Fiscal Year 2021 and will terminate in Fiscal Year 2027. The City expects that the collection of the UUT will enable the City to reduce transfers from the Electric System to the General Fund during the period while the UUT is collected, as UUT proceeds will support General Fund activities that have historically been funded from Electric System transfers. The Electric System will continue to make Franchise Payments to the General Fund while the UUT is being collected. See the caption “—Pledge Effected by the Indenture.”

The following table shows the amount of transfers from the Light and Power Fund to the City’s General Fund for the last five Fiscal Years and the amount projected for the current Fiscal Year.

**CITY OF VERNON ELECTRIC SYSTEM
Transfers to General Fund**

<i>Fiscal Year Ended June 30</i>	<i>Amount of Transfer⁽¹⁾</i>
2017	\$13,121,515
2018 ⁽²⁾	14,344,504
2019 ⁽³⁾	4,239,557
2020 ⁽³⁾	4,582,784
2021 ⁽³⁾	4,781,720
2022 ⁽³⁾⁽⁴⁾	5,093,787

⁽¹⁾ Includes Franchise Payments; does not include City-allocated administrative expenses constituting Operation and Maintenance Expenses. See the limitation regarding Net Transferable Income above.

⁽²⁾ The Electric System received a transfer in from the Successor Agency to the City of Vernon Redevelopment Agency in the amount of \$22,595,532 in Fiscal Year 2018 (reflecting redevelopment bond proceeds that the City elected to apply to Electric System capital projects), resulting in a net transfer in to the Light and Power Fund of \$8,251,028.

⁽³⁾ Reflects Franchise Payments only. Reduction beginning in Fiscal Year 2019 reflects approval of UUT.

⁽⁴⁾ Projected. Subject to change.

Source: City of Vernon.

See the caption “CONSTITUTIONAL LIMITATIONS ON TAXES AND FEES—Articles XIIC and XIID of the State Constitution” for a discussion of certain limitations on and case decisions relating to transfers from municipal electric utility funds to general funds. The City sets its rates and its budget with the expectation that certain transfers will be made from the Electric System to the City’s General Fund in

accordance with the restrictions set forth in the Indenture. In the event that transfers are further restricted, the City does not believe that any such further restrictions would have a material adverse effect on the financial position of the Electric System. However, such further restrictions on transfers may cause the City to evaluate new strategies to generate revenues to fund services provided by the City.

Limitations on Remedies

The rights of the Owners of the 2021/2022 Bonds are subject to the limitations on legal remedies against cities in the State. Additionally, enforceability of the rights and remedies of the Owners of the 2021/2022 Bonds, and the obligations incurred by the City, may become subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in appropriate situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the 2021/2022 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

GENERAL INFORMATION REGARDING THE CITY AND THE SERVICE AREA

General

The City was incorporated in 1905 under the general laws of the State. City voters approved a charter in 1988 and the City thereafter became a charter city. The City has a land area of approximately 5.2 square miles and an estimated population of 295 people as of January 1, 2021. Land use in the City primarily consists of industrial development, with small areas devoted to commercial and residential uses. The City provides a wide range of services, such as public utilities (including water, gas, fiber and electric services), police protection and public works. The City contracts with the County of Los Angeles Fire Department for its fire services.

The City is located in the County of Los Angeles (the "County"), approximately 5 miles south of downtown Los Angeles. The City has extensive rail lines running through it, as well as two large intermodal freight yards at the City northern boundaries, to serve its industrial customer base. It is also located along Interstate 710 and is in close proximity to Interstates 5, 10, 105 and 110. With its location along or near these freeways, its close proximity to the Ports of Los Angeles and Long Beach and the Los Angeles International Airport, and the rail lines within the City, the City has access to a significant transportation network. The City has diversified from its origins as a hub for livestock businesses. There are currently over 1,600 industrial firms employing approximately 37,000 people within the City.

The City established its Electric System in 1933. The City operates the Electric System through its public utilities department (known as Vernon Public Utilities). The Electric System provides service to the entire 5.2 square mile geographic area of the City. The service area is largely built out and primarily encompasses industrial and commercial businesses, with small areas of residential use. In Fiscal Year 2021, industrial and commercial customers purchased approximately 99% of the electricity supplied by the City. Because the Electric System's customer base is primarily industrial and commercial, electricity demand is not dependent on population growth but is closely tied to regional, national and international economic conditions.

As of June 30, 2021, the City provides electric service to approximately 1,238 small industrial, 503 large industrial and 164 commercial, residential and other customers. The City's Electric System is comprised

of generation, transmission, and distribution facilities and includes approximately 4,318 poles, 8 electric substations and its peak load of approximately 191 megawatts (“MWs”) occurred in 2021.

Governance and Management

City Council. The City is governed by a five-member City Council, the members of which are elected at large for staggered four year terms. Council members select a Mayor and Mayor Pro Tem from among the City Council. The current Mayor and City Council members and the expiration dates of their terms are set forth below.

CITY OF VERNON Mayor and City Council Members

<i>Name and Title</i>	<i>Expiration of Term</i>
Melissa Ybarra, Mayor	April 2022
William “Bill” Davis, Mayor Pro Tem	April 2023
Crystal Larios, Council Member	April 2024
Leticia Lopez, Council Member	April 2026
Judith Merlo, Council Member	April 2025

Management. The City Administrator, who is appointed by the City Council, serves as the City’s chief executive officer and is responsible for overseeing the daily operations of City departments. The City Administrator serves as an advisor to the City Council on policy matters, supports the informational and policymaking needs of the City Council, implements City Council decisions, and prepares, manages and implements the City’s annual budgets and capital improvement program.

Carlos R. Fandino, Jr. has served as the City Administrator since 2016. Mr. Fandino previously worked for the City’s Gas and Electric Department (now known as Vernon Public Utilities), where he managed the operations of the power plant and the distribution system for nearly 15 years. Mr. Fandino has served in a variety of capacities within such Department, including as General Manager. He previously served in the United States Marine Corps and is a Desert Storm/Desert Shield combat veteran. He obtained a Bachelor’s degree in Business & Management from Woodbury University in Burbank, graduating *magna cum laude*.

Other key personnel responsible for management of the Electric System include the Director of Finance/Treasurer and the General Manager of Public Utilities.

Scott Williams is the Director of Finance/Treasurer of the City. Mr. Williams has been with the City since 2019 and has over 20 years of financial management experience. Prior to coming to the City, Mr. Williams served as the Finance Director and Administrative Services Officer for the City of Signal Hill, California, and in various financial management positions in both the public and private sector. Mr. Williams obtained a Bachelor’s degree in Business Administration from The Master’s University, an MBA from California State University, Monterey Bay, and a Doctorate in Public Administration from California Baptist University in Riverside, California. Mr. Williams is a member of the California Society of Municipal Finance Officers, the California Municipal Treasurers Association, the Association of Certified Fraud Examiners and the Institute of Management Accountants.

Abraham Alemu is the General Manager of Public Utilities of the City. Mr. Alemu has been with the City since 1992, where for more than a dozen years he managed the Power Integrated/Resource team. Mr. Alemu obtained a Bachelor’s degree in Electrical Engineering from California State University, Los Angeles, and a Masters in Business Administration from Woodbury University. Mr. Alemu is a Registered Professional Engineer in California and a member of the Institute of Electrical and Electronics Engineers.

The City Council also appoints a City Attorney who is responsible for advising the City Council on legal issues affecting the City.

Zaynah Moussa is the Interim City Attorney of the City, Ms. Moussa joined the Vernon City Attorney's Office in 2013 as part of the City's broad implementation of good governance measures and has practiced municipal law since 2009. Ms. Moussa obtained her Juris Doctor degree from Loyola Law School and a Bachelor's degree in Political Science and Journalism from the University of Southern California, graduating *cum laude*.

Business and Industry Commission. In July 2014, the City established the Vernon Business and Industry Commission to advise, assist and make recommendations to the City regarding ways to make the City more attractive to employees, businesses and investors while appropriately considering the needs and concerns of the residential communities within and in close proximity to the City. The Business and Industry Commission represents the consolidation of two previously existing Ad Hoc Advisory Committees created and appointed by the City Council, one on Electric Rates and the other on Business Development. The Commission is comprised of seven members from the following categories who are appointed by the City Council: three City business representatives, two City real estate representatives, one employee of a business located in the City or who is a member of a labor union that represents workers at a business located in the City and one current City Council Member. The Business and Industry Commission meets quarterly to provide input and make recommendations to the City on a number of matters relating to or impacting business and industrial development with the City, including electric rate adjustments. The input and recommendations provided by the Business and Industry Commission are not binding on the City.

Budget Process

The City prepares and adopts a budget on a modified accrual basis for each Fiscal Year which includes proposed expenditures and the means of financing such expenditures. Under the City's budget procedure, the City Administrator submits a proposed budget to the City Council for the Fiscal Year commencing the following July 1. Prior to June 30 of each year, a public hearing is held and public notice is disseminated to obtain public comments and the budget is legally enacted by the City Council through the passage of a resolution. The City Council adopted the Fiscal Year 2022 budget on June 1, 2021.

Employees

As of June 30, 2021, the City had approximately 183 full-time equivalent employees, of whom approximately 40 worked solely on behalf of the Electric System. The Electric System expects to offer employment to up to 19 additional employees in connection with the acquisition of the MGS. Such employees are currently employed by company that manages and operates the MGS. See the caption "PLAN OF FINANCE—MGS Acquisition Project."

Certain employees of Vernon Public Utilities are represented by the International Brotherhood of Electrical Workers Local 47 (the "IBEW") and the Teamsters Local 911 (the "Teamsters"). Relations between the City and the IBEW are governed by a Memorandum of Understanding which expires on June 30, 2022 and relations between the City and the Teamsters are governed by a Memorandum of Understanding which expires on June 30, 2022. Certain management, supervisory and professional employees are unrepresented. The City has never experienced a strike, slowdown or work stoppage.

The City provides certain pension and post-employment healthcare benefits for employees. For a discussion of the City's long-term obligations associated with these plans, see the caption "FINANCIAL INFORMATION—Employee Benefit Obligations."

City Insurance

The City maintains liability insurance coverage for amounts up to \$20,000,000, with a \$2,000,000 self-insured retention.

The City is self-insured for workers' compensation liabilities for amounts up to \$1,000,000 per occurrence and maintains excess coverage of \$50,000,000.

The City maintains property insurance coverage for amounts up to \$100,000,000, with a deductible of \$25,000 for property damage and \$250,000 for Power Generation Substations and Power Plant. Certain Electric System components, including poles and transmission lines, are not covered by property insurance. The City does not carry earthquake coverage. See the captions "THE ELECTRIC SYSTEM—Seismic Activity and Other Natural Disasters."

The City maintains directors and officers and employee dishonesty insurance coverage for amounts up to \$2,000,000, with a \$150,000 deductible.

The City maintains pollution insurance coverage for amounts up to \$5,000,000, with a \$5,000,000 aggregate and a \$50,000 self-insured retention from \$20,000 to \$50,000.

The City has not settled any claims that exceeded its insurance coverages in the past three years.

Following the acquisition of the MGS, the City expects to purchase additional coverages relating to the MGS.

The City can provide no assurance that it will maintain the above insurance coverage amounts while the 2021/2022 Bonds are outstanding. See Appendix B under the caption "PARTICULAR COVENANTS—Insurance" for a description of insurance coverages that are required to be maintained while the 2021/2022 Bonds are Outstanding.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The City employs a multi-level cyber protection scheme that includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection and domain name system filtering software. The City also contracts with third party vendors to monitor and augment internal monitoring of the City's computer systems. Vernon Public Utilities recently performed an Electric System cybersecurity self-assessment, using the American Public Power Association's Cybersecurity Scorecard (which is based on a United States Department of Energy Electricity Subsector Cybersecurity Capability Maturity Model) to assess cyber risk, plan improvements, prioritize investments and benchmark the Electric System's security posture. The items addressed in the scorecard include maintaining an inventory of critical cyber or information technology assets, monitoring networks and assets for suspicious activities, planning for relocation of information systems, ensuring relevant employees are trained to respond to incidents, establishing emergency contact information for cyber specific incidents and planning new preventative measures. The City has also signed mutual assistance agreements with the California Utilities Emergency Association to send and receive mutual assistance for cyber security issues should they arise.

To date, the City has not experienced an attack on its computer operating systems. However, there can be no assurance that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the Electric System's operations, and the costs related to such attacks could be substantial.

COVID-19

The spread of the novel strain of coronavirus (and variants thereof) and the disease it causes (now known as "COVID-19") has had significant negative impacts throughout the world, including in California. In 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State and numerous counties throughout the State, including in the County. The purpose behind these declarations was to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

On March 19, 2020, in an effort to slow the spread of COVID-19, Governor Newsom issued Executive Order N-33-20 ordering individuals living in the State to stay home or at their place of residence except for specified exceptions, including exceptions for certain sectors of the workforce that were classified as providing essential services and products, which allowed businesses and workers in such sectors to continue to operate on-site operations while Executive Order N-33-20 was effective. On June 11, 2021, Governor Newsom issued two executive orders, which became effective on June 15, 2021, which had the effect of rescinding a majority of the COVID-19-related restrictions and providing a timeline for gradually lifting certain of the other restrictions that were not fully rescinded on June 15, 2021.

A majority of the customers of the City's Electric System operate businesses that were considered to provide essential services and products under Executive Order N-33-20 and, as a result, the City experienced a relatively stable electric load throughout the COVID-19 pandemic. The Electric System's 20 largest customers account for approximately 61% of the Electric System's revenues, and since the start of the COVID-19 pandemic (March 2020), such customers have remained in operation without interruption. For information regarding the City's load requirements over the past five Fiscal Years, see the caption "THE ELECTRIC SYSTEM—Power Supply Resources." For information regarding the types of businesses comprising the Electric System's largest customers, see the caption "THE ELECTRIC SYSTEM—Largest Customers."

Historically, the annual write-offs for uncollectible accounts have been less than 0.2% of gross billings of the Electric System. Since the onset of the COVID-19 pandemic, write-offs for uncollectible accounts has increased to approximately 1% of gross billings for Fiscal Year 2020-21, which was primarily attributable to small business customers. To help mitigate the economic impact of COVID-19 and the related governmental regulations on its customers, the City implemented a payment deferral program for all customers of the City utilities, which included the suspension of the disconnection of services by City utilities for non-payment of utility bills for a period beginning in April 2020 and extending through June 2021. When the deferral program concluded, none of the customers of the Electric System were moved into disconnection status.

The City has been allocated approximately \$1.1 million under the California Department of Community Services and Development California Arrearage Payment Program ("CAPP"), to aid the accounts that have fallen behind during the period of May 4, 2020 through June 15, 2021, which in turn is expected by the City to lower the uncollectible revenue amount once the funds are received. The City expects to receive the funding at the end of December 2021 or the beginning of January 2022. See also the caption "THE ELECTRIC SYSTEM—Electric Rates—Uncollectible Accounts."

With widespread vaccination currently underway in the United States and many countries worldwide, governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak have been eased or eliminated. However, restrictions may

be re-imposed in various jurisdictions from time to time as local conditions warrant. The City cannot predict whether any reinstatement or expansion of stay-at-home orders and travel or other restrictions will occur or when a full resumption of all economic activity will be achieved. The ultimate impact of COVID-19 on the operations and finances of the City or the Electric System is unknown and there can be no assurances that COVID-19 will not materially adversely impact the financial condition of the City or the Electric System in the future. There are many variables that will continue to contribute to the economic impact of the COVID-19 pandemic and the recovery therefrom, including the length of time social distancing measures are in place, the effectiveness of State and federal government relief programs and the timing for containment and treatment, new coronavirus strains, vaccinations efforts and vaccine hesitancy. The City cannot predict the extent or duration of such impacts.

THE ELECTRIC SYSTEM

General

The City established its Electric System in 1933 through the acquisition of the existing electric distribution system within the City and the construction of a diesel generating station at Station A (located at 4990 Seville Avenue, Vernon, California) (“**Station A**”). The City operates the Electric System through its public utilities department (known as Vernon Public Utilities), with all revenues of the Electric System being credited to, and all expenses of the Electric System being payable from, the Light and Power Fund. The Electric System serves all electric users within the City, which consist primarily of industrial customers. During Fiscal Year 2021, the Electric System supplied approximately 1,238 small industrial, 503 large industrial and 164 commercial, residential and other customers with approximately 1,150.5 million kilowatt hours (“**kWhs**”) of electric energy and had a peak demand of approximately 191 MWs. See the caption “The ELECTRIC SYSTEM—Customers, Retail Energy Sales, Revenues and Demand.”

The City’s Electric System is comprised of generation, transmission, and distribution facilities and includes approximately 4,318 poles, 8 electric substations and a peak load of approximately 191 MWs, which occurred in 2021.

The City’s electricity supply in Fiscal Year 2021 was provided from the following sources: (i) the MGS, a combined cycle natural gas fired generating plant that is located within the City, pursuant to the PPTA (approximately 49%); (ii) the Palo Verde Nuclear Generating Station (“**PVNGS**”) (approximately 7.5%) pursuant to a power sales contract (the “**PVNGS Contract**”) with the Southern California Public Power Authority (“**SCPPA**”); (iii) short-term contracts for a term of less than one year (approximately 26%); (iv) power purchase agreements relating to four renewable energy projects (approximately 15.5%); and (v) other sources (approximately 2%). See the captions “—Power Supply Resources” and “—Renewable Energy Resources.”

As described under “PLAN OF FINANCE—MGS Acquisition Project,” the City is issuing the 2021 Bonds for the purpose of acquiring the MGS Assets. Following its acquisition by the City, MGS is expected to continue to operate as a baseload resource for the City through at least 2028.

In order to comply with certain State mandates relating to renewable energy, the City expects that its supply of electricity from renewable resources will increase in the future. See the captions “—Renewable Energy Resources,” “—Integrated Resource Plan” and “—Developments Affecting the Power Supply.”

Power Supply Resources

General. The Electric System’s current long-term power supply resources consist of the following: (1) the generating output of MGS; (2) the PVNGS Contract with respect to a portion of SCPPA’s interest in PVNGS; (3) a Contract for Electric Service (the “**CES**”) with the United States Department of Energy Western Area Power Administration (“**Western**”) with respect to power from the hydroelectric power plant of the

Hoover Dam (the “**Hoover Upgrading Project**”); (4) two 5.75 MW simple cycle gas turbine generating units (collectively, the “**H. Gonzales Generating Station**”) at Station A used for reserve purposes; and (5) power purchase agreements entered into with SCPPA in connection with four renewable energy projects, as described under the caption “—Renewable Energy Resources.”

The MGS resource, the PVNGS Contract, the CES for Hoover, the H. Gonzales Generating Station and the four renewable energy projects described below are collectively referred to as the “**Committed Resources**.” For Fiscal Year 2021, the Committed Resources provided approximately 74% of the energy supplied by the Electric System to meet customer load. In addition to the Committed Resources, the City entered into short-term contracts to satisfy the remaining 26% of the load requirements of Electric System customers in Fiscal Year 2021.

Historically, the City has used energy purchased through short-term contracts rather than energy purchased from the MGS when such energy is available at a lower cost. While the City expects to continue utilizing short-term contracts to satisfy load requirements which are not covered by its Committed Resources as and when necessary, the City may enter into long-term power purchase contracts (other than the Committed Resources) when the City determines that it is economically advantageous to do so or in connection with satisfying renewable energy portfolio requirements. See the caption “—Developments Affecting the Power Supply.”

For Fiscal Year 2022, the City anticipates that the Committed Resources will provide approximately 74% of the energy supplied by the Electric System in such Fiscal Year to meet customer load, while short-term contracts will provide approximately 26% of the energy supplied by the Electric System in such Fiscal Year.

The power supply resources of the Electric System used to satisfy the load requirements of the Electric System’s customers for the past five Fiscal Years are described in the following table.

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**CITY OF VERNON ELECTRIC SYSTEM
Resources Used to Satisfy City Load Requirements⁽¹⁾**

	<i>Fiscal Year Ended June 30</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Short-Term Contracts⁽²⁾					
Actual Energy ⁽³⁾	197,441	247,788	259,643	208,927	310,671
Percentage of Total Energy	17.38%	21.98%	23.20%	18.38%	25.76%
MGS/PPTA⁽⁴⁾					
Actual Energy ⁽³⁾	732,594	575,439	575,379	642,697	594,954
Percentage of Total Energy	64.48%	51.04%	51.41%	56.54%	49.33%
PVNGS					
Actual Energy ⁽³⁾	92,924	93,268	90,835	91,524	90,591
Percentage of Total Energy	8.18%	8.27%	8.12%	8.05%	7.51%
Hoover Uprating Project					
Actual Energy ⁽³⁾	20,222	21,114	20,557	19,353	22,113
Percentage of Total Energy	1.78%	1.87%	1.84%	1.70%	1.83%
City-Owned Generation⁽⁵⁾					
Actual Energy ⁽³⁾	1,023	3,390	4,141	1,649	653
Percentage of Total Energy	0.09%	0.30%	0.37%	0.15%	0.05%
Puente Hills Landfill Project					
Actual Energy ⁽³⁾	31,934	57,796	45,820	49,410	44,429
Percentage of Total Energy	2.81%	5.13%	4.09%	4.35%	3.67%
Astoria II					
Actual Energy ⁽³⁾	25,757	61,815	58,863	58,491	61,164
Percentage of Total Energy	2.27%	5.48%	5.26%	5.15%	5.07%
Antelope 1					
Actual Energy ⁽³⁾	34,344	66,860	63,976	64,620	62,819
Percentage of Total Energy	3.02%	5.93%	5.72%	5.69%	5.21%
Desert Harvest/Maverick Solar					
Actual Energy ⁽³⁾	--	--	--	--	18,877
Percentage of Total Energy	--	--	--	--	1.57%
City's Total Load Requirement					
Actual Energy ⁽³⁾	1,136,239	1,127,470	1,119,215	1,136,671	1,206,271
Percentage of Total Energy	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Totals may not add due to rounding.

(2) Contracts for a term of less than one year and spot market purchases.

(3) In megawatt hours ("MWhs").

(4) Reflects purchase of 100% of the output from MGS pursuant to the PPTA. See the caption "--Power Supply Resources—*Malburg Generating Station*" below.

(5) Includes resources from the H. Gonzales Generating Station.

Source: City.

The City's current power supply resources and the obligations of the Electric System in connection therewith are described below.

Malburg Generating Station.

As described under the caption "PLAN OF FINANCE—MGS Acquisition Project," the MGS is a 120 MW base load/134 MW full load combined cycle, natural gas-fired, electric power plant located within the City. The MGS was originally developed, owned and operated by the City. The MGS achieved commercial operation in October 2005. In 2008, the City sold the MGS to an affiliate of the Seller. Since that time, the City has purchased 100% of the output from the MGS pursuant to the PPTA. The City is acquiring the MGS with the proceeds of the 2021 Bonds. The acquisition of the MGS Assets by the City is expected to close on or

about the date of delivery of the 2021 Bonds, at which time the PPTA will be terminated. Following the acquisition, the City will assume ownership and operation of the MGS.

The MGS includes two Siemens (formerly Alstom) GTXI00 natural gas-fired combustion turbine generators and a steam turbine generator. The MGS includes duct burners and evaporative inlet air coolers and filters to achieve higher levels of power output in selected modes of operation. The MGS is connected to the Electric System's distribution facilities at the Vernon Substation, located at Station A. In Fiscal Year 2021, the MGS provided 594,954 MWhs of energy to the City, comprising approximately 49% of the energy needed to satisfy the City's load requirements. The City expects that the MGS will provide approximately 614,191 MWhs of energy to the City in Fiscal Year 2022, or an estimated 48% of the total needed to satisfy the City's load requirements.

Natural gas for the operation of the turbines is delivered to MGS through a 10-inch lateral connected to the City's natural gas utility system. Operation of the MGS can require delivery of up to 21,300 million MMBtus of natural gas per day. The City has been supplying the MGS with natural gas (pursuant to the terms of the PPTA) primarily through bilateral contracts and spot market purchases. Following its acquisition of the MGS, the City will continue to monitor the market for natural gas and may, in the future, enter into additional contracts for the purchase of natural gas for the MGS if the City determines that the terms of such contracts are beneficial to the City. The City's electric rates include an Energy Cost Adjustment Billing Factor, the ECABF, to pass through to Electric System customers increased costs related to fuel. See the caption "—Electric Rates—Energy Cost Adjustment Billing Factor."

For a detailed discussion of the MGS, see "THE PLAN OF FINANCE – The MGS Acquisition Project" herein.

SCPPA Palo Verde Nuclear Generating Station Interest.

General. PVNGS is located approximately 50 miles west of Phoenix, Arizona. PVNGS consists of three nuclear electric generating units (numbered 1, 2 and 3), with a net maximum capacity of 1,333 MWs (unit 1), 1,336 MWs (unit 2) and 1,334 MWs (unit 3) and a dependable capacity of 1,311 MWs (unit 1), 1,314 MWs (unit 2) and 1,312 MWs (unit 3). PVNGS' combined design capacity is 4,003 MWs and its combined dependable capacity is 3,937 MWs. Each PVNGS generating unit has been operating under 40-year Full-Power Operating Licenses granted by the Nuclear Regulatory Commission (the "NRC"). In April 2011, the NRC approved PVNGS' license renewal application, allowing the three units to extend operation for an additional 20 years until 2045, 2046 and 2047, respectively. The co-owners of PVNGS approved such extensions. Co-owners of PVNGS include Arizona Public Service Company ("APS"), the Salt River Project Agricultural Improvement and Power District, a political subdivision of the state of Arizona, and the Salt River Valley Water Users' Association, a corporation (together, the "**Salt River Project**"), Southern California Edison ("**Edison**"), El Paso Electric Company, Public Service Company of New Mexico, SCPPA and the City of Los Angeles. APS is the operating agent for PVNGS. SCPPA has informed the City that all other permits, licenses and approvals necessary to operate PVNGS have been secured.

SCPPA is a joint powers agency in which the City participates. SCPPA has a 5.91% ownership interest in the PVNGS. The City has entered into the PVNGS Contract with SCPPA which provides the City with a 4.90% generation entitlement interest in SCPPA's ownership share in PVNGS (totaling approximately 11 MWs of dependable capacity). Under the PVNGS Contract, the City is obligated to pay 4.90% of SCPPA's costs associated with PVNGS, including operation and maintenance costs and debt service on SCPPA bonds issued for the project. The City's payment obligations under the PVNGS Contract are on a "take-or-pay" basis, pursuant to which the City is required to make the payments whether or not the output of PVNGS is interrupted, suspended or terminated. The City's payment obligations under the PVNGS Contract are required to be treated as Operation and Maintenance Expenses under the Indenture and any future electric revenue bond indenture or contract. The PVNGS Contract provides that under certain circumstances, the City's entitlement share to the output of PVNGS and its related payment obligations (including its debt service payment

obligation) can be increased to compensate for defaults by other SCPPA participants in their respective contracts with SCPPA in connection with PVNGS. As of June 30, 2021, SCPPA had no bonds outstanding for PVNGS.

In Fiscal Year 2021, PVNGS provided 90,951 MWhs of energy to the City. The City's share of PVNGS costs under the PVNGS Contract for Fiscal Year June 30, 2021 was \$3,290,405. The City expects that PVNGS will provide approximately 90,272 MWhs of energy to the City in Fiscal Year 2022, or an estimated 7% of the total needed to satisfy the City's load requirements.

Nuclear Regulatory Commission Initiatives. The NRC has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generation facilities. Events at nuclear facilities of other operators or impacting the industry generally may lead the NRC to impose additional requirements and regulations on existing and new facilities. For instance, as a result of the March 2011 earthquake and tsunami that caused significant damage to the Fukushima Daiichi Nuclear Power Plant in Japan, various industry organizations developed action plans for American nuclear power plants and the NRC undertook an independent review of the events at Fukushima Daiichi, including a review of the agency's processes and regulations in order to determine whether the agency should promulgate additional regulations and possibly make more fundamental changes to the NRC's system of regulation.

On March 12, 2012, the NRC issued the first regulatory requirements for all 104 operating nuclear reactors located in the United States based on the task force evaluations. The NRC issued three orders that modify operating licenses by requiring the following safety enhancements: (1) mitigation strategies to respond to extreme natural events resulting in the loss of power at plants; (2) ensuring reliable hardened containment vents; and (3) enhancing spent fuel pool instrumentation. On January 4, 2013, the NRC issued guidance to enable U.S. nuclear power plant operators to perform seismic and flooding hazard assessments, which was undertaken at PVNGS in September 2014.

The NRC has required PVNGS to increase the redundancy in its power supply to emergency cooling systems, reinforce its spent fuel pool, accelerate the transfer of spent fuel from the pool to the dry cask storage, and add pipelines and associated equipment necessary for supplying additional cooling water to the reactors. In response to such requirements, PVNGS has purchased additional diesel generators, pumps and fire trucks and has accelerated the movement of its spent fuel casks to the storage facility. In addition to these actions, PVNGS has allotted approximately \$122 million (of which the City is responsible for approximately \$350,000) for initiatives developed in response to the failure at the Fukushima Daiichi Nuclear Power Plant, including, among other things, fuel building modifications, an emergency equipment storage facility, temporary power connections, seismic and flood hazards validation and corresponding mitigating strategies. Additional NRC-mandated requirements are anticipated, but the costs associated with these future projects are unknown at this time.

In the event of noncompliance with its requirements, the NRC has the authority to impose monetary civil penalties or a progressively increased inspection regime that could ultimately result in the shutdown of one or more generating units, depending upon the NRC's assessment of the severity of the situation, until compliance is achieved. The increased costs resulting from penalties, a heightened level of scrutiny and implementation of plans to achieve compliance with NRC requirements may adversely affect the Electric System's financial condition, results of operations and cash flows.

Decommissioning Costs. The owners of PVNGS have created external trusts in accordance with the PVNGS participation agreement and NRC requirements to fund the costs of decommissioning PVNGS. Based on the most recent estimate of decommissioning costs, which uses the extended license expiration date of 2047 and is the most recent estimate available, and assumed future investment earnings, the City estimates that its share of the amount required for decommissioning PVNGS relating to the City's interest in PVNGS through SCPPA is fully funded. SCPPA's share is \$172 million, of which the City's portion is \$8.4 million. As of June 30, 2021, SCPPA's available decommissioning funds totaled \$186.4 million.

Nuclear Waste Storage and Disposal. Generally, federal and state efforts to provide adequate interim and long-term storage facilities for low-level and high-level nuclear waste have proven unsuccessful to date. Although federal and state efforts continue with respect to such storage and disposal facilities, the City is not able to predict the schedule for the permanent disposal of radioactive wastes generated at PVNGS. APS, which currently stores PVNGS spent nuclear fuel in on-site pools near the units, has advised the City (through SCPPA) that until a permanent repository for high-level nuclear waste developed by the federal government becomes available, additional on-site spent fuel storage is required by using dry casks similar to those currently used at other nuclear plants. Since the spent fuel pools ran out of storage capacity, an independent spent fuel storage installation was built to provide additional spent fuel storage at the site while awaiting permanent disposal at a federally developed facility. The installation uses dry cask storage and was designed to accept all spent fuel generated by PVNGS during its lifetime. As of June 30, 2021, over 152 casks, each containing 24 spent fuel assemblies, have been stored. If required, the on-site storage facility can be expanded from its current size to accommodate additional waste. APS estimates that the storage facility has sufficient storage capacity to store all low-level radioactive waste produced at PVNGS until the end of operation of PVNGS. Since the event at the Fukushima Daiichi nuclear power plant (described above under the subcaption “—Nuclear Regulatory Commission Initiatives,” PVNGS embarked on a program to accelerate the transfer of spent fuel from the spent fuel pools to the dry cask storage facility, thus reducing the heat load inside the spent fuel pools. Storage costs are partially paid using funds received by APS pursuant to a settlement agreement with the United States government relating to nuclear waste disposal fees.

APS ships all of its low-level radioactive waste to available disposal sites in Utah and South Carolina. In August 1995, a storage facility for low-level radioactive materials was opened at PVNGS to allow temporary on-site storage in case the disposal sites are not available. APS estimates that the storage facility has sufficient storage capacity to store all low-level radioactive waste produced at PVNGS until the end of operations. This on-site storage facility remains fully available.

Hoover Upgrading Project.

General. The Hoover Upgrading Project consists principally of the upgrading of the capacity of 17 generating units at the hydroelectric power plant (the “**Hoover Plant**”) of the Hoover Dam, located approximately 25 miles from Las Vegas, Nevada on the Colorado River. Modern insulation technology made it possible to “uprate” the nameplate capacity of the existing generators. The United States Bureau of Reclamation (the “**Bureau of Reclamation**”) owns and operates the Hoover Dam facility and Western markets the power from the facility. The Hoover Plant consists of 17 generating units and two service generating units with a total installed capacity of approximately 2,074 MWs.

The City has entered into a Contract for Electric Service (the “**CES**”) with Western in connection with power from the hydroelectric power plant of the Hoover Dam. Pursuant to the CES with Western, the City made an upfront payment for its share of the construction cost of the Hoover Upgrading Project, and received an entitlement to approximately 22 MWs of capacity (calculated based on 1.1% of 1,951 MWs of total contingent capacity) and 28,000 MWhs of associated energy annually from the Hoover Upgrading Project. As a result of the enactment of H.R. 470, “Hoover Power Allocation Act of 2011,” the City has been allocated 22 MWs of capacity and 26,600 MWhs of associated energy per year through September 2067. While the City has advanced its share of the construction funds required by the CES, the City remains liable for its share of the operating costs of the Hoover Plant. The City’s payment obligations under the CES constitute Operation and Maintenance Expenses of the Electric System.

Drought Conditions. Because of prolonged drought conditions that have resulted in record low Colorado River water levels, the City’s capacity entitlement at the Hoover Plant has been reduced from time to time. Recent drought conditions have resulted in lower water levels and are expected to result in a material adverse effect on the Hoover Plant’s capacity entitlement in the near future. According to the Bureau of Reclamation forecasts, the lowest capacity level is expected to occur in January 2022, due to low water levels, the implementation of a drought contingency plan, procedures relating to the operation of Lake Mead, and

scheduled maintenance activities. The minimum Hoover Plant capacity in January 2022 is expected to be 870 MWs with a potential maximum capacity of 1,434 MWs for the same month.

Environmental Considerations. The lower Colorado River has been included in a critical Habitat Designated Area. This required the Bureau of Reclamation to prepare and file with the United States Fish and Wildlife Service a Biological Assessment on the effect of its operations of the lower Colorado River on endangered species therein. After the Biological Assessment was filed, the United States Fish and Wildlife Service issued a Biological and Conference Opinion regarding the Bureau of Reclamation's operations and outlined remedial actions to be taken to correct adverse effects to endangered species. Such remedial actions could affect the operation of the Hoover Plant, which would in turn affect Hoover Plant customers, including the City. The City believes that any impact on future operations will be minor; however, there is a possibility that major remediation actions could have a material impact on the Hoover Plant customers' available capacity from the Hoover Plant. The City's entitlement with respect to the Hoover Plant accounts for less than 2% of the Electric System's portfolio, and any impact on the Electric System's operations is not expected to be significant. See the table entitled "Resources Used to Satisfy City Load Requirements" under the subcaption "—General" above.

Reserve Generating Facilities.

H. Gonzales Generating Station. The City owns the H. Gonzales Generating Station, which is located at Station A and consists of two gas turbine units. Each unit has a net capacity of 5.5 MWs. The two units are used for resource adequacy and bid into the ancillary services market. The City bids these units on a daily basis for dispatch by California Independent System Operator Corporation (the "CAISO") under the Market Redesign and Technology Upgrade ("MRTU") tariff amendment. Each of the units is restricted to run on natural gas for no more than six hours per day.

Other Committed Resources.

Renewable Power Purchases. As discussed under the caption "—Renewable Energy Resources," the City has entered into power purchase agreements through SCPPA in connection with four renewable energy projects: (i) the Puente Hills Landfill Gas-to-Energy Project (the "**Puente Hills Landfill Project**"); (ii) the Astoria II Solar Photovoltaic Facility ("**Astoria II**"); (iii) the Antelope Demand Side Response 1 Solar Project ("**Antelope 1**"); and (iv) the Desert Harvest/Maverick Project (the "**Desert Harvest/Maverick Solar Project**"). These power purchase agreements supplied approximately 16% of the City's energy requirements in Fiscal Year 2021. Payments under these power purchase agreements constitute Operation and Maintenance Expenses of the Electric System payable prior to debt service on the City's Electric System Bonds.

Power Purchase Agreements.

Long-Term Power Contracts. Other than the contracts for the Committed Resources which are described herein, the City currently has no other long-term power contracts with a term of one year or longer.

Short-Term Power Contracts. The City expects to provide power for the Electric System's load requirements which are not met by the Committed Resources or from new long-term power purchase contracts through short-term power purchases. The cost of power under such contracts will vary depending upon contract requirements and the then-current market price for energy, which is driven by a variety of factors, such as the availability of generating resources in the region and weather conditions. The City's electric rates include an Energy Cost Adjustment Billing Factor, the ECABF, to pass through to Electric System customers changes in energy costs. See the caption "—Electric Rates—Energy Cost Adjustment Billing Factor."

For Fiscal Year 2021, short-term power contracts accounted for a total of 310,671 MWhs of energy to the Electric System (approximately 26% of all energy which was used to satisfy the load requirements to the Electric System). For Fiscal Year 2022, short-term power contracts are projected to account for a total of 337,401 MWhs of energy to the Electric System (approximately 26.4% of all energy which will be used to

satisfy the load requirements of the Electric System). The City also uses short-term power contracts to meet a portion of its renewable energy resource obligations from time to time. See the caption “—Renewable Energy Resources.”

Renewable Energy Resources

In accordance with the California Renewable Energy Resources Act, which was enacted in 2011 as SBX 1-2 (“**SBX 1-2**”), the City was required to develop and implement a renewable energy resources plan which provides that a specified average of the Electric System’s retail sales must be procured from eligible renewable energy resources. During the first compliance period (January 1, 2011 to December 31, 2013), an average of 20% of the Electric System’s retail sales was required to be procured from eligible renewable energy resources. During the second compliance period (January 1, 2014 to December 31, 2016), the Electric System was obligated to make reasonable progress each year to ensure that it achieved 25% of retail sales from eligible renewable energy resources by December 31, 2016. With the adoption of the regulations by the California State Energy Resources and Conservation Development Commission, commonly known as the California Energy Commission (the “**CEC**”) to enforce SBX 1-2, during the third compliance period (January 1, 2017 to December 31, 2020), the City was required to procure eligible renewable energy resources to satisfy a total of 27% of the Electric System’s 2017 retail sales, 29% of its 2018 retail sales, 31% of its 2019 retail sales and 33% of its 2020 retail sales. Subsequent State legislation provides for increasing renewable resources requirements toward a goal of achieving 100% of retail sales of electricity in California being supplied by eligible renewable energy and zero-carbon resources by 2045 as described under the caption “—Developments Affecting the Power Supply—Senate Bill 100 – 100 Percent Clean Energy Act of 2018.”

In addition to the power purchase agreements for renewable projects which are described below, the City is currently meeting its obligation under SBX 1-2 to acquire energy from renewable sources by carrying over excess renewable power procurement from prior years, by purchasing renewable energy credits and by the use of short-term contracts. See the caption “—Power Supply Resources—Power Purchase Agreements—Short-Term Power Contracts” above and the subcaption “—Renewable Energy Credits” below.

The City’s renewable power resource portfolio, as well as certain potential options for additional renewal power resources in the future, are described below.

Current Renewable Energy Resources.

Puente Hills Landfill Gas-to-Energy Project. The Puente Hills Landfill Project is a 46 MW conventional Rankine Cycle Steam Power Plant that uses landfill gas (“**LFG**”) as fuel to generate electricity. LFG is fired in the plant’s boilers, producing superheated steam which drives the turbine/generator to generate electric power. The Puente Hills Landfill Project is located in the eastern area of the County approximately 15 miles from the City. It was constructed by the County Sanitation Districts of Los Angeles County (“**LACSD**”) and began full commercial operation in January 1987.

On behalf of certain of its members, SCPPA entered into a power purchase with LACSD for 43 MW of generating capacity from the Puente Hills Landfill Project. The City, through SCPPA, is entitled to 10 MW of renewable capacity from the Puente Hills Landfill Project. The power purchase agreement, which expires on December 31, 2030, is a take-and-pay contract under which the City’s obligation to make payments is contingent upon the City’s receipt of electrical energy.

Astoria II Solar Photovoltaic Facility. Astoria II is a 175 MW solar project that came online in late 2016. Astoria II is located on approximately 840 acres in Kern County north of the City and interconnects with the CAISO system at Edison’s Whirlwind Substation. The City, in conjunction with five other SCPPA members, participates in a power purchase agreement with Recurrent Energy to purchase 75 MW of the output from Astoria II for 20 years. The power purchase agreement entitled the City to 20 MW of capacity from January 2017 to December 2021 and 30 MW for the remaining contract period of January 2022 to December

2036. The power purchase agreement is a take-and-pay contract under which the City's obligation to make payments is contingent upon the City's receipt of electrical energy.

Antelope Demand Side Response 1 Solar Project. Antelope 1 is a 50 MW solar project that was developed by Sustainable Power Group ("sPower") and came online on January 1, 2017. Antelope 1 is located in the City of Lancaster in the northern area of the County. The City, through SCPPA, has an agreement with Antelope DSR 1 LLC (a subsidiary of sPower) that entitles the City to 50% of the capacity (25 MW nameplate) and output of the project through December 31, 2036. The agreement is a take-and-pay contract under which the City's obligation to make payments is contingent upon the City's receipt of electrical energy.

In addition, the City and the City of Riverside (the other purchaser of the energy produced by Antelope 1) negotiated an energy storage option in the Antelope 1 PPA which provides for the potential design, building and operation of an energy storage facility, when economically feasible.

Desert Harvest/Maverick Solar Project. The Desert Harvest/Maverick Solar Project is a solar project with a combined capacity of 650 MW that was developed by Desert Harvest II, LLC ("**Desert Harvest**"). The project is located in Desert Center, an unincorporated area of Riverside County approximately 175 miles east of the City. The City, through SCPPA, has an agreement with Desert Harvest that entitles the City to 12 MW of output from the Desert Harvest/Maverick Solar Project. The City Council approved the agreement with Desert Harvest and the term of the agreement continues through 2045. The agreement is a take-and-pay contract under which the City's obligation to make payments is contingent upon the City's receipt of electrical energy.

Contracts for Bio-Gas. To satisfy the initial SBX 1-2 requirements, the City contracted in 2012 for a 10-year supply of pipeline quality biomethane gas (referred to herein as bio-gas) with Element Markets Renewable Energy, LLC (later assigned to Element Markets RNG, LLC) (collectively, "**Element Markets**") as fuel for the MGS as an alternative to natural gas. The City's contracts with Element Markets include a bio-gas option agreement under which the parties may elect to waive the bio-gas delivery requirement, allowing the City to procure less expensive renewable energy from other suppliers. The City's contracts with Element Markets also allow Element Markets to deliver replacement power in lieu of bio-gas. The City has exercised its option not to receive bio-gas deliveries and has been purchasing equivalent replacement power in lieu thereof from other renewable sources. The City's contracts with Element Markets terminate in March 2022 and the City does not plan to extend the contract with Element Market for bio-gas.

Renewable Energy Credits. From time to time, the City has purchased renewable energy credits as a means of satisfying its renewable energy resource procurement obligations under SBX 1-2. The City previously made purchases covering the third regulatory compliance period. In Fiscal Year 2021, the City purchased energy credits for the compliance period ending in calendar year 2024.

Potential Renewable Energy Resources. In September 2008, the City purchased approximately 30,000 acres of land in Tehachapi, California (referred to as the Jaw Bone Area), for approximately \$42 million. A portion of such land adjoins two established wind-powered electric generating facilities, one of which is owned and operated by the Department of Water and Power of the City of Los Angeles ("**LADWP**") and the other by NextEra (FPL). In February 2010, the City sold approximately 13,000 acres of this land to NextEra (FPL) for approximately \$40 million and maintained certain transmission rights and easements on the land. The City currently continues to own and maintain two remaining sections called the East and West lands in the Jaw Bone Area. These two areas are on the east and west of the property sold to NextEra (FPL). These two areas comprise about 18,000 acres. The City continues to explore methods to monetize this land with or without outside developers and/or investors. The City believes the asset potential in such land is significant enough to warrant continued ownership for the foreseeable future, and the City is not at this time soliciting any offers to sell or lease such land. While the City does not anticipate using its own funds to develop renewable energy resources on the Jaw Bone Area land owned by the City, the City does anticipate that some renewable

energy resources will be developed in the future to enable the City to recover some or all of its investment in the Tehachapi property and the potential for providing power from renewable resources for the Electric System's renewable power resource portfolio.

Renewable Pass-Through Charge. The City has implemented a Renewable Energy Cost Adjustment Factor (the "RECAF"), which is added to its Electric System customer bills. The RECAF is intended to recover the costs of renewable energy resources in excess of non-renewable market power. See the caption "—Electric Rates—Renewable Energy Cost Adjustment Factor."

Integrated Resource Plan

In order to provide a long-term strategy to meet the electric service needs of its customers and comply with State and federal energy policies, including the policies which are discussed under the caption "—Developments Affecting the Power Supply," the City developed an Integrated Resource Plan ("IRP") dated November 20, 2018. The IRP is a road map which charts a resource acquisition strategy favoring the procurement of more renewable energy resources and fewer carbon-emitting resources. Resource investment decisions were evaluated using an integrated approach to ensure reliability and environmental stewardship, and to ensure that mandated renewable resource requirements are achieved at the lowest possible cost.

Currently, renewable energy sources comprise approximately 36% of the City's energy supply. The IRP establishes a goal of increasing the Electric System's renewable energy supply mix to 56% (equivalent to a 62% renewable portfolio standard) by 2030 and decreasing the Electric System's reliance on natural gas to 35% by 2030. In order to meet these goals, the City will need to increase its acquisition of renewable energy by an additional 7% for the upcoming compliance period ending in 2024. In order to make use of such supplies, the IRP contemplates that the City will increase its energy storage capability by approximately 1 MW per year in each of calendar years 2023 through 2027. The City expects that energy storage technology will improve over time, reducing energy storage costs.

While the IRP does not assume that electricity supplied by the natural gas-fired MGS will be part of the City's energy portfolio after 2028 (which was the original term of the PPTA), the IRP does contemplate that the City will need an amount of base load generation within the Electric System service area after 2028 which is equivalent to that which is currently provided by the MGS. The City will embark on an updated IRP process beginning in 2022 that will consider generation planning after 2028, which will include generation provided by the MGS.

The IRP has been approved by the City Council and filed with the CEC. The projected operating results shown in this Official Statement reflect in part the goals that are set forth in the IRP. However, there can be no assurance that such goals will be achieved as described in the IRP or that the goals which are set forth in the current IRP will not be changed in the future. The City is required to update the IRP every five years. See the caption "—Developments Affecting the Power Supply—Senate Bill 350 – Clean Energy and Pollution Reduction Act of 2015."

Transmission, Interconnections and Distribution Facilities

The Electric System is interconnected with the Edison system at the Laguna Bell substation. The City owns the facilities within the City limits for the interconnection of the Electric System with the Edison system and the distribution of electric power. The distribution facilities include approximately 30 miles of 66 kiloVolt ("kV") power lines (of which approximately 5% are underground), and approximately 125 miles of 7 kV power lines (of which approximately 15% are underground). The Electric System has eight active primary substations, three of which are dedicated customer substations and five are regular distribution substations. See the caption "THE ELECTRIC SYSTEM—Capital Requirements" for a description of anticipated capital improvements to the Electric System in the next five years.

The City relies on the California transmission system controlled by the CAISO to provide for transmission of energy imported into the City and pays the associated CAISO charges. In 2007, the City sold virtually all of its major transmission facilities. When the City sold its major transmission assets, the City retained certain transmission entitlements associated with existing transmission service contracts, which were subsequently placed under the CAISO's operational control under a transmission control agreement. The City, as a participating transmission owner of the transmission entitlements under the CAISO's operational control, receives revenues associated with such existing transmission service contracts with Edison and LADWP subject to the related transmission service contracts.

Developments Affecting the Power Supply

The City relied on short-term (less than one year) power purchase contracts to provide approximately 25% of the energy delivered by the Electric System in Fiscal Year 2021. The City anticipates relying on new short-term power purchase contracts to provide for current load and any growth in its customer load which is not met by Committed Resources.

A number of actions have been taken by regulatory agencies which affect the amount of power that the City must have available in order to maintain resource adequacy and the nature of the electric resources which the City must include in its resource base. Certain elements of these actions are described below.

Resource Adequacy. In 2006, the CAISO filed with the Federal Energy Regulatory Commission ("FERC") its MRTU tariff amendment to implement a comprehensive overhaul of the electricity markets administered by the CAISO. The programs under the MRTU initiative were designed to implement market improvements to assure grid reliability and more efficient and cost-effective use of resources and to create technology upgrades that would strengthen the entire CAISO computer system. The California energy market under the MRTU includes the following features, among others, which were not part of CAISO's previous real-time only market tariff:

- An integrated forward market for energy, ancillary services and congestion management that operates on a day-ahead basis;
- Congestion management which represents all network transmission constraints;
- Congestion Revenue Rights to allow market participants to manage their costs of transmission congestion;
- Local energy prices by price nodes (approximately 3,000 nodes in total), also known as locational marginal pricing; and
- New market rules and penalties to prevent gaming and illegal manipulation of the market as well as modifications to certain existing market rules.

The MRTU became operational on April 1, 2009 and the initial MRTU tariff filed with FERC went into effect at that time. Power is scheduled on a nodal basis, rather than the previous zonal system. Furthermore, the MRTU incorporates the California Public Utilities Commission's ("CPUC") resource adequacy requirements to ensure that there are adequate energy resources in critical areas. The MRTU requires that all scheduling coordinators for all load-serving entities ("LSEs"), which include the City, meet standards concerning forward capacity and energy procurements to meet their load requirements.

In September 2005, the Governor signed into law Assembly Bill 380 ("AB 380"), which requires publicly-owned utilities ("POUs") to procure adequate resources to meet their peak demands and reserves. In October 2005, the CPUC issued a decision requiring that LSEs under its jurisdiction acquire capacity which is sufficient to serve their forecast retail customer load plus a 15-17% reserve margin. The MRTU tariff incorporates the CPUC's resource adequacy requirements. The MRTU tariff imposes the CPUC's resource adequacy requirements on LSEs that are not CPUC jurisdictional entities, such as the City.

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

Senate Bill 350 – Clean Energy and Pollution Reduction Act of 2015. California Senate Bill 350 (“**SB 350**”), signed into law in 2015, extends and increased the mandate of the State’s renewable portfolio standard (“**RPS**”) to a target of 50% by December 31, 2030 for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POUs, including by interim targets of (i) 40% of retail sales from eligible renewable energy resources by December 31, 2024; (ii) 45% of retail sales from eligible renewable energy resources by December 31, 2027; and (iii) 50% of retail sales from eligible renewable energy resources by December 31, 2030. SB 350 also provides for the doubling of energy efficiency savings by January 1, 2030. In addition, large municipal electric systems such as the City were required to adopt an IRP on or before January 1, 2019, and to update the plan at least once every five years. See the caption “—Integrated Resource Plan” for a description of the City’s IRP.

Senate Bill 100 – 100 Percent Clean Energy Act of 2018. California Senate Bill 100 (“**SB 100**”), signed into law in September 2018, accelerates the State’s RPS target as established by SB 350 from 50% by 2030 to 60% by 2030 and sets a goal of 100% “clean energy” by the year 2045. SB 100 requires retail electric sellers and POUs to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kWhs of those products sold to retail end-use customers achieve (i) 44% of retail sales by December 31, 2024; (ii) 52% of retail sales by December 31, 2027; and (iii) 60% of retail sales by December 1, 2030.

SB 100 additionally establishes that it is the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045. Along with SB 100, Governor Brown signed Executive Order B-55-18 that directs the State to achieve carbon neutrality by 2045 and maintain net negative greenhouse gas (“**GHG**”) emissions thereafter. The goal of carbon neutrality by 2045 is in addition to existing statewide targets of reducing GHG emissions. By expanding the State’s carbon reduction goal, the State will also look to reduce carbon through sequestration in forests, soils and other natural landscapes.

In furtherance of these goals, California Senate Bill 423, signed into law in September 2021, requires the CEC, in consultation with the CAISO and the California Air Resources Board (“**CARB**”), to submit to the State Legislature by December 31, 2023, an assessment of firm zero-carbon resources available to support a clean, reliable and resilient electrical grid in California to achieve the State policy established by SB 100 and to ensure that a transition to a zero-carbon electric system for the State does not cause or contribute to GHG emissions increases elsewhere in the western grid.

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

Assembly Bill 32 – Global Warming Solutions Act of 2006. California Assembly Bill 32 (“**AB 32**”), which the Governor signed into law in 2006, requires that utilities reduce their GHG emissions to 1990 levels by the year 2020. In addition, Senate Bill 32 (“**SB 32**”), which the Governor signed into law in 2016, requires that statewide GHG emissions are reduced to 40% below 1990 levels by 2030.

AB 32 tasked CARB with developing regulations for GHG emissions that became effective January 1, 2012. Emission compliance obligations under the cap-and-trade regulation (the “**C&T Program**”) began on January 1, 2013. The C&T Program was implemented in phases, with the first phase lasting from January 1, 2013 to December 31, 2014. This phase placed an emission cap on electricity generators, importers and large industrial sources emitting more than 25,000 metric tons of carbon dioxide-equivalent GHGs per year. In 2015, the C&T Program expanded to cover emissions from transportation fuels, natural gas, propane and other fossil fuels.

The C&T Program requires electric utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. CARB provides a free allocation of GHG allowances to each electric utility to mitigate retail rate impacts. Thereafter, the utilities are required to purchase allowances through the auction or on the secondary market to offset their associated GHG emissions. Each allowance can be used for compliance purposes in the current year or carried over for future compliance use.

Any allowance not used for current year compliance or carried over for future compliance use must be sold into the quarterly allowance auctions administered by CARB. Proceeds from the auctions must be used for the intended purposes specified in AB 32 that include but are not limited to procurement of renewable resources, energy efficiency and conservation programs and measures that provide clear GHG reduction benefits.

Assembly Bill 398 – GHG Cap-and-Trade Program Extension. Assembly Bill 398 (“**AB 398**”), which the Governor signed into law in 2017, extended the GHG C&T Program to December 31, 2030. This bill was also a companion bill to Assembly Bill 617 (“**AB 617**”; see the subcaption “—Assembly Bill 617 – Air-Quality Monitoring”). The City’s free allocation of GHG allowances is expected to be sufficient to meet the City’s direct GHG compliance obligations through 2030.

Under the C&T Program, the City is required to consign 100% of its allowances and then purchase allowances to meet its compliance obligation. Other components of AB 398 that require clarification are the banking provisions and the specific GHG revenue spending requirement for revenues generated from the sale of excess allowances. The Electric System will continue to monitor the outcome and impacts of the upcoming regulations on its service territory and ratepayers.

Assembly Bill 617 – Air Quality Monitoring. AB 617, which the Governor signed into law in 2017, was part of a legislative bill package with AB 398, which authorized the extension of the State’s C&T Program (see the subcaption “—Assembly Bill 398 – GHG Cap-and-Trade Program Extension”). AB 617 addresses the disproportionate impacts of air pollution in environmental justice communities. Both CARB and local air districts are required to take specific actions to reduce air pollution and toxic air contaminants emitted from commercial and industrial sources, including from electricity-generating facilities. The bill required CARB to prepare a statewide monitoring plan regarding technologies and reasons for monitoring air quality and, based on that plan, to identify the highest priority locations for the deployment of community level air monitoring systems. Local air districts were required to deploy the air monitoring systems in the specified communities by July 1, 2019. Additional locations for the deployment of the air monitoring systems are identified annually by CARB. CARB is also required to provide grants to community-based organizations for technical assistance and to support community participation in the programs. In turn, this effort requires local air districts to adopt a community emissions reduction program. The City is not currently located in a community identified for emissions reduction.

Additionally, AB 617 requires CARB to develop uniform reporting standards for air pollutants and toxic air contaminants for specific uses, including electricity-generating facilities. Air districts are to adopt an expedited schedule for implementing best available retrofit control technologies for the uses, while CARB will identify these technologies.

Lastly, AB 617 imposes additional reporting requirements for qualifying facilities. For the City, the local air district is the South Coast Air Quality Management District (“SCAQMD”). CARB and SCAQMD have held and continue to hold community meetings to implement the required elements of AB 617 within the Los Angeles area. Although the City is not yet subject to reporting under AB 617, the City continues to monitor developments under AB 617.

Assembly Bill 1110 - Greenhouse Gas Emissions Intensity Reporting. Assembly Bill 1110 (“AB 1110”), which the Governor signed into law in 2016, requires GHG emissions intensity data and unbundled renewable energy credits to be included as part of retail suppliers’ power source disclosure reports and power content label (“PCL”) to their customers. GHG emissions intensity factors will need to be provided for all the retail electricity products. The inclusion of this new information requirement on the PCL began in 2021 for calendar year 2020 data. In addition to being required to post the PCL on the City’s website, AB 1110 also requires that PCL disclosures must be mailed to customers unless customers have opted for electronic notifications. In accordance with this requirement, the City posts disclosures of the PCL on its website.

Assembly Bill 2514 – Energy Storage. Assembly Bill 2514 (“AB 2514”), which the Governor signed into law on September 29, 2010, directs municipal electric utilities to consider setting targets for energy storage procurement but emphasizes that any such targets must be consistent with technological viability and cost effectiveness. The law’s main directives and their respective deadlines are to adopt an energy storage system procurement target by October 1, 2014, if determined to be appropriate, to be achieved by each utility by December 31, 2016, and a second target to be achieved by December 31, 2020. The City submitted its first adopted target compliance report to the CEC by January 1, 2017 and submitted its second adopted target compliance report to the CEC by January 1, 2021.

Energy storage (“ES”) has been advocated as an effective means for addressing the growing operational problems of integrating intermittent renewable resources, as well as contributing to other applications on and off the grid. In general, ES is a set of technologies which are capable of storing previously generated electric energy and releasing that energy at a later time. Currently, the commercially available ES technologies (or soon to be available technologies) consist of pumped hydroelectric generation, compressed air systems, batteries and thermal ES systems. The City is currently reviewing the feasibility of ES projects in the City.

Senate Bill 380 – Moratorium on Natural Gas Storage – Aliso Canyon. On October 23, 2015, a significant gas leak was discovered at the Aliso Canyon natural gas storage facility, which makes up 63% of total storage capacity of Southern California Gas Company (“SoCalGas”) and serves 17 gas fired power generation units. On May 10, 2016, the Governor signed Senate Bill 380 (“SB 380”) into law, placing a moratorium on Aliso Canyon’s natural gas storage usage until rigorous tests were performed and completed by the California Geologic Energy Management Division (“CalGEM”) as to which wells could continue to be in operation. This moratorium caused great concern regarding the reliability of natural gas supplies in the then upcoming summer and winter months. An action plan study area was initiated to review the summer and winter assessment that was conducted as a joint effort between the CPUC, CEC, CAISO and LADWP. It was considered highly plausible that the market for natural gas could be affected by curtailed gas deliveries under certain adverse low-flow gas scenarios.

Beginning June 1, 2016, SoCalGas implemented new Operational Flow Order (“OFO”) tariffs due to limitations surrounding Aliso Canyon storage injections and withdrawals. These tariff changes were put in place to reduce the probability of natural gas curtailments. These tighter OFO tariff restrictions were scheduled to conclude upon the earlier of the return of Aliso Canyon to at least 450 million cubic feet per day (“MMcfd”) of injection capacity and 1,395 MMcfd of withdrawal capacity, or March 31, 2017.

On July 19, 2017, CalGEM issued a press release to the effect that, in concurrence with the CPUC, Aliso Canyon was safe to resume injections up to 28% of the facility’s maximum capacity. On that same day, the CEC issued a different press release with a recommendation urging closure of Aliso Canyon in the long-

term. On July 31, 2017, SoCalGas resumed injections. Withdrawals from Aliso Canyon could then be made during emergency conditions to avoid electric load shed and/or gas curtailments to customers.

In August 2019, the CPUC approved a revision of the Aliso Canyon withdrawal policy, removing the designation “facility of last resort,” allowing SoCalGas more flexibility to withdraw from the storage field to maintain pipeline integrity. Since this change in policy, SoCalGas has been able to withdraw from the storage field more freely, thus reducing the volatility in both the volume of locally available natural gas and local natural gas pricing.

The Electric System has fulfilled its system reliability since the gas leak was discovered at the Aliso Canyon facility. The City will continue to monitor developments in this area, but does not expect curtailment of permitted withdrawals from the facility to have a significant effect on the Electric System’s ability to meet customer demand.

Wildfire Mitigation Considerations

The City believes that the risk of damage to the Electric System as a result of wildfires is very low. The Electric System does not have any overhead powerlines located within, or near the High Fire-Threat District or Fire Threat Zones identified by the California State Department of Forestry and Fire Protection (“CalFire”) or CPUC. Furthermore, the City’s service area is not within or near any wildland-urban interface zones and more than ten miles from the nearest wild-land urban interface area.

Senate Bill 1028 (“**SB 1028**”), which was signed into law by the Governor in 2016, requires municipal electric utilities to construct, maintain and operate their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. Senate Bill 901 (“**SB 901**”), which was signed into law by the Governor in 2018, addresses the response to, mitigation of and prevention of wildfires. SB 901 requires municipal electric utilities to prepare before January 1, 2020 and annually thereafter a wildfire mitigation plan. SB 901 further requires utilities to present their wildfire mitigation plan in an appropriately noticed public meeting, to accept comments on the plan from the public, other local and state agencies and interested parties and to verify that the plan complies with all applicable rules, regulations, and standards, as appropriate. SB 901 also requires the utilities to contract with a qualified independent evaluator to review and assess the comprehensiveness of its plan. The report of the independent evaluator is to be made available on the Internet and to be presented at a public meeting of the utilities’ governing boards.

While governing boards must independently make a wildfire determination based on all the relevant information, the CPUC’s Fire Threat Map is an important piece of analysis in this process. The Fire Threat Map, which was adopted by the CPUC on January 19, 2018, does not include the Electric System’s service area within a zone of elevated wildfire risk.

SB 1028 and SB 901 do not address existing legal doctrine relating to utilities’ liability for wildfires; however, any future legislation that addresses the State’s inverse condemnation and “strict liability” issues for utilities in the context of wildfires in particular could be significant for the electric utility industry, including the City.

At the request of Vernon Public Utilities, the Vernon Fire Department performed an assessment of the Electric System service territory’s risk of wildfire caused by electrical operations and equipment. The assessment considered the City’s historical fire data, geographical location, location conditions and information from the United States Forest Service’s Fire Modeling Institute, and CalFire’s Office of the State Fire Marshal. A determination was made by the Vernon Fire Department that the City’s electrical equipment and operations do not pose a risk of igniting a fire that could cause any significant or catastrophic wildfire condition. Based on this assessment, the City Council made a wildfire mitigation plan determination at the May 18, 2021 City Council meeting, determining that the City is not at risk of catastrophic wildfire resulting

from the Electric System’s electrical lines and equipment, is not near a wildland-urban interface area and is not listed as a “community at risk” by CalFire, and therefore that the Electric System does not pose a risk of igniting a fire that could cause a wildfire.

Seismic Activity and Other Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, earthquake, landslide, land subsidence, high winds, drought, fire or flood, could have an adverse material impact on the economy within the City, the Electric System and the revenues available for the payment of the 2021/2022 Bonds. Portions of the Electric System may be at risk of damage or destruction from seismic activity. The City is not required to maintain earthquake insurance on Electric System facilities under the Indenture, and does not currently maintain such insurance. See the caption “GENERAL INFORMATION REGARDING THE CITY AND THE SERVICE AREA—City Insurance.”

The City is located in a seismically active region. Significant faults are located near the City, including the Newport-Inglewood Fault. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the City, including the Electric System. The City has an emergency response plan that would be implemented under such circumstances.

Newer Electric System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. The impact of lesser magnitude events is expected by the City to be temporary, localized and reparable. The Electric System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances. All facilities have been designed and constructed in compliance with the City’s construction standards. The electric utility is a signatory to both APPA and CUEA Mutual Assistance agreements which would enable the City to reach out to local, regional and national utilities for any assistance necessary to restore service in a major event.

Customers, Retail Energy Sales, Revenues and Demand

The number of customers (based on meters), retail kWh sales and revenues derived from retail sales, by classification of service, and peak demand during each of the last five Fiscal Years are listed below. The City’s customer mix is primarily large and small industrial businesses, with large industrial customers (monthly demand over 500 KW) comprising approximately 5% and small industrial customers (monthly demand of 500 KW or less) comprising approximately 95% of the total revenues from retail sales for Fiscal Year 2021.

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**CITY OF VERNON ELECTRIC SYSTEM
Customers, Retail Energy Sales, Revenues and Demand**

	<i>Fiscal Years Ended June 30</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
<i>Number of Customers:</i>					
Residential	74	74	74	74	74
Small Industrial	1,210	1,218	1,223	1,231	1,238
Large Industrial	539	531	524	514	503
Other	93	93	94	93	90
<i>Total Customers</i> ⁽¹⁾	1,916	1,916	1,915	1,912	1,905
<i>Kilowatt Hour Retail Sales (in Millions):</i>					
Residential	0.4	0.3	0.3	0.3	0.3
Small Industrial	371.4	379.6	375.9	383.5	397.8
Large Industrial	713.1	687.8	685.6	692.8	742.8
Other	10.3	10.3	11.1	9.5	9.5
<i>Total kWh Retail Sales</i>	1,095.2	1,078.0	1,072.8	1,086.1	1,150.5
<i>Revenues from Retail Sale of Energy (\$000's)</i>					
Residential	\$ 45	\$ 36	\$ 35	\$ 34	\$ 36
Small Industrial	59,123	62,112	62,278	62,629	66,724
Large Industrial	93,742	93,675	93,048	91,537	98,707
Other	1,958	2,101	2,174	1,848	1,932
<i>Total Revenues from Retail Sale of Energy</i> ⁽²⁾	\$154,869	\$157,923	\$157,535	\$156,048	\$167,399
Peak Retail Demand (MWs)	190.8	184.1	182.8	191.3	191.0

⁽¹⁾ Some businesses have more than one meter. The City considers each meter to be a customer.

⁽²⁾ Excludes 2.85% AB 1890 public benefit surcharge pursuant to Section 385 of the California Public Utilities Code and RECAF, as well as the previously levied fuel cost adjustment billing factor. See the caption “—Electric Rates—Energy Cost Adjustment Billing Factor.”

Source: City.

Electric Rates

General. The Electric System’s retail rates are established by the City Council and are not subject to regulation, review or approval by the CPUC or any other State or federal agency, although the CEC is authorized to evaluate electric rate policies in furtherance of State regulatory goals and to make recommendations to the Governor, the State Legislature and publicly owned electric utilities. The Electric System provides no free service.

Current rates are as follows:

<i>Rate Type</i>	<i>Rate</i>
<u>Domestic Customers</u>	
Customer Charge	\$3.48 per meter per month
Facilities Charge	\$0.56 per meter per month
Energy Charge	9.403 cents per kWh
<u>Large Industrial Customers</u>	
Customer Charge	\$813.72 per meter per month
Automated Meter Reading Charge	\$13.80 per month
Demand Charge	\$22.13 per kilowatt per meter per month (on- and off-peak) \$26.33 per kilowatt per meter per month (mid-peak) (May, June, October)
	\$27.04 per kilowatt per meter per month (on- and off-peak) \$31.04 per kilowatt per meter per month (mid-peak) (July-September)
	\$17.53 per kilowatt per meter per month (on- and off-peak) \$21.73 per kilowatt per meter per month (mid-peak) (November-April)
Energy Charge	17.655 cents per kWh (on- and off-peak) 18.575 cents per kWh (mid-peak) (October-June)
	21.374 cents per kWh (on- and off-peak) 23.499 cents per kWh (mid-peak) (July-September)
<u>Small Industrial Customers⁽¹⁾</u>	
Customer Charge	\$813.72 per meter per month
Automated Meter Reading Charge	\$13.80 per month
Demand Charge	\$22.12 per kilowatt per meter per month (on- and off-peak) \$26.18 per kilowatt per meter per month (mid-peak) (October-June)
	\$26.15 per kilowatt per meter per month (on- and off-peak) \$30.21 per kilowatt per meter per month (mid-peak) (July-September)
Energy Charge	18.509 cents per kWh (on- and off-peak) 19.455 cents per kWh (mid-peak) (October-June)
	22.27 cents per kWh (on- and off-peak) 24.408 cents per kWh (mid-peak) (July-September)
Minimum Charge	\$246.36 per month
<u>Commercial Customers</u>	
Energy Charge	11.97 cents per kWh
Demand Charge	\$26.33 per meter per month
Minimum Charge	\$246.36 per month

⁽¹⁾ Demand of less than 500 kW.
Source: City.

In addition to the above rates, customers pay: (1) a 3% surcharge for payments in lieu of tax and franchise payments; (2) a 2.85% public benefits surcharge under California Assembly Bill 1890 (“**AB 1890**”); (3) the ECABF (as discussed under the subcaption “—Energy Cost Adjustment Billing Factor”); (4) the RECAF (as discussed under the subcaption “—Renewable Energy Cost Adjustment Billing Factor”); and (5) the UUT, which is described in detail under the caption “SECURITY AND SOURCES OF PAYMENT—Transfers to General Fund.”

Separate rate schedules apply to: (i) street and highway lighting services based upon factors such as the strength of the lighting used, whether the billing is metered and ownership of the lighting equipment; and (ii) electricity used for agricultural or water pumping purposes.

In addition, in 2019, the City adopted increases in Electric System rates averaging approximately 0.8% in Fiscal Year 2020, 1.9% in Fiscal Year 2021, 4% in Fiscal Year 2022 and 4% in Fiscal Year 2023. The projected operating results set forth in this Official Statement assume that such adopted rate increases will be implemented as expected, as well as additional rate increases averaging approximately 2.5% in Fiscal Year 2024 and thereafter, which have not yet been approved by the City Council. See the caption “ELECTRIC SYSTEM FINANCIAL AND RELATED INFORMATION—Projected Operating Results and Debt Service Coverage.”

Energy Cost Adjustment Billing Factor. In response to then-existing volatility in the cost of natural gas, the City in 2006 entered into a gas supply agreement with the Vernon Natural Gas Financing Authority (the “**Authority**”) for the purchase of a supply of prepaid natural gas to be supplied to the Authority by the gas supplier under an agreement for purchase and sale of natural gas, which Agreement was assigned from the Authority to the City. At that time, the City established a fuel cost adjustment billing factor in connection with the cost of natural gas related to power generation and purchases, which was calculated and payable on a monthly basis based on customer consumption. The fuel cost adjustment billing factor did not address other costs to the City related to the purchase of fuel. Accordingly, in 2019, the City replaced the fuel cost adjustment billing factor with the ECABF. The ECABF is calculated each month based on the City’s costs and added to all retail customer bills for the following month. The ECABF enables the City to recover changes in the amounts that the City pays for energy (other than renewable energy which is recovered through the RECAF described below), natural gas and related capacity, transmission, transportation, grid management and extraordinary expense costs.

Renewable Energy Cost Adjustment Billing Factor. To provide for the payment of additional costs associated with satisfying renewable energy portfolio standards for the Electric System (including the cost of GHG allowances associated with power generation and implementation charges under AB 32 (as discussed under the caption “—Developments Affecting the Power Supply—Assembly Bill 32 – Global Warming Solutions Act of 2006”)), the City has approved the RECAF, which is calculated based on kWh billed and payable on a monthly basis. See the caption “—Renewable Energy Resources—Renewable Pass-Through Charge.” The RECAF went into effect on January 1, 2012 and was added to all retail customer bills based on electrical consumption, although the City did not levy any charges under the RECAF until 2013. The RECAF adds an amount to each retail bill to recover the excess of the cost the City pays for renewable energy (or substitutes therefor satisfying the City’s obligations to provide energy from renewable resources such as renewable energy credits) over the cost of energy from non-renewable resources.

Average Price. The table below sets forth the average billing price per kWh for the Electric System’s various customer classes for the periods indicated.

**CITY OF VERNON ELECTRIC SYSTEM
Average Billing Price
(Cents per Kilowatt Hour)**

	<i>Fiscal Year Ended June 30</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Residential	12.10	11.69	11.60	10.30	10.45
Small Industrial	15.92	16.36	16.57	16.33	16.77
Large Industrial	13.15	13.62	13.57	13.21	13.29
Other	19.07	20.45	19.66	19.45	20.24
Weighted Average	14.14	14.64	14.68	14.37	14.55

Source: City.

Collection Procedures. All electric bills are due and payable on the date of billing and become delinquent 20 days thereafter. Electric bills are consolidated with bills for water service. If payment is not received 20 days after billing, a second notice will be delivered and a \$10 fee will be assessed. If such bills remain unpaid on the 35th day after billing, a door hanger will be hand delivered to the service address and a \$10 final notice fee will be assessed. All electric services are subject to termination after 45 days (in accordance with applicable law) until all fees, charges, penalties and the entire delinquent balance have been paid. Fees associated with a delinquency include a \$26 returned check fee, a late charge equal to 5% of the outstanding balance and a reconnection fee of \$214.30.

Uncollectible Accounts. The City considers its write-offs for uncollectible accounts to be low by electric utility industry standards for urban areas. In recent years, the annual write-offs for uncollectible accounts had generally been less than 0.2% until Fiscal Year 2021. The City has attributed the increase in annual write-offs in Fiscal Year 2021 to the impact of the COVID-19 pandemic and the related government actions taken to mitigate the spread of COVID-19. The City has been awarded \$1.1 million by the CAPP arrearage program to aid the accounts that have fallen behind during the period of May 4, 2020 through June 15, 2021, which in turn is expected by the City to lower the uncollectible revenue amount once the funds are received, which is expected to occur in December 2021 or the beginning of January 2022.

**CITY OF VERNON ELECTRIC SYSTEM
Uncollectible Accounts**

<i>Fiscal Year Ended June 30</i>	<i>Uncollectible Revenues</i>	<i>Percent of Gross Billings</i>
2017	\$ 400,251	0.2%
2018	385,404	0.2
2019	287,762	0.2
2020	227,003	0.1
2021	1,769,261	1.0

Source: City.

Largest Customers

The Electric System's 20 largest customers (by electricity usage) for Fiscal Year 2021 accounted for approximately 61% of the Electric System's retail energy sales for such period. No single customer accounted for more than approximately 12% of the Electric System's retail energy sales during such period.

Customer concentration presents a risk in that if one or more of the Electric System's largest customers were to default on their payments for retail energy sales, or were to relocate their operations outside of the City or otherwise cease their operations in the City, such failure to pay, relocation of operations or ceasing of operations could have a material impact on the Electric System's finances. No assurances can be given by the City that any such failure to pay, relocation or cessation of operations will not occur during the term of the 2021/2022 Bonds.

The City believes that the risk that its largest customers will depart the City is low. As shown in the second column of the table below, many of the 20 largest customers of the Electric System have been in the City for decades. In addition, the City has a low vacancy rate of less than 1% (as of the third quarter of 2021, the latest period for which such information is available), and the City believes that other businesses would quickly fill any vacant spaces upon the departure of a large customer. See also the caption "—Electric Rates—Uncollectible Accounts" for historical information with respect to writeoffs of delinquent accounts.

The customers of the Electric System which individually represented more than 1% of Electric System Revenues in Fiscal Year 2021 are described in the below table in order of kWh purchased.

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**CITY OF VERNON ELECTRIC SYSTEM
Largest Customers (Fiscal Year 2021)**

	<i>Business Name</i>	<i>Years In Vernon</i>	<i>Type of Business</i>	<i>kWhs Purchased</i>	<i>Revenues</i>	<i>Percent of Revenues</i>
1.	Matheson Tri Gas	13	Chemical Processing	182,848,646	\$ 20,616,793	12.32%
2.	Owens Illinois, Inc.	75	Container Packaging	102,821,506	12,653,307	7.56
3.	Smithfield (Clougherty Packaging)	75	Food Processing	78,251,049	17,022,916	10.16
4.	Rehrig Pacific Co.	46	Plastics	31,249,187	4,853,439	2.90
5.	PABCO Paper Products Co.	62	Building Materials	30,488,862	4,765,155	2.85
6.	Overhill Farms Inc.	28	Food	27,080,652	5,314,098	3.17
7.	Crown Poly Inc.	22	Plastics	26,852,106	3,898,919	2.33
8.	RPLANET EARTH	4	Plastic Recycling	20,852,106	3,972,429	2.37
9.	Command Packaging	24	Plastics	19,151,151	2,809,801	1.68
10.	Preferred Freezer Services Inc.	18	Cold Storage	17,240,199	2,822,519	1.69
11.	General Mills Inc.	38	Food Processing	15,848,737	2,571,708	1.54
12.	US Growers Cold Storage (Lineage)	45	Cold Storage	21,088,523	2,730,048	1.63
13.	Baker Commodities	54	Environmental Recycling	13,635,190	2,277,138	1.36
14.	Golden West Trading	10	Food Processing	12,387,528	2,679,770	1.60
15.	CLW Foods LLC	8	Food Processing	11,779,710	2,016,010	1.20
16.	MILLENNIUM PRODUCTS INC.	16	Food Processing	11,736,289	2,836,501	1.69
17.	J&J Snack Foods Corp.	24	Food Processing	11,358,225	1,826,589	1.09
18.	Norton Packaging Co.	16	Plastics	10,619,012	1,660,107	0.99
19.	7-UP Bottling Co.	24	Food Processing	10,346,503	2,225,634	1.33
20.	Camino Real Foods Inc.	39	Food Processing	10,181,372	2,015,972	1.20
	WEIGHTED AVERAGE/TOTAL⁽¹⁾			665,816,553	\$101,568,853	60.7%

⁽¹⁾ Totals may not add due to rounding.
Source: City.

Capital Requirements

The following table lists the expected annual capital requirements for the Electric System to be paid from amounts in the Light and Power Fund for Fiscal Years 2022 through 2025. Projects to be completed include substation transformer construction, upgrades, replacements and improvements and equipment purchases. The City does not currently expect to finance any such capital requirements from the proceeds of Bonds, other than the remaining proceeds of the 2020A Bonds. See the caption “PLAN OF FINANCE—MGS Acquisition Project.” See also the caption “—Integrated Resource Plan” above. Vernon’s IRP will be used in conjunction with the development of future capital improvements plans for the Electric System.

<i>Fiscal Year Ending June 30</i>	<i>Capital Requirements</i>
2022	\$16,527,137
2023	14,237,500
2024	14,088,326
2025	_13,876,093
Total	\$58,729,056

Source: City.

Outstanding Electric System Parity Obligations

2008A Bonds. In 2008, the City issued the 2008A Bonds to finance certain Electric System capital projects. The 2008A Bonds were outstanding in the aggregate principal amount of \$37,895,000 as of December 1, 2021 and are payable in semiannual installments at an interest rate of 8.590%. The 2008A Bonds mature on July 1, 2038. The obligation of the City to pay the 2008A Bonds is payable from Revenues on a parity with the 2021/2022 Bonds.

2012A Bonds. In 2012, the City issued the 2012A Bonds to finance certain Electric System capital projects. The 2012A Bonds were outstanding in the aggregate principal amount of \$37,640,000 as of December 1, 2021 and are payable in semiannual installments at interest rates of between 5.000% and 5.500%. The 2012A Bonds mature on August 1, 2041. Prior to the defeasance of the 2012A Bonds, the obligation of the City to pay the 2012A Bonds is payable from Revenues on a parity with the 2021 Bonds. All of the outstanding 2012A Bonds are expected to be refunded with a portion of the proceeds of the 2022 Bonds.

2012B Bonds. In 2012, the City issued the 2012B Bonds to finance and refinance certain Electric System capital projects. The 2012B Bonds were outstanding in the aggregate principal amount of \$35,100,000 as of December 1, 2021 and are payable in semiannual installments at interest rates of between 6.250% and 6.500%. The 2012B Bonds mature on August 1, 2026. The obligation of the City to pay the 2012B Bonds is payable from Revenues on a parity with the 2021/2022 Bonds. A portion of the outstanding 2012B Bonds are expected to be refunded with proceeds of the 2022 Bonds.

2015A Bonds. In 2015, the City issued the 2015A Bonds to finance and refinance certain Electric System capital projects. The 2015A Bonds were outstanding in the aggregate principal amount of \$111,720,000 as of December 1, 2021 and are payable in semiannual installments at interest rates of between 4.050% and 4.850%. The 2015A Bonds mature on August 1, 2026. The obligation of the City to pay the 2015A Bonds is payable from Revenues on a parity with the 2021/2022 Bonds.

2020A Bonds. In 2020, the City issued the 2020A Bonds to finance and refinance certain Electric System capital projects. The 2020A Bonds were outstanding in the aggregate principal amount of \$19,305,000 as of June 30, 2021 and are payable in semiannual installments at interest rates of 5.000%. The 2020A Bonds mature on August 1, 2037. The obligation of the City to pay the 2020A Bonds is payable from Revenues on a parity with the 2021/2022 Bonds.

ELECTRIC SYSTEM FINANCIAL AND RELATED INFORMATION

Financial Statements

A copy of the audited financial statements of the Electric Fund of the City for the Fiscal Year ended June 30, 2020 (the “**Financial Statements**”) prepared by the City’s independent auditor, CliftonLarsonAllen LLP, Irvine, California (the “**Auditor**”), is set forth in Appendix A. The Auditor’s letter dated March 11, 2021 is set forth therein. The Financial Statements should be read in their entirety. The Auditor has not reviewed, audited or performed any procedures with respect to this Official Statement.

The summary operating results for the Fiscal Years ended June 30, 2017 through June 30, 2020 that are contained under the caption “—Summary of Operating Results” are derived from the Financial Statements and audited financial statements for prior Fiscal Years (excluding certain non-cash items and after certain other adjustments), and are qualified in their entirety by reference to such statements, including the notes thereto. The summary operating results for the Fiscal Year ended June 30, 2021 that are contained under such caption have been derived from unaudited financial statements of the City’s Electric Fund. The City expects that its annual financial report of the Electric Fund containing the audited financial statements of the Electric Fund as of June 30, 2021 will be available in December 2021. The annual financial reports of the City are routinely posted on its website.

The City accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to public entities (“**GAAP**”). In certain cases, GAAP requires or permits moneys that are collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses that are paid or incurred in one Fiscal Year to be recognized as expenses in a subsequent Fiscal Year. See Note 1 to the Financial Statements that are set forth in Appendix A. Except as otherwise expressly noted herein, all financial information that has been derived from the City’s audited financial statements of the Electric Fund reflects the application of GAAP.

The Electric System of the City is accounted for as within the Vernon Public Utilities Fund, a proprietary fund type (enterprise fund). In governmental accounting, enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses include the cost of sales and services and administrative expenses. All expenses which do not meet this definition (other than depreciation, a non-cash item which is not reflected in this Official Statement) are reported as non-operating expenses.

Financial Policies

The City has adopted several policies which are designed to provide guidance for the prudent and effective management of City operations, including an investment policy and a debt management policy. Further information about the City's investment policy and debt policy are set forth below.

Investment Policy. The City invests its funds in accordance with the City's investment policy (the "**Investment Policy**"), which was most recently amended on June 15, 2021. The Investment Policy sets forth the policies and procedures that are applicable to the investment of City funds and designates eligible investments. The Investment Policy also sets forth stated objectives, including the assurance of the safety of invested funds by limiting credit and market risks, the maintenance of sufficient liquidity, compliance with law and the attainment of the best yield or returns on investments. Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Yield.

The City Council has delegated the authority to invest funds of the City to the City Treasurer, who must invest City funds in accordance with the "prudent investor standard" under California Civil Code § 2261 *et seq.*

The Investment Policy provides a number of permitted investment categories, including: (i) United States Treasury securities and other federal government securities with a maximum maturity of 5 years; (ii) asset-backed securities with a maximum maturity of 5 years; (iii) certificates of deposit with a maximum maturity of 5 years (limited to 30% of the portfolio); (iv) bankers' acceptances with a maximum maturity of 180 days (limited 40% of the portfolio); (v) repurchase agreement with a maximum maturity of one year; (vi) money market mutual funds (limited to 20% of the portfolio); and (vii) the Local Agency Investment Fund of the State (limited to \$75 million).

As of June 30, 2021, the City had total moneys invested in the amount of \$113,911,932 in permitted investments under the Investment Policy (excluding cash and capital reserves of the Electric System, which are discussed under the caption "ELECTRIC SYSTEM FINANCIAL INFORMATION—Available Cash"). The City has not specifically allocated any portion of such amounts to the Light and Power Fund.

The City Treasurer is required to provide a quarterly report to the City Administrator and the City Council detailing the City's investments, dates of maturity, amounts invested, current market value, rate of interest and other such information as may be required by the City Council. For additional information relating to the Investment Policy, see Note 2 to audited financial statements of the Electric Fund set forth in Appendix A.

Debt Management Policy. The City's debt management policy addresses the matters that are required by California Government Code § 8855(i), including: (i) the purposes for which debt proceeds may be used; (ii) the types of debt that may be issued; (iii) the relationship of the debt to, and integration with, the City's capital improvement program or budget; (iv) policy goals related to the City's planning goals and objectives; and (v) the internal control procedures which ensure that the proceeds of each debt issuance are directed to their intended use.

Available Cash

As of November 1, 2021, the Electric System had approximately \$ 135,649,959 in available cash reserves, including approximately \$ 30,515,404 in reserves that are currently allocated to future capital projects but can be reallocated to other purposes in the City's discretion amounts and amounts on deposit in the

Expense Stabilization Fund. See the caption “SECURITY AND SOURCES OF PAYMENT—Expense Stabilization Fund.” This amount is equivalent to approximately 250 days of Operation and Maintenance Expenses.

Summary of Operating Results

A summary of historical revenue, expenses, and debt service coverage for the City’s Electric System for the last five Fiscal Years is shown in the following table. The information in this summary for the Fiscal Years ended June 30, 2017 through June 30, 2020 was prepared by the City from information derived from audited annual financial statements for such Fiscal Years. The information in the summary for the Fiscal Year ended June 30, 2021 was prepared by the City from unaudited financial information of the City. The City expects that its annual financial report of the Electric Fund containing the audited financial statements of the Electric Fund as of June 30, 2021 will be available in December 2021. The annual financial reports of the City are routinely posted on its website.

The summary below presents the calculation of Net Revenues and Debt Service coverage based upon the flow of funds required under the Indenture and not in accordance with GAAP as used in the preparation of the City’s financial statements for the Electric System. In accordance with the Indenture, depreciation, amortization and other non-cash items are not included in Operation and Maintenance Expenses.

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CITY OF VERNON ELECTRIC SYSTEM
Historical Revenues, Expenses and Debt Service Coverage Under Indenture⁽¹⁾⁽⁸⁾

Fiscal Year Ended June 30

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020⁽¹⁵⁾</i>	<i>2021 (Unaudited Actual Results)</i>
Revenues					
Electric Sales—Retail	\$153,683,228	\$154,792,355	\$157,112,457	\$161,988,653	\$162,987,498
Fuel Cost Adjustment/ECABF ⁽²⁾	1,016,141	1,204,680	4,084,277	443,292	2,721,905
RECAF ⁽³⁾	11,780,337	7,715,544	6,794,373	10,579,631	10,756,715
VPU Credit ⁽⁴⁾	--	--	(7,505,248)	(3,685,465)	(276,231)
Transmission Revenue	2,645,901	2,844,994	2,401,176	2,986,532	2,773,285
Investment Income ⁽⁵⁾	332,982	1,151,127	1,532,262	918,236	57,190
Non-Recurring Income (Loss) ⁽⁶⁾	--	1,121,763	12,824	--	--
Other ⁽⁷⁾	<u>5,386,390</u>	<u>5,669,963</u>	<u>7,756,839</u>	<u>5,227,203</u>	<u>5,588,986</u>
Total Revenues	\$174,844,979	\$174,500,426	\$172,188,960	\$178,458,082	\$184,609,349
Expense Stabilization Fund Transfers					
Withdrawal/Transfer from Expense Stabilization Fund	\$ 2,400,000	\$ 9,300,000	\$ 7,400,000	\$ 6,750,000	\$ --
Less: Deposits of Current Revenues to Expense Stabilization Fund	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Adjusted Revenues	\$177,244,978	\$183,800,427	\$179,588,960	\$185,208,081	\$184,609,349
Operation and Maintenance Expenses⁽⁸⁾					
Fuel costs ⁽⁹⁾	\$ 2,420,075	\$ 2,895,975	\$ 9,211,403	\$ 5,599,650	\$ 8,631,370
Costs of Renewable Resources ⁽¹⁰⁾	12,603,877	13,878,758	8,454,325	13,934,096	13,079,768
Costs of Energy ⁽¹¹⁾	63,889,251	57,897,096	54,136,234	55,513,201	62,977,786
City Allocated Administrative Costs ⁽¹²⁾	3,018,677	3,018,677	3,018,677	3,079,051	3,140,632
Other ⁽¹³⁾	<u>24,291,552</u>	<u>30,123,626</u>	<u>35,849,431</u>	<u>43,952,232</u>	<u>44,150,883</u>
Total Operation and Maintenance Expenses	\$106,223,431	\$107,814,133	\$110,670,070	\$122,078,230	\$131,980,439
Adjusted Net Revenues					
Available for Debt Service	\$ 71,021,547	\$ 75,986,294	\$ 68,918,890	\$ 63,129,852	\$ 52,628,910
Debt Service⁽¹⁴⁾	\$ 44,245,160	\$ 45,312,321	\$ 47,379,349	\$ 47,071,332	\$ 44,728,498
Debt Service Coverage Ratio	1.61	1.68	1.45	1.34	1.18
Debt Service Coverage Ratio (Excluding Expense Stabilization Fund Transfers)	1.55	1.47	1.30	1.20	1.18
Adjusted Net Revenues Remaining After Debt Service	\$ 26,776,387	\$ 30,673,973	\$ 21,539,541	\$ 16,158,520	\$ 7,900,412
Selected Balance Sheet Information (as of June 30)					
Expense Stabilization Fund	\$ 14,186,726	\$ 27,618,339	\$ 20,478,226	\$ 13,913,980	\$ 13,917,555
Light and Power Fund	<u>96,699,830</u>	<u>101,942,893</u>	<u>97,986,257</u>	<u>108,350,186</u>	<u>109,567,925</u>
Total	\$110,886,556	\$129,561,232	\$118,464,813	\$122,264,166	\$123,485,480

(1) Totals may not add due to rounding.

(2) In 2019, the fuel cost adjustment billing factor was replaced by the ECABF which allows for recovery of changes in costs of energy, natural gas and related capacity, transmission, transportation, grid management and extraordinary expense costs. See “THE ELECTRIC SYSTEM—Electric Rates—Energy Cost Adjustment Billing Factor.”

(3) The RECAF allows for recovery of incremental costs associated with satisfying renewable resource obligations. See “THE ELECTRIC SYSTEM—Electric Rates—Renewable Energy Cost Adjustment Billing Factor.”

(4) Reflects a 5% credit to customers under a program to offset an increase in the City’s user utility tax. The credit was reduced to 2% in Fiscal Year 2020 and discontinued thereafter.

(5) Does not include unrealized gain (loss) on investments or increase (decrease) in fair market value of investments.

(6) Includes legal settlement and sale of emission credits.

(7) Includes proceeds of 2.85% AB 1890 public benefit surcharge. See the caption “THE ELECTRIC SYSTEM—Electric Rates—General.”

(8) Operation and Maintenance Expenses excludes depreciation, amortization and certain other non-cash items.

(Footnotes to table continue on next page.)

(Footnotes to table continued from previous page.)

- (9) Includes costs associated with natural gas purchased under the Supply Agreement and takes into account investment income relating to the Vernon Natural Gas Financing Authority. The term of the Supply Agreement terminated in Fiscal Year 2021. Increase in Fiscal Year 2019 reflects increase in market price of natural gas in winter 2019 as a result of maintenance outages on SoCalGas pipelines as well as cold weather. Fiscal Year 2020 and 2021 reflect recent volatility in natural gas prices as a result of increased demand due to higher levels of liquefied natural gas exports, inclement weather, dry hydrological conditions, and interstate pipeline outages.
- (10) Includes costs associated with renewable resources in accordance with RPS and regulatory requirements.
- (11) Represents net energy purchases and wholesale sales and capacity sales (including the PPTA). In Fiscal Year 2017 and 2018, also includes the Hoover Contract for Differences under which the City swapped certain economic benefits and burdens under the CES with Western for fixed energy and capacity payments. The Hoover Contract for Differences terminated in September 2017). Increase in costs of energy in Fiscal Year 2021 reflects higher natural gas and power prices due to higher levels of liquefied natural gas exports, inclement weather, dry hydrological conditions, and interstate pipeline outages.
- (12) Represents costs incurred for City services benefitting the Electric System.
- (13) Includes, among other things, transmission costs, grid management charges, ancillary services, FERC fees, maintenance service contracts and other Electric System administrative expenses. Increase in Fiscal Year 2019 reflects increases in CAISO transmission costs.
- (14) Reflects debt service on outstanding Parity Obligations.
- (15) Increases in Revenues and Operation and Maintenance Expenses above Fiscal Year 2019 levels reflect significant increase in business operations of Matheson Tri-Gas, the Electric System's largest customer by kWhs purchased. See "THE ELECTRIC SYSTEM—Largest Customers." Increase in Operation and Maintenance Expenses above Fiscal Year 2019 levels also reflects higher market price for natural gas.

Source: City.

Adoption of New GASB Statement Affecting Fiscal Year 2018

The City restated the beginning balance of the Electric System's Fiscal Year 2018 net position to retroactively reflect the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and the corresponding adjustment to the Electric System's share of the City's net other post-employment benefits. As a result of this adjustment, the Electric System's beginning net position was increased by \$101,877 for Fiscal Year 2018.

Projected Operating Results and Debt Service Coverage

Set forth below are the City's projections of Revenues, Operation and Maintenance Expenses and Debt Service coverage of the Electric System (calculated in accordance with the Indenture) for the current and next four Fiscal Years. The projected operating results are based on the City's load forecasts, its estimated costs of power and other operating and non-operating expenses. Except for actual expenses to date for the current Fiscal Year, the City has forecasted such other operating and non-operating expenses taking into consideration the Electric System's historical costs and trends, projected load growth and inflation. The summary below presents the calculation of Net Revenues and Debt Service coverage based upon the flow of funds required under the Indenture and not in accordance with GAAP. In accordance with the Indenture, depreciation, amortization and other non-cash items are not included in Operation and Maintenance Expenses.

Certain assumptions have been made by the City in the development of the forecasts, including the assumptions which are set forth in the footnotes to the below table. Among the assumptions made by the City are the following:

1. Economic activity by businesses within the City is assumed to result in load growth of 1% annually.
2. Renewable power costs in excess of market power will be included in customers' bill as a RECAF.
3. Renewable energy resources are assumed to serve City load in accordance with the State-mandated RPS requirement at an estimated average cost of \$30.26 per MWh from Fiscal Year 2023 through Fiscal Year 2026.

4. Projected fuel costs are based on forecasted average monthly prices at Citygate, with natural gas prices assumed to range from \$6.15 per MMBtu in Fiscal Year 2022 to \$4.28 per MMBtu in Fiscal Year 2026.
5. Projected market energy purchases are based on forecasted average monthly energy prices at CAISO SP-15, with market energy prices assumed to range from \$55.06 per MWh in Fiscal Year 2022 to \$44.28 per MWh in Fiscal Year 2026.

While the City believes that the above assumptions are reasonable, there can be no assurance that the assumed conditions will in fact occur. The City's projections may be affected (favorably or unfavorably) by unforeseen future events which could cause actual results to differ materially from those presented below. Therefore, the results projected in the following table cannot be assured.

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CITY OF VERNON ELECTRIC SYSTEM
Projected Revenues, Expenses and Debt Service Coverage Under Indenture⁽¹⁾⁽⁹⁾

	<i>Fiscal Year Ending June 30</i>				
	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>
Revenues					
Electric Sales—Retail ⁽²⁾	\$178,226,506	\$187,829,845	\$194,450,847	\$201,305,240	\$208,401,250
ECABF ⁽³⁾	5,612,736	16,464,838	9,391,701	8,235,357	6,162,409
RECAF ⁽⁴⁾	10,258,683	9,162,548	7,819,937	6,632,556	7,269,536
Transmission Revenue ⁽⁵⁾	1,948,612	3,000,000	3,060,000	3,121,200	3,183,624
Investment Income ⁽⁶⁾	300,000	306,000	312,120	318,362	324,730
Other ⁽⁷⁾	6,827,397	6,818,051	7,102,701	7,330,285	7,565,435
Total Revenues	\$203,173,934	\$223,581,283	\$222,137,307	\$226,942,999	\$232,906,984
Projected Expense Stabilization Fund Transfers					
Withdrawal/Transfer from Expense Stabilization Fund ⁽⁸⁾	0	7,000,000	6,500,000	7,000,000	9,000,000
Less: Deposits of Current Revenues to Expense Stabilization Fund	0	0	0	0	0
Total Adjusted Revenues	\$203,173,934	\$230,581,283	\$228,637,307	\$233,942,999	\$241,906,984
Operation and Maintenance Expenses⁽⁹⁾					
Fuel costs	\$ 21,835,733	\$ 33,079,361	\$ 29,707,933	\$ 28,631,006	\$ 26,651,770
Costs of Renewable Resources ⁽¹⁰⁾	12,230,706	11,162,548	9,819,937	8,632,556	9,269,536
Costs of Energy ⁽¹¹⁾	59,281,347	41,730,336	38,148,818	39,216,809	41,797,134
City Allocated Administrative Costs ⁽¹²⁾	3,203,444	3,267,513	3,332,863	3,399,520	3,467,511
Other ⁽¹³⁾	45,435,087	51,159,269	52,470,748	53,722,493	55,113,876
Total Operation and Maintenance Expenses	\$141,986,317	\$140,399,027	\$133,480,299	\$133,602,383	\$136,299,828
Adjusted Net Revenues Available for Debt Service	\$ 61,187,617	\$ 90,182,256	\$ 95,157,008	\$100,340,616	\$105,607,156
Debt Service⁽¹⁴⁾	\$51,926,0270	\$ 70,009,472	\$ 70,007,079	\$ 70,007,537	\$ 70,007,252
Debt Service Coverage Ratio	1.18	1.29	1.36	1.43	1.51
Debt Service Coverage Ratio (Excluding Expense Stabilization Fund Transfers)	1.18	1.19	1.27	1.33	1.38
Adjusted Net Revenues Remaining After Debt Service	\$ 9,261,590	\$ 20,172,784	\$ 25,149,929	\$ 30,333,079	\$ 35,599,904
Projected Fiscal Year End Expense Stabilization Fund Reserve⁽⁸⁾	\$ 38,917,555	\$ 31,917,555	\$ 25,417,555	\$ 18,417,555	\$ 9,417,555

(1) Totals may not add due to rounding.

(2) Assumes load growth of 1% annually. Reflects adopted increases in Electric System rates averaging approximately 4% for Fiscal Year 2022 and 4% for Fiscal Year 2023. Also reflects additional rate increases averaging 2.5% in Fiscal Years 2024, 2025 and 2026 which have not yet been approved by the City Council. There can be no assurance that the City Council will not make further adjustments to rates that have currently been adopted. Actual rates to be effective are subject to adoption by the City Council.

(3) The ECABF allows for recovery of natural gas and related capacity, transmission, transportation, grid management and extraordinary expense costs. See “THE ELECTRIC SYSTEM—Electric Rates—Energy Cost Adjustment Billing Factor.”

(4) The RECAF allows for recovery of costs associated with satisfying renewable resource obligations. See “THE ELECTRIC SYSTEM—Electric Rates—Renewable Energy Cost Adjustment Billing Factor.”

(5) Increase in Fiscal Year 2023 reflects proposed Edison transmission service charges effective January 1, 2022 under existing transmission service contract between Edison and the City. As a participating transmission owner in the CAISO, the City receives the revenues associated with such existing transmission service contract and pays Edison. See “THE ELECTRIC SYSTEM—Transmission, Interconnections and Distribution Facilities.” Assumes increases of approximately 2% per annum in each subsequent Fiscal Year.

(6) Assumes a 0.2% earnings rate on fund balances.

(7) Includes proceeds of 2.85% AB 1890 public benefit surcharge. See the caption “THE ELECTRIC SYSTEM—Electric Rates—General.”

(Footnotes to table continue on next page.)

(Footnotes to table continued from previous page.)

- (8) As provided in the Indenture, Adjusted Revenues includes amounts withdrawn from the Expense Stabilization Fund for any period. Unspent amounts not constituting current year Revenues may be returned to the Expense Stabilization Fund and made available for use in subsequent fiscal years.
- (9) Operation and Maintenance Expenses excludes depreciation, amortization and certain other non-cash items.
- (10) Includes projected costs associated with procurement of renewable resources in accordance with RPS and regulatory requirements.
- (11) Includes projected costs of operating MGS following acquisition. Includes and net energy purchases and wholesale sales and capacity sales (including costs under Hoover CES and PVNGS Contract and costs of reserve generation). Assumes costs under LTSA remain unchanged from current contract terms.
- (12) Represents costs anticipated to be incurred for City services benefitting the Electric System. Projected to increase by approximately 2% per annum.
- (13) Includes, among other things, transmission costs, grid management charges, ancillary services, FERC fees, maintenance service contracts and other Electric System administrative expenses.
- (14) Reflects the issuance of 2021 Bonds. Assumes the delivery of the 2022 Bonds in May 2022 and the defeasance of the Refunded 2012 Bonds as described under the caption "PLAN OF FINANCE—Refunding of the 2012 Refunded Bonds."

Source: City.

Employee Benefit Obligations

Pension Obligations. Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by Governmental Accounting Standards Board ("GASB") Statement No. 68 ("GASB 68"). GASB 68 governs the accounting treatment of defined benefit pension plans, including how expenses and liabilities are calculated and reported by state and local government employers in their financial statements. GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer's balance sheet; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer's actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the City's accounting and reporting requirements, but it does not change the City's pension plan funding obligations.

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

City employees are subject to different benefit levels based on their hire date. Current benefit provisions for City employees are set forth below.

CITY OF VERNON
CalPERS Miscellaneous Pension Plan – Summary of Benefit Provisions

	<i>Employees Hired Before January 1, 2013</i>	<i>Employees Hired On or After January 1, 2013 (Not Prior CalPERS Members)</i>
Benefit Formula	2.7% @ age 55	2.0% @ age 62
Benefit Vesting	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Minimum Retirement Age	50	52
Monthly Benefits as % of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%
Employee Normal Cost	8.0% ⁽¹⁾	5.75% ⁽²⁾
Employer Normal Cost Rate	9.443%	9.443%

⁽¹⁾ Employees who were hired before January 1, 2013 are required to make the full employee contribution.

⁽²⁾ Employees who were hired on or after January 1, 2013 who were not previously CalPERS members are required to make the full employee contribution.

Source: City.

City employees who were hired on and after January 1, 2013 and who were not previously CalPERS members receive benefits based on a 2.0% at age 62 formula; such employees are required to make the full amount of required employee contributions themselves under the California Public Employees’ Pension Reform Act of 2013 (“**AB 340**”), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier: the 2.0% at age 62 formula, with a maximum benefit formula of 2.5% at age 67. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36-month period. Employees are required to pay at least 50% of the total normal cost rate. AB 340 also capped pensionable income for 2021 as noted below. Amounts are set annually, subject to Consumer Price Index increases, and retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

CITY OF VERNON
Pensionable Income Caps for Calendar Year 2021 (AB 340 and Non-AB 340 Employees)

	<i>Employees Hired Before January 1, 2013 (Non-AB 340 Employees)</i>	<i>Employees Hired After January 1, 2013 (AB 340 Employees)</i>
Maximum Pensionable Income	\$290,000	\$153,671
Maximum Pensionable Income if also Participating in Social Security	N/A	\$128,059

Source: City.

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

The City is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The total minimum required employer contribution is the sum of the plan’s employer normal cost rate (expressed as a percentage of payroll) plus the employer unfunded accrued liability contribution amount (billed monthly). The normal cost rate is the annual cost of service accrual for the upcoming Fiscal Year of active employees.

Required employer normal cost rates for Fiscal Year 2021 were 11.758% for all benefit levels, and the required employer payment of the unfunded accrued liability was \$3,185,676. Required employer normal cost rates for Fiscal Year 2022 are 11.380% for all benefit levels, and the required employer payment of the unfunded accrued liability is \$3,924,534.

The Miscellaneous plan contributions for Fiscal Years 2020 and 2021 were \$4,500,718 and \$4,979,905, respectively. The City currently expects its annual required contribution for the Miscellaneous plan in Fiscal Year 2022 to be approximately \$5,826,164. The share of such contributions which is attributable to the Electric System is determined based on the proportion of Light and Power Fund payroll expenditures to payroll expenditures for all City employees who participate in the Miscellaneous plan. Such share was 12% in Fiscal Year 2021, and is expected to be approximately 13.9% in Fiscal Year 2022.

The City's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2010 through 2020 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7% and 4.7%, respectively. Preliminary returns for Fiscal Year 2021 indicate an investment gain of 21.3%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. The City notes that CalPERS' earnings in Fiscal Year 2020 were below its investment targets as a result of stock market declines in the wake of the COVID-19 pandemic, which could increase future contribution rates for plan participants, including the City. See the caption "GENERAL INFORMATION REGARDING THE CITY AND THE SERVICE AREA—COVID-19."

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from 7.50% to 7.00% over a three period. For public agencies such as the City, the new discount rate took effect July 1, 2017. Lowering the discount rate means that employers which contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 will also see their contribution rates rise under AB 340. The reduction of the discount rate will result in average employer rate increases of approximately 1% to 3% of normal cost as a percentage of payroll for most retirement plans such as the City's plans. Additionally, many employers will see a 30% to 40% increase in their current unfunded accrued liability payments (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) for pension plans. These payments are made to amortize unfunded liabilities over 20 years to bring pension funds to a fully funded status over the long-term.

The announcement on July 12, 2021 that CalPERS achieved a preliminary investment return of 21.3% for the period from July 1, 2020 through June 30, 2021 caused the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% on November 15, 2021 in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. There can be no assurance as to whether or when the CalPERS Board of Administration will consider lowering the discount rate.

Portions of the above information are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports

and other information that concerns benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

The City’s Miscellaneous plan had a total net pension liability of approximately \$41,962,530 for the Fiscal Year ended June 30, 2020 and approximately \$46,618,461 for the Fiscal Year ended June 30, 2021. The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City’s total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts.

For Fiscal Years 2020 and 2021, the City incurred Miscellaneous plan pension expenses of \$11,118,252 and \$8,691,162, respectively.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2021 is shown below.

CITY OF VERNON
Actuarial Assumptions for CalPERS Miscellaneous Pension Plan

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
<i>Actuarial Assumptions:</i>	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes projected inflation rate of 2.75%
Mortality Rate Table ⁽¹⁾	Derived using CalPERS’ membership data for all funds

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

Source: City.

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

CITY OF VERNON
Changes in CalPERS Miscellaneous Pension Plan Net Pension Liability

	<i>Increase / (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2019	\$ 175,949,364	\$ 133,986,834	\$ 41,962,530
Balance at June 30, 2020	<u>\$ 184,953,577</u>	<u>\$ 138,335,116</u>	<u>\$ 46,618,461</u>
Net Changes for period from July 1, 2019 through June 30, 2020	\$ 9,004,213	\$ 4,348,282	\$ 4,655,931

Source: City.

The table below presents the net pension liability of the City’s Miscellaneous plan, calculated using the discount rate applicable to Fiscal Year 2021 (7.15%), as well as what the net pension liability would be if it

were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the Fiscal Year 2021 rate:

CITY OF VERNON
Sensitivity of the CalPERS Miscellaneous Pension Plan Net Pension Liability to
Changes in the Discount Rate

	<i>Discount Rate – 1%</i> <i>(6.15%)</i>	<i>Applicable Discount Rate</i> <i>(7.15%)</i>	<i>Discount Rate + 1%</i> <i>(8.15%)</i>
Plan’s Net Pension Liability/(Asset)	\$73,079,036	\$46,618,461	\$24,971,929

Source: City.

The City’s projections of Operation and Maintenance Expenses under the caption “ELECTRIC SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do not assume unusual increases in CalPERS contributions or other labor costs in the future. However, no assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of pension benefits will have a material adverse effect on the ability of the City to pay the 2021/2022 Bonds.

For additional information relating to the City’s CalPERS Miscellaneous pension plan, see Note 8 to Vernon Public Utilities’ audited financial statements set forth in Appendix A.

Post-Employment Benefits. In addition to the pension benefits that are described under the caption “—Pension Obligations,” the City provides certain health care benefits for retired employees and eligible dependents. Substantially all of the City’s full-time employees who are eligible for pension benefits may become eligible for such other post-employment benefits. As of June 30, 2021, 179 employees meet these eligibility requirements and 115 retirees or their beneficiaries participate in the plan, with another 29 eligible to participate but not yet doing so.

GASB Statement No. 75 (“**GASB 75**”) requires governmental agencies to account for and report outstanding obligations and commitments related to post-employment benefits in essentially the same manner as for pensions. For the City, the reporting obligation began in Fiscal Year 2018.

The City retained Van Iwaarden Associates (the “**Actuarial Consultant**”) to calculate the City’s post-employment benefits funding status. In a report dated May 14, 2021 (the “**Report**”), the Actuarial Consultant concluded that, as of June 30, 2021, the City’s net liability for post-employment benefits was \$20,211,850. The Actuarial Consultant also concluded that the City’s actuarially determined contribution for Fiscal Year 2022 (the actuarial value of benefits earned during Fiscal Year 2022 plus costs to amortize the unfunded actuarial accrued liability, or “**ADC**”) is \$1,538,693. The share of such contribution which is attributable to the Electric System is expected to be approximately 13.9% in Fiscal Year 2022. An ADC of approximately \$1,931,700 and \$1,538,693 was recognized for post-employment health care benefits in Fiscal Years 2020 and 2021, respectively.

Changes in the net liability for the City’s post-employment benefit plan were as follows.

**CITY OF VERNON
Changes in Post-Employment Benefit Plan Liability**

	<i>Increase / (Decrease)</i>		
	<i>Total Post-Employment Benefit Plan Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Post-Employment Benefit Plan Liability / (Asset)</i>
Balance at June 30, 2020	\$ 26,186,840	\$ 4,268,189	\$ 21,918,651
Balance at June 30, 2021	<u>27,215,028</u>	<u>7,003,178</u>	<u>20,211,850</u>
Net Changes for period from July 1, 2020 through June 30, 2021	\$ 1,028,188	\$ 2,734,989	\$ (1,706,801)

Source: City.

The following table presents the net liability of the City’s post-employment benefits plan, calculated using the discount rate applicable to Fiscal Year 2021 (6.25%), as well as what the net post-employment benefit liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the Fiscal Year 2021 rate:

**CITY OF VERNON
Sensitivity of the Post-Employment Benefit Plan Net Liability to Changes in the Discount Rate**

	<i>Discount Rate – 1% (5.25%)</i>	<i>Applicable Discount Rate (6.25%)</i>	<i>Discount Rate + 1% (7.25%)</i>
Plan’s Net Liability/(Asset)	\$ 23,467,948	\$ 20,21,850	\$17,497,742

Source: City.

The City’s projections of Operation and Maintenance Expenses under the caption “ELECTRIC SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do not assume unusual increases in post-employment benefit funding expenses in the future. However, future changes in funding policies and assumptions, including those related to assumed rates of investment return and healthcare cost inflation, could trigger increases in the City’s annual required contributions, and such increases could be material to the finances of the City. No assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of post-employment benefits will have a material adverse effect on the ability of the City to pay the 2021/2022 Bonds.

For additional information relating to the post-employment benefit plan, see Note 9 to Vernon Public Utilities’ audited financial statements set forth in Appendix A.

FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The following discussion of legislative, regulatory and other factors affecting the electric utility industry should be considered when considering an investment in the 2021/2022 Bonds. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. The electric industry has historically been subject to continuing legislative and administrative reform. The City cannot predict at this time whether any additional legislation or rules will be enacted which will affect the finances or operations of the Electric System, but the impacts could be significant. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the 2021/2022 Bonds should obtain and review such information. Such information is not incorporated herein by reference.

Federal Energy Legislation

Energy Policy Act of 2005. Under the federal Energy Policy Act of 2005 (“EPAAct 2005”), FERC was given refund authority over the behavior of market participants. Under FERC’s authority it can impose penalties on any seller for using a manipulative or deceptive device, including market manipulation, in connection with the purchase or sale of energy or of transmission service. The Commodity Futures Trading Commission (“CFTC”) also has jurisdiction to enforce certain types of market manipulation or deception claims under the Commodity Exchange Act.

EPAAct 2005 authorized FERC to issue permits to construct or modify transmission facilities located in a national interest electric transmission corridor if FERC determines that the statutory conditions are met. EPAAct 2005 also required the creation of an electric reliability organization (“**ERO**”) to establish and enforce, under FERC supervision, mandatory reliability standards (the “**Reliability Standards**”) to increase system reliability and minimize blackouts. The Reliability Standards apply to users, owners and operators of the Bulk-Power System, as more specifically set forth in each Reliability Standard. On February 3, 2006, FERC issued Order 672, which certified NERC as the ERO. Many Reliability Standards have since been approved by FERC. The Reliability Standards include requirements related to cyber and physical security of systems that could affect the reliable operation of the electric grid.

The ERO or the entities to which NERC has delegated enforcement authority through an agreement approved by FERC (“**Regional Entities**”), such as the WECC, may enforce the Reliability Standards, subject to FERC oversight, or FERC may independently enforce them. Potential monetary sanctions include fines in excess of \$1 million per violation per day. FERC Order 693 further provided the ERO and Regional Entities with the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.

Federal Regulation of Transmission Access

EPAAct 2005 authorized FERC to compel “open access” to the transmission systems of certain utilities that are not generally regulated by FERC, including municipal utilities if the utility sells more than four million MWhs of electricity per year. Under open access, a transmission provider must allow all customers to use the system under standardized rates, terms and conditions of service.

FERC Order 888 requires the provision of open access transmission services on a nondiscriminatory basis by all “jurisdictional utilities” (which, by definition, does not include municipal entities like the City) by requiring all such utilities to file Open Access Transmission Tariffs (“**OATTs**”). Order 888 also requires “non-jurisdictional utilities” that purchase transmission services from a jurisdictional utility under an open access tariff and that own or control transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the non-jurisdictional utility provides to itself. Section 211A of EPAAct 2005 authorizes, but does not require, FERC to order unregulated transmission utilities to provide transmission services. Specifically, FERC may require an unregulated transmitting utility to provide access to its transmission facilities: (1) at rates that are comparable to those that the unregulated transmitting utility charges to itself; and (2) on terms and conditions (not relating to rates) that are comparable to those under which the unregulated transmitting utility provides transmission services to itself which are not unduly discriminatory or preferential.

On February 16, 2007, FERC issued Order 890, which concluded that reform of its pro forma OATT was necessary to reduce the potential for undue discrimination and provide clarity in the obligations of transmission providers and customers. Significantly, in Order 890, FERC stated that it will implement its authority under Section 211A with respect to unregulated transmitting utilities on a case-by-case basis and retain the current reciprocity provisions.

On July 21, 2011, FERC issued Order 1000, which among other things requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces

a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Further, FERC stated that it has the authority to allocate costs to beneficiaries of transmission services, even in the absence of a contractual relationship between the owner of the transmission facilities and the beneficiary. Under EPAct 2005, FERC may not require municipal utilities to join regional transmission organizations, in which participating utilities allow an independent entity to oversee operation of the utilities' transmission facilities. FERC has stated, however, that FERC expects such utilities to participate in the regional processes for transmission planning and that FERC will pursue associated complaints against such utilities on a case-by-case basis.

Federal Policy on Cybersecurity

In February 2013, then-President Obama issued an Executive Order "Improving Critical Infrastructure Security" (the "**Cybersecurity Order**"). Among other things, the Cybersecurity Order called for improved information sharing and processing of security clearances for owners and operators of critical infrastructure. The Cybersecurity Order further required the Secretary of Commerce to direct the National Institute of Standards and Technology ("**NIST**") to lead the development of a framework ("**Framework**") to reduce cyber risks to critical infrastructure. The voluntary Framework will continue to be updated and improved as industry provides feedback on implementation.

The Cybersecurity Information Sharing Act of 2015 was signed into law in December 2015. It created an industry-supported, voluntary cybersecurity information sharing program which facilitates the secure sharing of cyber-related threat information among both public and private sector entities. Participating entities share and receive information about cybersecurity threats in real time through several hubs, including the Electricity Information Sharing and Analysis Center (E-ISAC) and the National Cybersecurity and Communication Integration Center, as tools to actively manage risk related to potential cyber intrusion.

Other Federal Legislation

Congress has considered and is considering numerous bills addressing domestic energy policies and various environmental matters, including bills relating to energy supplies and development (such as a federal energy efficiency standard and expedited permitting for natural gas drilling projects), cybersecurity, reducing regulatory burdens, climate change and water quality. Many of these bills, if enacted into law, could have a material impact on the City and the electric utility industry generally. In light of the variety of issues affecting the utility sector, federal energy legislation in other areas such as reliability, transmission planning and cost allocation, operation of markets, environmental requirements and cybersecurity is also possible. The City is unable to predict the outcome or potential impacts of any possible legislation on the City at this time.

Environmental Issues

General. Electric utilities are subject to continuing environmental regulation. Federal, State and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from new and changing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that any Electric System facilities or projects will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. In addition, the election of new administrations, including the President of the United States, could substantially impact current environmental standards and regulations and other matters described herein. New laws and regulations could be imposed that could impact the City's ability to operate the Electric System or impose significant compliance costs. The inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units which are not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Greenhouse Gas and Other Regulations Under the Clean Air Act. The United States Environmental Protection Agency (the “EPA”) regulates GHG emissions under existing law by imposing monitoring and reporting requirements, and through its permitting programs. Like other air pollutants, GHGs are regulated under the Clean Air Act through the Prevention of Significant Deterioration (“PSD”) Permit Program and the Title V Permit Program. A PSD permit is required before commencement of construction of new major stationary sources or major modifications of a major stationary source and requires best available control technologies (“BACT”) to control emissions from the new or modified stationary source. Title V permits are operating permits for major sources that consolidate all Clean Air Act requirements (arising, for example, under the Acid Rain, New Source Performance Standards, National Emission Standards for Hazardous Air Pollutants, and/or PSD programs) into a single document and the permit process provides for review of the documents by the EPA, state agencies and the public. GHGs from major natural gas-fired facilities are regulated under both permitting programs through performance standards imposing efficiency and emissions standards. Under these permitting programs, as major stationary sources, combustion turbines such as the MGS are also subject to regulations imposing national emission standards for hazardous air pollutants (HAP), requiring the application of maximum achievable control technology for combustions, and new source performance standards regulating nitrogen oxides (“NO_x”) and sulfur dioxide.

On October 23, 2015, the EPA, under the Obama Administration, published the Clean Power Plan and final regulations for (1) carbon pollution standards for new, modified, and reconstructed power plants, and (2) carbon pollution emission guidelines for existing electricity utility generating units. The total national emissions reduction goal under the Clean Power Plan targets an average of a 32 percent reduction from 2005 levels by 2030, with incremental interim goals for the years 2022 through 2029. The Clean Power Plan would have allowed states multiple options for measuring reductions and different established reduction goals depending upon the regulatory program set forth in the state plan. On July 8, 2019, the EPA issued final new regulations entitled the “Affordable Clean Energy Rule” to replace the Clean Power Plan. On January 19, 2021, upon a challenge by a number of environmental advocates, state and municipal attorneys, and others, the D.C. Circuit vacated the Affordable Clean Energy Rule. The City cannot predict the timing or content of any new regulations that may be proposed to replace the Affordable Clean Energy Rule. At this time, the City does not expect any such regulations to have material effects on its Electric System.

Air Quality – Ambient Air Quality Standards. The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards (“NAAQS”) for certain air pollutants. When a NAAQS has been established, each state must identify areas in its state that do not meet the EPA standard (known as “non-attainment areas”) and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the applicable standard and become an “attainment area.” The EPA periodically reviews the NAAQS for various air pollutants and has in recent years increased, or proposed to increase, the stringency of the NAAQS for certain air pollutants. These developments may result in stringent permitting processes for new sources of emissions and additional state restrictions on existing sources of emissions, such as power plants. In addition, the U.S. Supreme Court found in its review of EPA v. EME Homer City Generation, LP that the EPA has authority to impose a Cross-State Air Pollution Rule (the “Transport Rule”) which curbs air pollution emitted in upwind states to facilitate downwind attainment of three NAAQS. On November 26, 2014, the EPA proposed to strengthen the stringency of the NAAQS for ozone by lowering the existing ozone standard of 75 parts per billion (“ppb”) to between 65 and 70 ppb, although the EPA also sought public comment on a standard as low as 60 ppb. On October 1, 2015, the EPA issued its final rule, lowering the ozone standard to 70 ppb. Legal challenges to the final rule have been filed by a number of states and industry groups. On March 12, 2018, a federal district judge in Northern California ordered the EPA to complete the strengthened 2015 ozone standard designations later in 2018. The EPA noticed a final rule on December 6, 2018 implementing ozone NAAQS for non-attainment areas and addressing state implementation plan requirements. That rule became effective on February 4, 2019. On July 15, 2020, the EPA announced a proposed decision to retain the existing 70 ppb ozone standard. The comment period closed on October 1, 2020. The decision was finalized on December 7, 2020. President Biden issued an executive order instructing the EPA to consider suspending, revising or rescinding the decision.

California law also mandates California ambient air quality standards (“CAAQS”), which are often more stringent than national standards. CAAQS for particulate matter became effective in June 2003. Revised CAAQS for ozone and nitrogen dioxide (NO₂) went into effect in May 2006 and March 2008, respectively. California law does not require that CAAQS be met by specified dates as is the case with NAAQS. Rather, it requires incremental progress toward attainment. In addition, attainment of the NAAQS has precedence over attainment of the CAAQS due to federal penalties for failure to meet federal attainment deadlines.

SCAQMD Air Quality Management Plan. The SCAQMD periodically prepares an overall plan, known as an Air Quality Management Plan (the “AQMP”), which includes control measures to meet federal air quality standards and incorporate the latest technical planning information. In March 2017, the SCAQMD adopted its 2016 AQMP, which is a regional and multi-agency effort. The SCAQMD held stakeholder working group meetings in connection with its development of rules and rule amendments to implement the control measures included in the 2016 AQMP, and submitted their control measure plan to the EPA in December 2019. The SCAQMD is in the early stages of the 2022 AQMP process, and is looking for a 45% reduction in NO_x emissions through this plan. The City will continue to monitor development of the 2022 AQMP for any emission reduction measures that will affect power plants. At this time, AQMP working groups are primarily focusing on charging and fueling infrastructure needs and other mobile source categories.

Air Quality – Nitrogen Oxide (NO_x) Emissions. In 1994, the SCAQMD implemented its Regional Clean Air Incentives Market (“RECLAIM”) NO_x regulations. In accordance with these regulations, the SCAQMD established annual NO_x allocations for stationary source facilities based on historical emissions with a declining emissions cap. These allocations are in the form of RECLAIM trading credits (“RTCs”). Facilities can comply with RECLAIM by purchasing RTCs from the RECLAIM market, installing emission controls, and/or reducing operations.

In March 2017, the SCAQMD adopted the 2016 AQMP (as described above) and included a control measure to achieve an additional five tons per day NO_x reduction as soon as feasible but no later than 2025, and to transition the RECLAIM program to a command-and-control regulatory structure requiring Best Available Retrofit Control Technology (“BARCT”) as soon as feasible.

In July 2017, then-Governor Brown approved AB 617 which addresses criteria pollutants (including NO_x) and toxic air contaminants at stationary sources. RECLAIM facilities are subject to the BARCT requirements of AB 617.

RECLAIM working group meetings have been ongoing related to the transition from the market-based RECLAIM program to a command-and-control regulatory structure. The RECLAIM program was originally scheduled to end on December 31, 2023 but is now expected to extend past 2024 after the EPA’s approval of the State Implementation Plan and the resolution of outstanding issues with the New Source Review (“NSR”) Program. The RECLAIM working group has been having discussions regarding the NSR Program and its applicability to major source modifications after exiting the RECLAIM Program. SCAQMD is currently reviewing the current NSR process and is considering comments from stakeholders regarding SCAQMD’s proposed changes to the NSR process. The MGS will transition from RECLAIM to a source-specific NO_x rule for electric generating units that will include NO_x limits reflecting BARCT. SCAQMD Rule 1135, the “command-and-control” rule for electric generating units, was adopted on November 2, 2018. Instead of receiving an annual allocation of emission credits, electric generating units will be required to meet a NO_x emission limit. The NO_x emission limits for simple cycle gas turbines is 2.5 parts per million (ppm) over a 60-minute rolling average. SCAQMD is hosting additional working group meetings for Rule 1135 beginning in May 2021 to amend the rule to include additional startup and shutdown provisions and ammonia slip limits.

Climate Change. Legislative and regulatory responses to climate change and the effects of climate change have impacted, and could impact in the future, the costs and operations of electric utilities, including the Electric System. A number of federal and state laws, rules and regulations that limit carbon dioxide and other GHG emissions from electric generating facilities have been enacted. Absent legislative action by the U.S. Congress, the EPA has authority to regulate carbon dioxide and other GHG emissions under the Clean Air

Act, and any future administrations could promulgate new rules or rules that replace the now-vacated Affordable Clean Energy Rule. Furthermore, changes in temperatures, precipitation and the frequency and severity of extreme weather events (such as tornadoes and flooding) and other impacts of climate change could affect peak demands, the operations of the City's Electric System and the costs of maintaining its facilities and projects. The impacts of these weather events on current and future operations cannot be predicted at this time.

Electric and Magnetic Fields. A number of studies have been conducted regarding the potential long-term health effects of exposure to electric and magnetic fields created by high voltage transmission and distribution equipment. Additional studies are being conducted to determine the relationship between electric and magnetic fields and certain adverse health effects, if any. At this time, it is not possible to predict the extent of the costs and other impacts, if any, which the electric and magnetic fields concerns may have on electric utilities, including the Electric System.

Other Factors

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. In addition to the factors that are discussed above, such factors include, among others: (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above (including those affecting nuclear power plants or potential new energy storage requirements); (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy; (c) effects on the integration and reliability of power supply from the increased usage of renewables; (d) changes resulting from a national energy policy; (e) effects of competition from other electric utilities (including increased competition resulting from a movement to allow direct access or from mergers, acquisitions and "strategic alliances" of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity; (f) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many investor-owned utilities; (g) increased competition from independent power producers and marketers, brokers and federal power marketing agencies; (h) "self-generation" or "distributed generation" (such as microturbines, fuel cells and solar installations) by industrial and commercial customers and others; (i) issues relating to the ability to issue tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with outstanding tax-exempt obligations; (j) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (k) changes from projected future load requirements; (l) increases in costs and uncertain availability of capital; (m) shifts in the availability and relative costs of different fuels (including the cost of natural gas and nuclear fuel); (n) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the past in California; (o) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity; (p) other legislative changes, voter initiatives, referenda and statewide propositions; (q) effects of the changes in the economy, population and demand of customers within a utility's service area; (r) effects of possible manipulation of the electric markets; (s) acts of terrorism or cyber-terrorism; (t) natural disasters or other physical calamities, including, but not limited to, earthquakes, floods and wildfires, and potential liabilities of electric utilities in connection therewith; (u) changes to the climate; and (v) adverse impacts to the market for insurance relating to recent wildfires and other calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risk. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

CONSTITUTIONAL LIMITATIONS ON TAXES AND FEES

Articles XIII C and XIII D of the State Constitution

Proposition 218, a State ballot initiative known as the “Right to Vote on Taxes Act,” was approved by the voters of the State on November 5, 1996. Proposition 218 added Articles XIII C and XIII D to the State Constitution. Article XIII D creates additional requirements for the imposition by most local governments (including the City) of general taxes, special taxes, assessments and “property-related” fees and charges. Property-related fees include many utility charges such as water rates but Article XIII D explicitly exempts fees for the provision of electric service from its provisions. Nevertheless, Proposition 218 could indirectly affect some municipally-owned electric utilities. For example, to the extent that Proposition 218 reduces a city’s general fund revenues, that city could seek to increase the transfers from its electric utility to its general fund. For information on the Indenture provisions limiting the City’s authority to transfer moneys from the Light and Power Fund to the General Fund, see the caption “SECURITY AND SOURCES OF PAYMENT—Transfers to General Fund” and the discussion of Proposition 26 below.

Article XIII C expressly extends the people’s initiative power to reduce or repeal previously-authorized local taxes, assessments and fees and charges. The terms “fees and charges” are not defined in Article XIII C, although the State Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006), that the initiative power described in Article XIII C may apply to a broader category of fees and charges than the property-related fees and charges governed by Article XIII D. Moreover, in the case of *Bock v. City Council of Lompoc*, 109 Cal.App.3d 52 (1980), the Court of Appeal determined that electric rates are subject to the initiative power. Thus, even electric service charges (which are expressly exempted from the provisions of Article XIII D) might be subject to the initiative provisions of Article XIII C, thereby subjecting such fees and charges imposed by the City to reduction by the electorate. The City believes that even if the electric rates of the City are subject to the initiative power, under Article XIII C or otherwise, the electorate of the City would be precluded from reducing electric rates and charges in a manner adversely affecting the payment of the 2021/2022 Bonds by virtue of the “impairment of contracts clause” of the United States and State Constitutions.

Proposition 26 was approved by the voters of the State on November 2, 2010. Proposition 26 amended Articles XIII A and XIII C of the State Constitution to impose a two-thirds voter approval requirement for the imposition of certain fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes and a two-thirds voter approval requirement with respect to fees and charges for special purposes. The initiative, according to its supporters, was intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures, such as Proposition 218, through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope “a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.” The City believes that the initiative was not intended to and would not apply to Electric System rates so long as such rates do not exceed the reasonable costs to the City of providing electric service; however, the City is unable to predict how Proposition 26 will be interpreted by the courts to apply to the provision of utility services by local governments such as the electric service provided by the Electric System.

In *Citizens for Fair REU Rates v. City of Redding*, the Court of Appeal of California, Third Appellate District, held, in an opinion filed January 20, 2015 and modified February 19, 2015, that a municipal utility’s recurring budget transfer from its electric utility fund to its general fund, referred to therein as a payment in lieu of taxes, constitutes a tax under Proposition 26 unless it can be shown that the transferred amount reflects the reasonable costs borne by the city to provide governmental services to the electric utility. The City of Redding appealed the decision to the State Supreme Court, which reversed the judgment of the Court of Appeal on August 27, 2018. The State Supreme Court determined that the budgetary transfer from the City of Redding electric utility to its general fund is not the type of exaction that is subject to Article XIII C of the State Constitution. The State Supreme Court reasoned that it is only the City of Redding electric utility rate,

not the payment in lieu of taxes, that is imposed on customers for electric service. The State Supreme Court concluded that because the total rate revenue of the electric utility was insufficient to cover the electric utility's uncontested operating expenses (other than the payment to the General Fund) in the years at issue, the challenged rate did not exceed the reasonable costs of providing electric service, and therefore did not constitute a tax.

The City annually transfers certain amounts from the Light and Power Fund to the City's General Fund as discussed under the caption "SECURITY AND SOURCES OF PAYMENT—Transfers to General Fund," and sets its rates and its budget with the expectation that certain transfers will be made to the City in accordance with the restrictions that are set forth in the Indenture. In the event that General Fund transfers are further restricted, the City does not believe that any such further restrictions would have a material adverse effect on the financial position of the Electric System. However, any such further restrictions on transfers may cause the City to evaluate new strategies to generate revenues to fund services provided by the City.

Future Initiatives

Articles XIII C and XIII D limit the ability of governmental agencies to increase certain fees and charges. Such articles were adopted pursuant to measures which qualified for the ballot pursuant to the State's Constitutional initiative process. While the City believes that Articles XIII C and XIII D do not affect the Electric System's rates and charges so long as the rates do not exceed the reasonable costs to the City of providing the utility services, from time to time other initiative measures could be adopted by State voters. The adoption of any such initiatives might place limitations on the ability of the City and its Electric System to increase revenues.

APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the 2021 Bonds and the 2022 Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, acting as Bond Counsel. The forms of such legal opinions are attached hereto as Appendix C, and such legal opinions will be attached to each 2021 Bond or 2022 Bond, as applicable. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by the City Attorney, for the Underwriter by its counsel, Chapman and Cutler LLP, and for the Trustee by its counsel.

LITIGATION

At the respective times of delivery of and payment for the 2021 Bonds and the 2022 Bonds, as applicable, the City will certify substantially to the effect that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the City, threatened against the City affecting the existence of the City or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2021 Bonds or the 2022 Bonds, as the case may be, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the 2021 Bonds or the 2022 Bonds, as applicable, the Indenture, or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the 2021 Bonds or the 2022 Bonds, as applicable, or any action of the City contemplated by any of said documents, nor to the knowledge of the City, is there any basis therefor.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, and, for the 2022 Bonds, subject to the satisfaction of certain conditions and to the occurrence of certain events

described herein under the caption “FORWARD DELIVERY OF THE 2022 BONDS,” interest (and original issue discount) on the 2021/2022 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2021/2022 Bonds is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2021/2022 Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 (the “Code”) that must be satisfied subsequent to the issuance of the 2021/2022 Bonds to assure that interest (and original issue discount) on the 2021/2022 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2021/2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2021/2022 Bonds. The City has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2021/2022 Bond (the first price at which a substantial amount of the 2021/2022 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2021/2022 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner’s basis in the applicable 2021/2022 Bond. The amount of original issue discount that accrues to the Beneficial Owner of a 2021/2022 Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a 2021/2022 Bondowner’s original basis for determining loss on sale or exchange in the applicable 2021/2022 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2021/2022 Bondowner’s basis in the applicable 2021/2022 Bond (and the amount of tax-exempt interest received with respect to the 2021/2022 Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2021/2022 Bondowner realizing a taxable gain when a 2021/2022 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2021/2022 Bond to the Owner. Purchasers of the 2021/2022 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2021/2022 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2021/2022 Bonds might be affected as a result of such an audit of the 2021/2022 Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2021/2022 Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2021/2022 Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2021/2022 BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE 2021/2022 BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2021/2022 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2021/2022 BONDS. NO ASSURANCE CAN

BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2021/2022 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2021/2022 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2021/2022 BONDS.

Bond Counsel's opinions with respect to the 2021/2022 Bonds may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2021/2022 Bonds, as applicable, permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any 2021/2022 Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2021/2022 Bonds is excluded from gross income for federal income tax purposes provided that the City continues to comply with certain requirements of the Code, the ownership of the 2021/2022 Bonds and the accrual or receipt of interest (and original issue discount) on the 2021/2022 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2021/2022 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2021/2022 Bonds.

Should interest (and original issue discount) on the 2021/2022 Bonds become includable in gross income for federal income tax purposes, the 2021/2022 Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

Copies of the proposed forms of opinions of Bond Counsel are attached hereto as Appendix C.

RATINGS

The City expects that S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), and Moody's Investors Service, Inc. ("Moody's") will assign the 2021/2022 Bonds the ratings of "___" and "___", respectively. There is no assurance that any credit rating that is given to the 2021/2022 Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by the applicable rating agency if, in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2021/2022 Bonds. The ratings reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained from S&P or Moody's, as applicable. Generally, a rating agency bases its ratings on the information and materials that are furnished to it (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions of its own.

The City will covenant in separate Continuing Disclosure Agreements to file notices of any rating changes on the 2021 Bonds or the 2022 Bonds, as applicable, with EMMA. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to rating changes on the 2021/2022 Bonds may be publicly available from the rating agencies prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Purchasers of the 2021/2022 Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the 2021/2022 Bonds after the respective initial issuances of the 2021 Bonds and 2022 Bonds.

In providing a rating on the 2021/2022 Bonds, S&P or Moody's may have performed independent calculations of debt service coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Indenture. The City makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

MUNICIPAL ADVISOR

The City has retained BLX Group LLC as municipal advisor (the "**Municipal Advisor**") in connection with the issuance of the 2021/2022 Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING OF THE 2021 BONDS

The 2021 Bonds will be purchased by Goldman Sachs & Co. LLC (the "**Underwriter**"), pursuant to a purchase contract, dated the date hereof (the "**Purchase Contract**"), by and between the City and the Underwriter. Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the 2021 Bonds for an aggregate purchase price of \$_____ (representing the principal amount of the 2021 Bonds, less an Underwriter's discount of \$_____, plus/less a net original issue premium/discount of \$_____). The Purchase Contract provides that the Underwriter will purchase all of the 2021 Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The 2022 Bonds are also being purchased by the Underwriter from the City on a forward delivery basis as described below under the caption "FORWARD DELIVERY OF THE 2022 BONDS."

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2021 Bonds to certain dealers (including dealers depositing 2021 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter and its affiliates are full service financial institutions 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. The Underwriter has provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their 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 account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. 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.

FORWARD DELIVERY OF THE 2022 BONDS

General

The 2022 Bonds are being purchased by the Underwriter from the City on a forward delivery basis, subject to the satisfaction of certain terms and conditions of a Forward Delivery Purchase Contract (the “**Forward Delivery Purchase Contract**”) between the City and the Underwriter. The Underwriter has agreed, subject to the satisfaction of certain terms and conditions of the Forward Delivery Purchase Contract, certain of which are described below, to purchase the 2022 Bonds for delivery by the City on or about May __, 2022 (the “**Settlement Date**”) at purchase price of \$_____ (which reflects a \$_____ Underwriter’s discount and net original issue premium/discount of \$_____). The Forward Delivery Purchase Contract provides that the Underwriter will purchase all of the 2022 Bonds if any are purchased. It is anticipated that the 2022 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about the Settlement Date, subject to the satisfaction of the terms and conditions of the Forward Delivery Purchase Contract.

During the period of time between the date of this Official Statement and the Settlement Date (the “**Delayed Delivery Period**”), certain information contained in this Official Statement may change in a material respect. The City has agreed to amend this Official Statement (the “**Updated Official Statement**”) to the extent necessary to assure its accuracy as of a date not more than twenty-five (25) and not less than ten (10) days prior to the Settlement Date, and to provide copies of the Updated Official Statement, if any, to the Underwriter at such time.

Between the date of delivery of the 2021 Bonds and the date of delivery of the Updated Official Statement, the City has agreed to cooperate with the Underwriter in the updating from time to time of this Official Statement or other offering document for the 2022 Bonds if (i) following the receipt of a request from the Underwriter to update this Official Statement or such other offering document, the City determines that such updating is required to comply with federal or state securities laws or (ii) the Underwriter and the City each determine and agree that such updating would be desirable in connection with marketing the 2022 Bonds.

Certain Terms Concerning Forward Delivery

Under the Forward Delivery Purchase Contract, the Underwriters are not required to purchase the 2022 Bonds if, among other conditions, (1) there has been a Change in Law (as defined below); (2) the House of Representatives or the Senate of the Congress of the United States, or a committee of either, shall have pending before it, or shall have passed or recommended favorably, legislation which, if enacted in the form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Electric System or by any similar body or upon interest received on the 2022 Bonds, or obligations of the general character of the 2022 Bonds, or causing interest on the 2022 Bonds, or obligations of the general character of the 2022 Bonds, to be includable in gross income for purposes of federal income taxation; (3) any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State is either enacted, issued, effective, or adopted, that would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Electric System or by any similar body or upon interest received on the 2022 Bonds, or obligations of the general character of the 2022 Bonds, or causing interest on the 2022 Bonds, or obligations of the general character of the 2022 Bonds, to be includable in gross income for purposes of federal and State income taxation ; (4) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities Exchange Commission which has the effect of requiring the 2022 Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Indenture under the Trust Indenture Act of 1939, as amended; (5) a general banking moratorium has been declared by federal, New York or California authorities and it is in effect as of the Settlement Date; (6) an order, decree or injunction of any court of competent jurisdiction shall be rendered, or any order, ruling , regulation or official statement by the U.S. Securities and Exchange Commission shall be

issued which has the effect of making the issuance and sale of the 2022 Bonds to be in violation of the federal securities laws, as amended; (7) this Official Statement, as of the delivery date of the 2021 Bonds, or the Updated Official Statement, as of its date and as of the Settlement Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (8) an event of default, technical or otherwise, has occurred and is continuing on the Settlement Date under the Indenture; (9) evidence of then current ratings on the 2022 Bonds from S&P and Moody's as reflected in the Updated Official Statement is not delivered; and (10) there has been a material adverse change in the business, properties, assets, results of operations, financial position or affairs of the Electric System or the City (and affecting the Electric System) that, in the reasonable judgment of the Underwriter, materially adversely affects the market price or the marketability of the 2022 Bonds.

A "Change in Law" means (i) any change in or addition to applicable federal or State law, whether statutory or as interpreted by the courts or by federal or State agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or State agencies, (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date that is on or before the date of Settlement), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date that is on or before the date of Settlement) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the 2022 Bonds or selling the Bonds or beneficial ownership interests therein to the public or, (B) as to the City, would make the completion of the issuance, sale or delivery of the 2022 Bonds illegal.

Delayed Delivery Contract

The Underwriter has advised the City that the 2022 Bonds may be sold to investors who execute the Delayed Delivery Contract in substantially the form attached hereto as Appendix F. The Delayed Delivery Contract sets forth certain terms, conditions and representations of the investors who commit thereunder to purchase the 2022 Bonds from the Underwriter if and when they are issued. The proposed form of Delayed Delivery Contract is attached as Appendix F at the request and for the convenience of the Underwriter. The City will not be a party to any Delayed Delivery Contract and the City is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Purchase Contract are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Certain Considerations

Issuance and delivery of the 2022 Bonds will be dependent on receipt by the City of the opinion of Bond Counsel to the effect set forth in Appendix C on the Settlement Date and of certain other documents required by the Forward Delivery Purchase Contract, and payment of the purchase price by the Underwriter in accordance with the Forward Delivery Purchase Contract on the Settlement Date.

Bond Counsel could be prevented from rendering its opinion on the Settlement Date with respect to the 2022 Bonds as a result of (i) changes or proposed changes, prior to the Settlement Date, in federal or California state laws, court decisions, regulations or proposed regulations, or rulings of administrative agencies or (ii) the failure of the City to provide closing documents, satisfactory to Bond Counsel, of the type customarily required in connection with the issuance of tax-exempt bonds, such as certificates to the effect that the proceedings of the City with respect to the issuance of the 2022 Bonds have not been amended or repealed, in a manner detrimental to holders of the 2022 Bonds, by executive, legislative or administrative action.

Rating Risk

S&P and Moody's have each issued their rating for the 2022 Bonds. See "RATINGS" above. No assurance can be given that at the Settlement Date of the 2022 Bonds, such ratings will continue to be in effect.

The Underwriter may not terminate its obligation to purchase the 2022 Bonds unless evidence of then current ratings on the 2022 Bonds from S&P and Moody's as reflected in the Updated Official Statement is not delivered. The ratings in effect as of the Settlement Date need not be the same ratings that were expected as of the issuance of the 2022 Bonds.

Secondary Market Risk

The Underwriter is not obligated to make a secondary market in the 2022 Bonds and no assurance can be given that a secondary market will exist for the 2022 Bonds, including during the Delayed Delivery Period. Prospective purchasers of the 2022 Bonds should assume that there will be no secondary market during the Delayed Delivery Period.

Market Value Risk

The market value of the 2022 Bonds as of the Settlement Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the 2022 Bonds, the financial condition and business operations of the City and federal and state income tax and other laws. Thus, the market value of the 2022 Bonds on the Settlement Date could be greater or less than the agreed purchase price to be paid by the initial purchasers of the 2022 Bonds, and that difference could be substantial. Neither the City nor the Underwriter make any representation as to the market value of the 2022 Bonds as of the Settlement Date.

Federal Tax Proposals

The Forward Delivery Purchase Contract obligates the City to deliver and the Underwriter to acquire the 2022 Bonds if, among other things, the City delivers an opinion of Bond Counsel substantially in the form set forth in Appendix C hereto to the effect that the interest on the 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. It is possible that certain bills could be introduced (or that bills previously introduced could be amended) in the U.S. Congress that, if adopted, would reform the system of federal taxation. Those bills could (i) eliminate the tax exemption granted under Section 103 of the Code to interest payable on "state or local bonds" such as the 2022 Bonds, or (ii) diminish the value of the federal tax exemption granted interest on such bonds under the current system of federal income taxation. If, however, legislation only diminishes the value of the tax exemption, and the City satisfies the requirements for the delivery of the 2022 Bonds set forth in the Forward Delivery Purchase Contract, then the Underwriter would still be required to accept delivery of the 2022 Bonds at the Settlement Date. Prospective purchasers of the 2022 Bonds are encouraged to consult their tax advisors regarding the likelihood that such bills would be introduced or amended or enacted and the consequences of such enactment to the purchasers.

CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Agreement, dated the date of delivery of the 2021 Bonds (the "**2021 Bonds Continuing Disclosure Agreement**"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the "**Dissemination Agent**") for the benefit of the holders and Beneficial Owners of the 2021 Bonds to provide certain financial information and operating data relating to the City by not later than April 1 following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), commencing on April 1, 2022 with the report for the Fiscal Year ended June 30, 2021, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with EMMA, which is maintained on the Internet at <http://emma.msrb.org/>.

The City will also covenant in a Continuing Disclosure Agreement, to be dated the date of delivery of the 2022 Bonds (the "**2022 Bonds Continuing Disclosure Agreement**"), by and between the City and the Dissemination Agent for the benefit of the holders and Beneficial Owners of the 2022 Bonds to an Annual Report, commencing on April 1, 2023 with the report for the Fiscal Year ended June 30, 2022, and to provide

notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with EMMA.

The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in Appendix E. These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission (the “**Rule**”).

The City has not failed to comply in all material respects with its continuing disclosure undertakings in the past five years. In order to ensure compliance with its continuing disclosure undertakings under the Rule in the future, the City has appointed the Dissemination Agent to coordinate, on behalf of the City, the preparation and filing of Annual Reports by the City.

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the 2021/2022 Bonds.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2021/2022 Bonds.

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

CITY OF VERNON

By: _____
City Administrator

APPENDIX A
FINANCIAL STATEMENTS

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

[TO COME FROM BOND COUNSEL]

APPENDIX C

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

On the date of delivery of the 2021 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery of the 2021 Bonds]

City of Vernon
4305 South Santa Fe Avenue
Vernon, California 90058

Re: City of Vernon Electric System Revenue Bonds, 2021 Series A

Members of the City Council:

We have examined a certified copy of the record of the proceedings of the City of Vernon (the “City”) relative to the issuance of the \$_____ City of Vernon Electric System Revenue Bonds, 2021 Series A (the “2021 Bonds”), dated the date hereof, and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchaser of the 2021 Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2021 Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2008, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented, including as supplemented by the Sixth Supplemental Indenture of Trust, dated as of December 1, 2021 (collectively, the “Indenture”). The 2021 Bonds mature on the dates and in the amounts referenced in the Indenture. The 2021 Bonds are dated their date of delivery and bear interest at the rates per annum referenced in the Indenture. The 2021 Bonds are registered in the form set forth in the Indenture.

Based on our examination of existing law as Bond Counsel, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The proceedings of the City show lawful authority for the issuance and sale of the 2021 Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the City. Assuming due authorization, execution and delivery by the Trustee, as appropriate, the 2021 Bonds and the Indenture are valid and binding obligations of the City enforceable against the City in accordance with their terms.

2. The obligation of the City to make the payments of principal of and interest on the 2021 Bonds from Net Revenues (as such term is defined in the Indenture) is an enforceable obligation of the City and does not constitute an indebtedness of the City in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2021 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest (and original issue discount) on the 2021 Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a 2021 Bond (the first price at which a substantial amount of the 2021 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2021 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2021 Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2021 Bond Owner will increase the 2021 Bond Owner's basis in the applicable 2021 Bond. The amount of original issue discount that accrues to the 2021 Bond Owner is excluded from the gross income of such 2021 Bond Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 3 above) and is exempt from State of California personal income tax.

6. The amount by which a 2021 Bond Owner's original basis for determining loss on sale or exchange in the applicable 2021 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the 2021 Bond Owner's basis in the applicable 2021 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2021 Bond premium may result in a 2021 Bond Owner realizing a taxable gain when a 2021 Bond is sold by the 2021 Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2021 Bond to the 2021 Bond Owner. Purchasers of the 2021 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2021 Bonds are based upon certain representations of fact and certifications made by the City and are subject to the condition that the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of the 2021 Bonds to assure that such interest (and original issue discount) on the 2021 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2021 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2021 Bonds. The City has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement ends as of the date of issuance of the 2021 Bonds. The Indenture and the Tax Certificate relating to the 2021 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2021 Bonds for federal income tax purposes with respect to any 2021 Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other provisions of the Code may give rise to adverse federal income tax consequences to particular 2021 Bond Owners. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2021 Bonds.

By delivering this letter, we are not expressing any 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 Indenture or the 2021 Bonds, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the 2021 Bonds or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters which are not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2021 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2021 Bonds or other offering material relating to the 2021 Bonds and expressly disclaim any duty to advise the owners of the 2021 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

On the date of delivery of the 2022 Bonds, subject to the terms and conditions of the Forward Delivery Purchase Contract (as defined in the Official Statement), Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery of the 2022 Bonds]

City of Vernon
4305 South Santa Fe Avenue
Vernon, California 90058

Re: City of Vernon Electric System Revenue Bonds, 2022 Series A

Members of the City Council:

We have examined a certified copy of the record of the proceedings of the City of Vernon (the “City”) relative to the issuance of the \$_____ City of Vernon Electric System Revenue Bonds, 2022 Series A (the “2022 Bonds”), dated the date hereof, and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchaser of the 2022 Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2022 Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2008, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented, including as supplemented by the Seventh Supplemental Indenture of Trust, dated as of December 1, 2021 (collectively, the “Indenture”). The 2022 Bonds mature on the dates and in the amounts referenced in the Indenture. The 2022 Bonds are dated their date of delivery and bear interest at the rates per annum referenced in the Indenture. The 2022 Bonds are registered in the form set forth in the Indenture.

Based on our examination of existing law as Bond Counsel, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The proceedings of the City show lawful authority for the issuance and sale of the 2022 Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the City. Assuming due authorization, execution and delivery by the Trustee, as appropriate, the 2021 Bonds and the Indenture are valid and binding obligations of the City enforceable against the City in accordance with their terms.

2. The obligation of the City to make the payments of principal of and interest on the 2022 Bonds from Net Revenues (as such term is defined in the Indenture) is an enforceable obligation of the City and does not constitute an indebtedness of the City in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2022 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest (and original issue discount) on the 2022 Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a 2022 Bond (the first price at which a substantial amount of the 2022 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2022 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2022 Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2022 Bond Owner will increase the 2022 Bond Owner's basis in the applicable 2022 Bond. The amount of original issue discount that accrues to the 2022 Bond Owner is excluded from the gross income of such 2022 Bond Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 3 above) and is exempt from State of California personal income tax.

6. The amount by which a 2022 Bond Owner's original basis for determining loss on sale or exchange in the applicable 2022 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the 2022 Bond Owner's basis in the applicable 2022 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2022 Bond premium may result in a 2022 Bond Owner realizing a taxable gain when a 2022 Bond is sold by the 2022 Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2022 Bond to the 2022 Bond Owner. Purchasers of the 2022 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2022 Bonds are based upon certain representations of fact and certifications made by the City and are subject to the condition that the City complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the 2022 Bonds to assure that such interest (and original issue discount) on the 2022 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2022 Bonds. The City has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement ends as of the date of issuance of the 2022 Bonds. The Indenture and the Tax Certificate relating to the 2022 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2022 Bonds for federal income tax purposes with respect to any 2022 Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2022 Bonds.

By delivering this letter, we are not expressing any 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 Indenture or the 2022 Bonds, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the 2022 Bonds or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters which are not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2022 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar

laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2022 Bonds or other offering material relating to the 2022 Bonds and expressly disclaim any duty to advise the owners of the 2022 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX D

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book entry only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2021/2022 Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the 2021/2022 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2021 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2021/2022 Bonds. The 2021/2022 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 2021/2022 Bond will be issued for each annual maturity of the 2021/2022 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

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

Purchases of 2021/2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021/2022 Bonds ("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 2021/2022 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 bonds representing their ownership interests in 2021/2022 Bonds, except in the event that use of the book entry system for the 2021/2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2021/2022 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 2021/2022 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 2021/2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021/2022 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 2021/2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021/2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2021/2022 Bonds documents. For example, Beneficial Owners of 2021/2022 Bonds may wish to ascertain that the nominee holding the 2021/2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2021/2022 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2021/2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 2021/2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2021/2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2021/2022 Bond Owner shall give notice to elect to have its 2021/2022 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2021/2022 Bond by causing the Direct Participant to transfer the Participant's interest in the 2021/2022 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2021/2022 Bond in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2021/2022 Bond are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2021/2022 Bond to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2021/2022 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, 2021/2022 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK ENTRY ONLY SYSTEM IS USED FOR THE 2021/2022 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2021/2022 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

At the respective times of issuance of the 2021 Bonds and the 2022 Bonds, there will be executed and delivered separate Continuing Disclosure Agreements each in substantially the following form:

This Continuing Disclosure Agreement (the “**Disclosure Agreement**”) is executed and delivered by and between the City of Vernon (the “**City**”) and The Bank of New York Mellon Trust Company, N.A., in its capacity as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of the [City of Vernon Electric System Revenue Bonds, 2021 Series A] [City of Electric System Revenue Bonds, 2022 Series A] in an aggregate principal amount of \$____ (the “**Bonds**”). The Bonds are being issued by the City pursuant to the provisions of that certain Indenture of Trust, dated as of September 1, 2008, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), as amended and supplemented, including as supplemented by the [Sixth] [Seventh] Supplemental Indenture of Trust, dated as of December 1, 2021 (collectively, the “**Indenture**”). The City and the Dissemination Agent hereby certify, covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean each April 1 after the end of the City’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Beneficial Owner*” shall mean any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean, initially, The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the City and has filed with the then-current Dissemination Agent a written acceptance of such designation.

“*Financial Obligation*” shall mean a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“*Listed Events*” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*Official Statement*” shall mean the Official Statement dated _____, 20__, relating to the Bonds.

“*Participating Underwriter*” shall mean Goldman Sachs & Co. LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing [April 1, 2022][April 1, 2023] with the Annual Report for fiscal year [2020-21][2021-22], provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement; provided that the filing of the Official Statement with the MSRB shall constitute compliance with this obligation for the first Annual Report Date. Not later than 15 calendar days prior to such date, the City shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the City. The Annual Report must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the City may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City in a timely manner shall send to the MSRB a notice in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to the MSRB by the date required in subsection (a);
2. file a report with the City and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and
3. take any other actions as are mutually agreed upon between the Dissemination Agent and the City.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of Electric Fund of the City (Vernon Public Utilities) for the prior fiscal year, which include information regarding the funds and accounts of the Electric System, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time that the Annual Report is required to be filed pursuant to Section 3(a),

the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update of the information for the prior fiscal year only in substantially the form set forth in the following tables in the Official Statement under the caption “THE ELECTRIC SYSTEM”:

1. Resources Used to Satisfy City Load Requirements;
2. Average Billing Price (Cents per Kilowatt Hour); and
3. Customers, Retail Energy Sales, Revenues and Demand.

(c) An update of the information for the prior fiscal year only in substantially the form set forth in the following tables in the Official Statement under the caption “ELECTRIC SYSTEM FINANCIAL INFORMATION”:

1. Historical Revenues, Expenses and Debt Service Coverage Under Indenture.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, that are available to the public on the MSRB’s Internet website or filed with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. Principal and interest payment delinquencies.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
6. Tender offers.
7. Defeasances.
8. Rating changes.
9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law

in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

1. Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.
2. Modifications to the rights of Bondholders.
3. Bond calls.
4. Release, substitution or sale of property securing repayment of the Bonds.
5. Non-payment related defaults.
6. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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.
7. Appointment of a successor or additional trustee or the change of the name of a trustee.
8. Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) If the City determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the City, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the City determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the City, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The City hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the City and, if the Dissemination Agent is other than the City, the Dissemination Agent shall not be responsible for determining whether the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the City and the Dissemination Agent specified in this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 7. Dissemination Agent. The City may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the City shall act as Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver: (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of Bond owners.

The City shall describe any amendment to this Disclosure Agreement in the next Annual Report filed after such amendment takes effect.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of

occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provisions of this Disclosure Agreement, any Participating Underwriter or any holder or Beneficial Owner of the Bonds, or the Trustee on behalf of the holders of the Bonds (after receiving indemnification to its satisfaction), may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Agreement, and has no liability to any person, including any holder of Bonds, with respect to the content of any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the City. The City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the City pursuant to this Disclosure Agreement. The City shall pay the reasonable fees and expenses of the Dissemination Agent for its duties as described hereunder.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the City) and to the City as follows:

City: City of Vernon
4305 South Santa Fe Avenue
Vernon, California 90058
Attention: City Administrator

Dissemination Agent: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust
Reference: City of Vernon 2020 Electric Bonds

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: ____ __, 20__

CITY OF VERNON

By: _____
City Administrator

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.
as Dissemination Agent

By: _____
Authorized Signatory

APPENDIX F
FORM OF DELAYED DELIVERY CONTRACT

EXHIBIT G
FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT (2012AB BONDS)

THIS ESCROW AGREEMENT (2012AB BONDS), dated as of December 1, 2021 (the “**Agreement**”), by and between the City of Vernon (the “**City**”) and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Escrow Agent**”) and as Trustee (as such term is defined herein), is entered into in accordance with a resolution of the City adopted on November 30, 2021 and an Indenture of Trust, dated as of September 1, 2008 (as amended and supplemented, including by the Third Supplemental Indenture of Trust, dated as of January 1, 2012, the “**Indenture**”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

RECITALS

A. Pursuant to the Indenture, the City has previously issued its Electric System Revenue Bonds, 2012 Series A (the “**2012A Bonds**”) in the aggregate principal amount of \$37,640,000, all of which is currently outstanding, and its Electric System Revenue Bonds, 2012 Taxable Series B (the “**2012B Bonds**”) in the aggregate principal amount of \$35,100,000, all of which is currently outstanding.

B. The City has determined that it is in the best interests of the City to defease and redeem all of the outstanding 2012A Bonds and a portion of the outstanding 2012B Bonds as described in Schedule A hereto (the “**Refunded 2012B Bonds**”) and together with the 2012A Bonds, the “**Refunded Bonds**”).

C. The City has determined to issue its Electric System Revenue Bonds, 2022 Series A (the “**2022 Bonds**”) under the Indenture, a portion of the proceeds of which, together with other available monies, will be applied to pay, on August 1, 2022 (the “**Redemption Date**”), the principal amount of the Refunded Bonds maturing after the Redemption Date to be refunded, without premium, plus accrued, unpaid interest to the Redemption Date (the “**Redemption Price**”);

C. The City will irrevocably deposit moneys with the Escrow Agent, which moneys will be held as cash or will be used to purchase the securities that are described on Schedule B hereto (the “**Federal Securities**”) (as permitted by, in the manner prescribed by and all in accordance with the Indenture). Such Federal Securities (if any) satisfy the criteria for “Defeasance Securities” set forth in Section 9.02 of the Indenture, and the principal of and interest on such Federal Securities when paid, together with other moneys contributed by the City as described herein, will provide funds which will be fully sufficient to pay and discharge the Refunded Bonds on the Redemption Date.

AGREEMENT

SECTION 1. Deposit of Moneys. On the date of delivery of the 2022 Bonds, the City will cause the Trustee to transfer a portion of the proceeds of the 2022 Bonds in the amount of \$ _____ to the Escrow Agent for deposit in the Escrow Fund established hereunder. The City also hereby directs the Trustee to transfer on such date \$ _____ from amounts held in the Debt Service Reserve Fund under the Indenture to the Escrow Agent for deposit in the Escrow Fund.

The Escrow Agent will hold such amounts in an irrevocable escrow separate and apart from other funds of the City and the Escrow Agent in a fund hereby created and established to be known as the “**Escrow Fund**” and to be applied solely as provided in this Agreement. The City represents that the sum of the amounts set forth above to be deposited in the Escrow Fund are at least equal to an amount that is sufficient to pay the Redemption Price of the Refunded Bonds on the Redemption Date.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest any moneys deposited or transferred to the Escrow Fund in the Federal Securities (if any) listed on Schedule B and to deposit such Federal Securities (if any) in the Escrow Fund. The City agrees to deliver to the Escrow Agent on or prior to the date of delivery of the 2022 Bonds a completed Schedule B that sets forth such Federal Securities (if any). All other amounts in the Escrow Fund, or if no Federal Securities are set forth in the completed Schedule B delivered pursuant hereto, all amounts, not so invested shall be held as cash.

The Escrow Agent shall be entitled to rely upon the conclusion of Causey Demgen & Moore P.C. (the “**Verification Agent**”) that the Federal Securities listed on Schedule B (if any) mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay, on the Redemption Date, the Redemption Price of the outstanding Refunded Bonds maturing after the Redemption Date.

SECTION 3. Reinvestment of Any Remaining Moneys. At the written direction of the City, together with an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that reinvestment is permitted under the legal documents in effect with respect to the Refunded Bonds and will not have an adverse effect on the tax status of the Refunded Bonds, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the City, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the Redemption Price of the outstanding Refunded Bonds maturing after the Redemption Date. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the City with respect to the refunding of the Refunded Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to the City promptly upon the receipt of such interest income by the Escrow Agent. The determination of the City as to whether an accountant qualifies under this Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the City, and subject to the conditions and limitations that are set forth herein and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the City has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the

substitution of securities is permitted under the legal documents in effect with respect to the Refunded Bonds and will not have an adverse effect on the tax status of the Refunded Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the Redemption Price of the outstanding Refunded Bonds maturing after the Redemption Date. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Bonds.

(a) Payment. From the maturing principal of the Federal Securities (if any) and the investment income and other earnings thereon (if any), and the moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer to the Trustee for the Trustee to pay, on the Redemption Date, the Redemption Price of the Refunded Bonds maturing after the Redemption Date, all as indicated on Schedule C. Any moneys remaining in the Escrow Fund after payment of the Refunded Bonds in full as provided in this Section 5(a) shall be transferred by the Escrow Agent to the Trustee to be applied to the payment of interest on the 2022 Bonds.

(b) Irrevocable Instructions to Provide Notice. The notice of redemption that is required to be mailed pursuant to Section 4.05 and Article IX of the Indenture is substantially in the form attached hereto as Exhibit I. The notice of defeasance that is required to be mailed pursuant to Section 9.02 is substantially in the form attached hereto as Exhibit II. The City hereby irrevocably instructs the Trustee to mail a notice of redemption (not more than 60 nor less than 30 days before the Redemption Date) and a notice of defeasance (as soon as practicable after the deposit to be made to the Escrow Fund as described in Section 1 hereof has been made) of the Refunded Bonds to the parties that are described in and otherwise in accordance with Section 4.05 and Article IX of the Indenture (including the Municipal Securities Rulemaking Board), respectively, as required to provide for the redemption and defeasance of the Refunded Bonds in accordance with the Indenture and this Section 5.

(c) Unclaimed Moneys. Any moneys in the Escrow Fund which remain unclaimed after the Redemption Date shall be repaid by the Escrow Agent to the City.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon the deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1: (i) the Refunded Bonds shall be deemed to be no longer Outstanding (as such term is defined in the Indenture) and from and after the Redemption Date the Refunded Bonds will cease to bear further interest; (ii) the pledge of and lien on the Trust Estate under the Indenture and all covenants, agreements and obligations of the City contained therein, will cease and terminate and be completely discharged and satisfied and the City will be released therefrom in respect of the Refunded Bonds, except as set forth in the Indenture; and (iii) the Refunded Bonds shall be deemed to have been paid and all liability of the City in respect of the Refunded Bonds will cease, terminate and be completely discharged, except as set forth in the Indenture.

SECTION 6. Application of Certain Terms of the Indenture. All of the terms of the Indenture relating to the making of payments of principal of and interest on the Refunded Bonds and relating to the exchange or transfer of the Refunded Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VIII of the Indenture relating to the resignation and removal and merger of the Trustee are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties that are set forth herein and shall have no responsibility to take any action or omit to take any action that is not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2, 3 and 4 hereof, the Escrow Agent shall have no power or duty to invest any funds that are held hereunder or to sell, transfer or otherwise dispose of the moneys or securities that are held hereunder.

SECTION 9. Indemnity. The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the City shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, agents, employees and servants. In no event shall the City or the Escrow Agent be liable to any person by reason of the transactions that are contemplated hereby other than to each other as set forth in this Section. The indemnities that are contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the sufficiency of the moneys held in the Escrow Fund to pay the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent that is made in good faith in the conduct of its duties. The recitals of fact that are contained herein shall be taken as the statements of the City, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the City and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this

Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. In no event shall the Escrow Agent be liable for any special indirect or consequential damages. The Escrow Agent may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the City.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Agreement and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the City with periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the City, provided that the Escrow Agent is not obligated to provide an accounting for any fund or

account that: (a) has a balance of \$0.00; and (b) has not had any activity since the last reporting date. Upon the City's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of securities that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the City with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the City. In the absence of investment instructions from the City, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the City's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent may conclusively rely, as to the trust and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Agreement, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent in accordance with this Agreement and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any facts or matter stated in such notice, instruction, request, certificate or opinion.

The liability of the Escrow Agent to make any payments under the Agreement shall be limited to the funds in the Escrow Fund.

SECTION 11. Amendments. This Agreement is made for the benefit of the City and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the City; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A

Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded Bonds or that any instrument that is executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked, the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded Bonds.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 14. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the City; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services that are rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void, shall be deemed separate from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 19. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the City.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the

Escrow Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

SECTION 21. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds thereof and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the City in writing of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 22. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 400 South Hope Street, Suite 500, Los Angeles, California 90071, Attention: Corporate Trust, Reference: City of Vernon Series 2012A and Series 2012B. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or other electronic transmission, overnight mail or courier or mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the City at 4305 South Santa Fe Avenue, Vernon, California 90058 (or such other address as may have been filed in writing by the City with the Escrow Agent).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF VERNON

By: _____
City Administrator

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Escrow Agent and Trustee

By: _____
Authorized Officer

SCHEDULE A
REFUNDED BONDS

Refunded 2012A Bonds

<i>Maturity Date (August 1)</i>	<i>Interest Rate</i>	<i>Principal Amount Outstanding*</i>	<i>CUSIP (Base: 924397)</i>
2030	5.000%	\$ 4,645,000	CL4
2033	5.125	4,155,000	CM2
2041	5.500	28,840,000	CN0

* To be refunded in full.

Refunded 2012B Bonds

<i>Maturity Date (August 1)</i>	<i>Interest Rate</i>	<i>Principal Amount Outstanding</i>	<i>Principal Amount to be Refunded</i>	<i>CUSIP (Base: 925397)</i>
2023	6.250%	\$6,565,000		CQ3
2024	6.250	6,990,000		CR1
2025	6.375	7,440,000		CS9
2026	6.500	7,940,000		CT7

SCHEDULE B
FEDERAL SECURITIES

Moneys deposited in the Escrow Fund shall be invested as follows:

<i>Type of Security</i>	<i>Maturity Date</i>	<i>Par Amount</i>	<i>Interest Rate</i>
			%

[PER SECTION 2 COMPLETED SCHEDULE B IS TO BE PROVIDED
ON OR BEFORE THE DATE OF DELIVERY OF THE 2022 BONDS]

SCHEDULE C
ESCROW REQUIREMENTS

The escrow requirements for the 2012A Bonds are as follows:

<i>Date</i>	<i>Interest</i>	<i>Principal to be Redeemed</i>	<i>Call Premium</i>	<i>Total Requirement</i>
08/01/22		\$37,640,000.00	\$0	

The escrow requirements for the 2012B Bonds are as follows:

<i>Date</i>	<i>Interest</i>	<i>Principal to be Redeemed</i>	<i>Call Premium</i>	<i>Total Requirement</i>
08/01/22		\$	\$0	

EXHIBIT I

NOTICE OF OPTIONAL REDEMPTION

CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS,
2012 SERIES A

CITY OF VERNON
ELECTRIC SYSTEM REVENUE BONDS,
2012 TAXABLE SERIES B

Base CUSIP Number: 924397

Redemption Date: August 1, 2022

NOTICE IS HEREBY GIVEN to the owners of the City of Vernon Electric System Revenue Bonds, 2012 Series A (the “2012A Bonds”) and 2012 Taxable Series B (the “2012B Bonds”) of the City of Vernon (the “City”) that, pursuant to the Indenture of Trust, dated as of September 1, 2008 (as amended and supplemented, including by the Third Supplemental Indenture of Trust, dated as of January 1, 2012, the “Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the 2012A Bonds in the principal amount of \$37,640,000 and a portion of the 2012B Bonds in the principal amount of \$[23,595,000] (the “Refunded 2012B Bonds” and together with the 2012A Bonds, the “Refunded Bonds”) have been called for redemption on August 1, 2022 (the “Redemption Date”). The Refunded Bonds were originally issued on January 19, 2012.

The 2012A Bonds are described in the following table.

<i>Maturity Date (August 1)</i>	<i>Interest Rate</i>	<i>Principal Amount Outstanding</i>	<i>CUSIP (Base: 924397)</i>
2030	5.000%	\$ 4,645,000	CL4
2033	5.125	4,155,000	CM2
2041	5.500	28,840,000	CNO

The Refunded 2012B Bonds are described in the following table.

<i>Maturity Date (August 1)</i>	<i>Interest Rate</i>	<i>Original Principal Amount</i>	<i>Original CUSIP (Base: 925397)</i>	<i>Principal Amount being Redeemed</i>	<i>Refunded 2012B Bond CUSIP* (Base: 925397)</i>
2023	6.250%	\$6,565,000	CQ3		
2024	6.250	6,990,000	CR1		
2025	6.375	7,440,000	CS9		
2026	6.500	7,940,000	CT7		

* At the time of partial defeasance of the 2012B Bonds, new CUSIPs were assigned to the Refunded 2012B Bonds.

The Refunded Bonds called for redemption will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to such date (the “Redemption Price”). The Redemption Price of such Refunded Bonds will become due and payable on the Redemption Date. Interest on the Refunded Bonds will cease to accrue and be payable from and after the Redemption Date.

To receive payment on the Redemption Date, owners of the Refunded Bonds should present and to surrender said Refunded Bonds on the Redemption Date at the address of the Trustee set forth below:

By Mail, Hand, or Overnight Mail:

BNY Mellon Corp Trust
Attn: Transfers/Redemption
2001 Bryan Street 10th Floor
Dallas, Texas 75201

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions

If the owner of any Refunded Bond fails to deliver such Refunded Bond to the Trustee on the Redemption Date, such Refunded Bond shall nevertheless be deemed redeemed on the Redemption Date and the owner of such Refunded Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

Note: The City and the Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the holders.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

June __, 2022

EXHIBIT B

NOTICE OF DEFEASANCE

CITY OF VERNON
ELECTRIC SYSTEM REVENUE
BONDS, 2012 SERIES A

CITY OF VERNON
ELECTRIC SYSTEM REVENUE
BONDS, 2012 TAXABLE SERIES B

BASE CUSIP 924397

NOTICE IS HEREBY GIVEN to the owners of the City of Vernon Electric System Revenue Bonds, 2012 Series A (the “2012A Bonds”) and 2012 Taxable Series B (the “2012B Bonds”) and the portion of such 2012B Bonds being defeased and redeemed as described below being referred to herein as the “Refunded 2012B Bonds” and being referred to herein collectively with the 2012A Bonds, the “Refunded Bonds”) of the City of Vernon (the “City”) pursuant to the Indenture of Trust, dated as of September 1, 2008 (as amended and supplemented, including by the Third Supplemental Indenture of Trust, dated as of January 1, 2012, the “Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), that the City has deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), cash and/or federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on August 1, 2021, the principal of the Refunded Bonds maturing after such date, plus accrued interest thereon to such redemption date. The Refunded Bonds were originally issued on January 19, 2012.

The 2012A Bonds are described in the following table.

<i>Maturity Date (August 1)</i>	<i>Interest Rate</i>	<i>Principal Amount Outstanding</i>	<i>CUSIP (Base: 924397)</i>
2030	5.000%	\$ 4,645,000	CL4
2033	5.125	4,155,000	CM2
2041	5.500	28,840,000	CN0

The Refunded 2012B Bonds are described in the following table.

<i>Maturity Date (August 1)</i>	<i>Interest Rate</i>	<i>Outstanding Principal Amount</i>	<i>Original CUSIP (Base: 925397)</i>	<i>Principal Amount being Defeased</i>
2023	6.250%	\$6,565,000	CQ3	
2024	6.250	6,990,000	CR1	
2025	6.375	7,440,000	CS9	
2026	6.500	7,940,000	CT7	

As provided in the Indenture, the 2012B Bonds are to be surrendered to the Trustee and upon such surrender a new bond or bonds for the principal amount thereof which is deemed paid, and another new bonds or bonds for the balance of the principal amount of the 2012B Bond so surrendered, shall be delivered. New CUSIP numbers have been assigned to the 2012B Bonds being defeased and redeemed in part as set forth below:

<i>Maturity Date (August 1)</i>	<i>Defeased Principal Amount of 2012B Bonds</i>	<i>New CUSIP for Defeased 2012B Bonds</i>	<i>Unrefunded Principal Amount of 2012B Bonds</i>	<i>New CUSIP for 2012B Bonds Remaining Outstanding</i>
2023				
2024				
2025				
2026				

In accordance with the Indenture, the Refunded Bonds will be deemed to have been paid and shall no longer be Outstanding (as such term is defined in the Indenture) and all liability of the City in respect of the Refunded Bonds has ceased, terminated and been completely discharged, except as otherwise provided in the Indenture, and except that all payments of principal and interest on the Refunded Bonds shall be paid and the City shall be liable for such payment only from, and the Owners of the Refunded Bonds shall be entitled only to payment (without interest accrued thereon after the redemption date) out of, the money and/or federal securities deposited with the Trustee as aforesaid.

Notice is further given that all obligations of the City under the Continuing Disclosure Agreement, dated as of January 1, 2012, by and between the City and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, relating to the Refunded Bonds, have been terminated as of the date hereof.

No representation is made as to the correctness of the CUSIP number either as printed on any Refunded Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the Refunded Bonds.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

May __, 2022

City Council Agenda Item Report

Submitted by: Javier Valdez
Submitting Department: Finance/Treasury
Meeting Date: November 30, 2021

SUBJECT

Insurance Placements for Malburg Generating Station (MGS)

Recommendation:

Approve the procurement of necessary insurance coverage for MGS for Fiscal Year (FY) 2021-2022 effective December 15, 2021 to June 30, 2022 with total premiums estimated at approximately \$1,500,000 and not-to-exceed \$1,700,000, and authorize the City Administrator to execute any and all related documents.

Background:

On November 16, 2021, City Council approved the Purchase and Sale Agreement (PSA) for the acquisition of the Malburg Generating Station (MGS). With the acquisition, a range of insurance policies are necessary to protect the City. Accordingly, the Finance Department engaged the City's insurance broker, Aon Insurance Services (Aon), to conduct an analysis and determine the appropriate insurance coverage for MGS assets and operational activity. Aon findings and recommendations include utilizing a combination of existing and new city policies. The insurance negotiation and placement process will conclude on or before December 10, 2021, prior to the planned closing date of the PSA. This will allow time to bind the insurance placements before December 15, 2021, the anticipated date for finalizing the City's acquisition of MGS. The insurance schedule of coverage is summarized in the attached MGS Insurance Schedule. The proposed coverages have been determined to be prudent and appropriate to safeguard MGS property and activities at the plant.

Pursuant to Vernon Municipal Code Section 2.17.12(A)(8), insurance contracts are exempt from competitive bidding requirements; however, insurance brokers and agents must be assigned through a competitive selection process. On April 20, 2021, Council approved an agreement with Aon to be retained as the City's insurance broker based on the results of a Request for Proposals for Professional Property/Casualty Insurance Broker of Record process carried out in February 2021.

Fiscal Impact:

Insurance premium costs associated with the generating plant and operational activities are currently included in the contracted services the City pays for electric power generation; there is no additional anticipated fiscal impact to the budget. Sufficient funds to cover the estimated \$1,500,000 and not-to-exceed amount of \$1,700,000 for premiums are available in the Public Utilities Department Budget for Fiscal Year 2021-2022. These costs will be included in the Public Utilities Department budget in subsequent years.

Attachments:

1. [Vernon Malburg Policy Schedule FY 2021-22](#)

**City of Vernon
Malburg Generating Station
Insurance Schedule**

Policy Type	Issuing Company	Policy No.	Inception	Expiration	Limits
Property and Boiler & Machinery	TBD; Aegis, PICC, Chubb, Lloyds, etc.	TBD	12/15/2021	7/1/2022	\$200,000,000
Pollution Legal Liability	TBD; Chubb	TBD	12/15/2021	7/1/2022	\$5,000,000 per occ/\$10,000,000 agg
Workers Compensation	Safety National	SP 4065133	12/15/2021	7/1/2022	\$50,000,000
Excess Liability - 1st Excess	TBD; Aegis	TBD	12/15/2021	7/1/2022	\$50,000,000
Excess Liability - 2nd Excess	TBD; EIM	TBD	12/15/2021	7/1/2022	\$50,000,000 xs \$50,000,000
Terrorism	TBD; Lloyds, TAL or Hiscox	TBD	12/15/2021	7/1/2022	\$200,000,000
EQ (CA Quake)	TBD; Catalytic, etc.	TBD	12/15/2021	7/1/2022	\$25,000,000 xs \$25,000,000
EQ (CA Quake)	TBD; VIKCO, etc.	TBD	12/15/2021	7/1/2022	\$25,000,000 xs \$25,000,000
Cyber Liability	Cowbell	BCM-CB-01EXTHMFY	12/15/2021	7/1/2022	\$3,000,000
Crime	National Union Fire	01-444-00-80	12/15/2021	7/1/2022	\$1,000,000
Total program cost estimated at \$1,500,000					

City Council Agenda Item Report

Submitted by: Lisette Grizzelle
Submitting Department: Human Resources
Meeting Date: November 30, 2021

SUBJECT

Amendment to Classification and Compensation Plan

Recommendation:

- A. Approve new or revised job descriptions for Control Room Operator I (new); Control Room Operator II (revised); Control Room Operator, Senior (revised); Field Operator I (new); Field Operator II (revised); Instrument and Controls Technician (revised); Instrument and Controls Technician, Lead (new); Mechanic/Welder (revised); Mechanic, Lead (revised); Plant Engineer (revised); Site Safety Administrator/Control Room Operator (revised); Utilities Administrative Analyst (new); and Utilities Operations Manager (revised); and
- B. Adopt Resolution No. 2021-44 amending Exhibit A of the Classification and Compensation Plan, adopted by Resolution No. 2021-16, as amended by Resolution Nos. 2021-27, 2021-37 and 2021-42, approving new or revised salary ranges and position designations for the above referenced classifications, Human Resources Analyst, and Operations Manager.

Background:

At the City Council meeting of November 16, 2021, City Council approved a variety of new job descriptions and associated salary ranges necessary to transition employees at the Malburg Generating Station (MGS) to City of Vernon employment as part of the MGS acquisition from the current owner, Bicient (California) Power LLC (Bicient). Upon review of additional information regarding existing job titles, hourly rates, scheduling, overtime policies, and Bicient's current bonus program; and in further consideration of salaries and overtime polices for existing City classifications, additional salary adjustments and revisions to the classifications, including the establishment of four new additional classifications are recommended.

For the classification series of Control Room Operator and Field Operator, it is recommended that two levels be established to reflect the current duties and operational levels of the incumbents. Employees at the training level are to be classified at the level I and, upon successful completion of the structured training program currently in place, employees would be advanced to the level II. As such, the establishment of the job descriptions for Control Room Operator I and Field Operator I are recommended, and the Control Room Operator and Field Operator classifications previously approved are recommended to be revised and designated as Control Room Operator II and Field Operator II.

It is recommended that the new classification of Instrument and Controls Technician, Lead be established, as the incumbent currently performing this function was originally reported to the City as a Plant Electrician (which is recommended to be deleted from the classification plan). With the establishment of the Lead position, minor revisions to the Instrument and Controls Technician are also recommended.

Revisions are also recommended to the classifications of: Control Room Operator, Senior; Site Safety Administrator - Control Room Operator; Mechanic/Welder; Mechanic, Lead; Plant Engineer; and Utilities Operations Manager. The recommended revisions will more accurately reflect the duties being performed, and will reflect the certifications, requirements, knowledge, and skills necessary for the positions.

The establishment of the classification of Utilities Administrative Analyst and associated salary range is also recommended for approval. This classification is being established to accommodate one existing transitioning position at the appropriate comparable salary range.

Revisions are recommended to the existing classification of Utilities Operations Manager to incorporate the management level duties and responsibilities associated with the operations of the MGS. This position is currently vacant, but will be filled with a transferring employee.

As mentioned above, salary range adjustments are also being recommended based on additional information received regarding current salaries paid, scheduling, overtime policies, and the current company's bonus program. The proposed salaries are listed in the attached Exhibit to the Classification and Compensation Plan.

Lastly, the designation of the Human Resources Analyst from "Confidential" to "Mid-Management" is also recommended to reflect the change in status to be exempt from overtime that was previously approved.

Fiscal Impact:

The estimated total annual cost for the establishment and filling of the new classifications associated with the potential purchase of the power plant is approximately \$4,166,047, including salary and benefits (\$2,748,833 base salary and \$1,417,214 in benefits costs). These costs are currently included in the contracted services the City pays for electric power generation; there is no additional anticipated fiscal impact to the budget. Sufficient funds are available in the Public Utilities Department budget.

There is no fiscal impact for the Human Resources Analyst designation change from Confidential to Mid-Management.

Attachments:

- [1. New and Revised Job Descriptions](#)
- [2. Resolution No. 2021-44](#)



JOB DESCRIPTION

Control Room Operator I

Date Prepared: November 2021

Class Code: 8353

SUMMARY: Under general supervision, performs and directs the facility operations and supports maintenance activities of the City's power plant, in accordance with established policies, procedures, regulations and objectives.

DISTINGUISHING CHARACTERISTICS: -- Control Room Operator I is the entry level in the job series, incumbents work under general supervision, and perform a variety of technical duties.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Operates and performs daily inspection and maintenance of gas turbines, steam turbines, and related systems and hardware.
- Proficiently navigates power plant control system, demonstrating ability to react quickly to upsets and operational abnormalities.
- Assists with Coordination of safety programs, including Lockout/Tagout, Confined Space Entry, Hot Work, and other related programs; provides input to supervisor on safety and environmental procedures, programs, and policies for revisions and to increase safety and effectiveness.
- Review and approve all daily "Job Hazard Analysis" requests from technical staff, approving all maintenance activities that occur daily on site.
- Assists with maintenance activities of the City's power plant in accordance with established policies, procedures, regulations, and objectives in compliance with City policies and quality standards; duties may vary according to job assignment.
- Coordinates and cooperates with inspections; assists with evaluations as requested and submits work requests for repairs.
- Demonstrates leadership skills required to oversee daily power plant operations.
- Demonstrates critical thinking skills with priority placed on personnel safety.
- Expected to fill, as assigned and qualified, other plant positions as required.
- Performs normal, emergency and casualty control procedures as required.
- Follows dispatch orders from regulatory authorities as permitted by plant and/or other limitations.
- Records operations and maintenance activities and communicates any necessary information to supervisor and regulatory agencies within mandated notification guidelines.
- Assists with project documentation maintenance and control; prepares weekly operation reports.
- Performs or causes to be performed, water and chemical treatment testing and analysis.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and plant operating procedures, subscribing to industry best practices, and complying with regulatory requirements.

- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND two years of electric utility operations and maintenance experience in a power plant performing duties associated with the generation of electrical power.

Knowledge of:

- City organization, operations, policies, and procedures.
- Applicable regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electric theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Common hand and power tools.
- Records management principles.
- Customer service standards and protocols.
- Business computers and standard MS Office software applications.

Skill in:

- Monitoring and applying control system principles rationally to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Reading blueprints, schematics, plans and specifications.
- Maintaining operations, maintenance and inspection records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule. Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid class C California State Driver's License is required.
- Forklift/SkyTrak operation certification must be obtained within 6 months of hire date.
- Successful completion of "Control Room Operator Watchstander" qualification program, including an Oral Board with members of Plant Management, both items must be completed within 18 months of hire date.

Control Room Operator I incumbents are eligible to promote to the classification of Control Room Operator II after successfully completing the Control Room Operator Watchstander qualification program and passing a successful Oral Board with members of Plant Management; and receiving above satisfactory or higher performance evaluations.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.

- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.



JOB DESCRIPTION

Control Room Operator II

Date Prepared: October 2021
Date Revised: November 2021

Class Code: 8355

SUMMARY: Under general supervision, performs and directs the facility operations and supports maintenance activities of the City's power plant, in accordance with established policies, procedures, regulations and objectives.

DISTINGUISHING CHARACTERISTICS: -- Control Room Operator II is the journey level in the job series, incumbents work under general supervision, and perform a variety of technical and specialized duties. Incumbents may train and guide less experienced staff.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Operates and performs daily inspection and maintenance of gas turbines, steam turbines, and related systems and hardware.
- Proficiently navigates power plant control system, demonstrating ability to react quickly to upsets and operational abnormalities.
- Coordinates safety programs, including Lockout/Tagout, Confined Space Entry, Hot Work, and other related programs; provides input to supervisor on safety and environmental procedures, programs, and policies for revisions and to increase safety and effectiveness.
- Review and approve all daily "Job Hazard Analysis" requests from technical staff, approving all maintenance activities that occur daily on site.
- Assists with maintenance activities of the City's power plant in accordance with established policies, procedures, regulations, and objectives in compliance with City policies and quality standards; duties may vary according to job assignment.
- Identifies abnormal operating conditions, reports to management, creates corrective work order request.
- Coordinates and cooperates with inspections; assists with evaluations as requested and submits work requests for repairs.
- Demonstrates leadership skills required to oversee daily power plant operations.
- Demonstrates critical thinking skills with priority placeds on personnel safety.
- Expected to fill as assigned and qualified to, other plant positions as required.
- Performs normal, emergency and casualty control procedures as required.
- Follows dispatch orders from regulatory authorities as permitted by plant and/or other limitations.
- Records operations and maintenance activities and communicates any necessary information to supervisor and regulatory agencies within mandated notification guidelines.
- Assists with project documentation maintenance and control; prepares weekly operation reports.
- Performs or causes to be performed, water and chemical treatment testing and analysis.
- May trainTrains and provides guidance to less experienced staff.

- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and plant operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND three years of electric utility operations and maintenance experience in a power plant performing duties associated with the generation of electrical power.

Knowledge of:

- City organization, operations, policies, and procedures.
- Applicable regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electric theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Common hand and power tools.
- Records management principles.
- Customer service standards and protocols.
- Business computers and standard MS Office software applications.

Skill in:

- Monitoring and applying control system principles rationally to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Reading blueprints, schematics, plans and specifications.
- Maintaining operations, maintenance and inspection records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Training and guiding the work of other staff.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid class C California State Driver's License is required.
- Forklift/SkyTrak operation certification
- Successful completion of "Control Room Operator" qualification program; attain a passing grade on written exam; and pass an Oral Board with Plant Management.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.

- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.

~~Work is performed in an electric plant environment and in the field, with exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic. Works rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.~~



JOB DESCRIPTION

Control Room Operator, Senior

Date Prepared: October 2021
Date Revised: November 2021

Class Code: 8340

SUMMARY: Under general supervision, performs and oversees mechanical operations and maintenance activities of the City's power plant, as assigned in accordance with established policies, procedures, regulations, and objectives.

DISTINGUISHING CHARACTERISTICS: -- Control Room Operator, Senior is the ~~experienced-advanced~~ journey level in the job series; incumbents work under general supervision, and perform a variety of technical, specialized, and complex duties. This is a single incumbent classification that is assigned lead, ~~and~~ training and scheduling responsibilities over less experienced staff.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Provides ~~daily routine~~ work direction over designated staff members; assists with employee time sheets, ~~schedule creation~~ creating schedules, work reports, scheduling and related documents, operating ~~generating and interpreting statistical reports, and performing other administrative tasks assigned by management.~~
- Operates and performs daily inspection and maintenance of gas turbines, backup emergency generators and related systems and hardware.
- Expertly navigates power plant control system, demonstrating ability to react quickly to upsets and operational abnormalities, and provides feedback for suggested HMI improvements to management.
- Expected to fill as assigned and qualified to, other plant positions as required
- Leads cold plant start-ups, successfully operates, and shuts down the plant, mentors.
- Review and approve all daily "Job Hazard Analysis" requests from technical staff, approving all maintenance activities that occur daily on site.
- ~~Administers safety programs and other related programs;~~ Reviews input provided from staff members ~~in regards to~~ regarding ~~s~~ Safety, e ~~Environmental and o~~ Operations procedures and provides input and recommended revisions to supervisor on ~~safety and environmental~~ such procedures, programs, and policies to increase safety and effectiveness.
- Administers Control System "Blocked Alarms" list, with input from technical group and management.
- Interfaces with OEM on Control System trouble tickets, identifies logic issues and/or needed corrections.
- Checks and assists with maintenance activities of the City's power plant in accordance with established policies, procedures, regulations, and objectives in compliance with City policies and quality standards; duties may vary according to job assignment.
- Identifies abnormal operating conditions, reports to management, creates corrective work order request.
- Coordinates and cooperates with inspections; conducts evaluations as requested and reviews work requests submitted for repairs.
- Demonstrates leadership skills required to oversee daily power plant operations.
- Demonstrates critical thinking skills with priority places on personnel safety.

- Performs normal, emergency and casualty control procedures as required.
- Performs or causes to be performed, water and chemical treatment testing and analysis.
- Records operations and maintenance activities and communicates any necessary information to supervisor and regulatory agencies within mandated notification guidelines.
- Reviews project documentation maintenance and control; reviews and prepares weekly operation reports.
- Trains and provides guidance to less experienced staff.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and substation operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND five years of electric utility operations and maintenance experience in a power plant performing duties associated with the generation of electrical power, complimented with related training or coursework.

Knowledge of:

- City organization, operations, policies, and procedures.
- Applicable regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electric theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Common hand and power tools.
- Records management principles.
- Principles and practices of effective employee supervision.
- Principles and practices of project management.
- Customer service standards and protocols.
- Business computers and standard MS Office software applications.

Skill in:

- Monitoring and applying control system principles rationally to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Reading blueprints, schematics, plans and specifications.
- Maintaining maintenance and inspection records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Leading the work of other staff.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers, and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid class C California State Driver's License is required.
- Forklift/SkyTrak operation certification (provided upon employment).
- Successful completion of "Control Room Operator" qualification program, including passing a written exam and follow-up Oral Board with members of Plant Management.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.

~~Work is performed in an electric plant environment and in the field, with exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic. Works rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.~~



JOB DESCRIPTION

Field Operator I

Date Prepared: November 2021

Class Code: 8375

SUMMARY: Under close supervision, operates, monitors power plant equipment in any state of power plant condition. Performs system/equipment adjustments as required and minor maintenance actions to ensure continued peak operation of the power plant.

DISTINGUISHING CHARACTERISTICS: -- Field Operator I is the entry level classification in the job series; incumbents work under close supervision and perform a variety of tasks and maintenance duties.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Responds to emergency calls for service; inspects affected equipment; identifies a cause; and efficiently restores service or as required.
- Learns to operate systems as needed or directed.
- Assists with and performs daily equipment inspections and routine preventive maintenance of equipment; removes trash and weeds; inspects facilities and reports security concerns.
- Takes readings and makes observations as required on equipment and notifies Control Room Operators of abnormalities, concerns, and trends.
- Performs duties in the handling, cleanup, and disposal of hazardous materials, related to an industrial facility.
- Requests and or implements system equipment Lockout/Tagout to safely conduct. maintenance, testing, repair and overhaul of equipment or systems.
- Performs water and chemical treatment testing and analysis, performs corrective actions as needed upon review with Control Room Operator.
- Performs a variety of routine facility maintenance and repairs such as painting, carpentry, welding/fabrication, custodial and various types of construction; performs power plant and grounds maintenance duties as assigned.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and plant standard operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND one year of experience in electric utility operations/maintenance or electrical or industrial process operations/maintenance.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the operation, maintenance, and repair of, electric and bulk power utilities.
- Principles of electric theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Common hand and power tools.
- Customer service standards and protocols.

Skill in:

- Applying knowledge to rationally solve practical problems and deal with a variety of variables in situations where only limited standardization exists.
- Reading and interpreting blueprints, schematics, plans, plant drawings, procedures, and specifications.
- Maintaining maintenance and inspection records as required.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers, and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

A valid class C California State Driver's License is required.

Field Operator I incumbents are eligible to promote to the classification of Field Operator II after successfully completing the Field Operator Qualification program and passing a successful Oral Board with members of Plant Management; and receiving above satisfactory or higher performance evaluations.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.



JOB DESCRIPTION

Field Operator II

Date Prepared: October 2021
Date Revised: November 2021

Class Code: 8370

SUMMARY: Under basic supervision, operates, monitors power plant equipment in any state of power plant condition. Performs system/equipment adjustments as required and minor maintenance actions to ensure continued peak operation of the power plant.

DISTINGUISHING CHARACTERISTICS: -- Field Operator II is the experienced level in the job series; incumbents work under general supervision and perform a variety of tasks and maintenance duties. Incumbents may train and guide less experienced staff.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Responds to emergency calls for service; inspects affected equipment; identifies a cause; and efficiently restores service or as required.
- Operates systems as needed or directed.
- Performs daily equipment inspections and routine preventive maintenance of equipment; removes trash and weeds; inspects facilities and reports security concerns.
- Takes readings and makes observations as required on equipment and notifies Control Room Operators of abnormalities, concerns, and trends.
- Performs duties in the handling, cleanup, and disposal of hazardous materials, related to an electrical-utility system/industrial facility.
- Requests and or implements system equipment clearances LOTO/Lockout/Tagout procedures to safely conduct. maintenance, testing, repair and overhaul of equipment or systems.
- Performs water and chemical treatment testing and analysis, performs corrective actions as needed upon review with Control Room Operator.
- Performs a variety of routine facility maintenance and repairs such as painting, carpentry, welding/fabrication, custodial and various types of construction; performs power plant and grounds maintenance duties as assigned.
- May trainTrains and provides guidance to less experienced staff.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and plant standard operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND two years of experience in electric utility operations/maintenance or electrical/~~or~~ industrial process operations/maintenance.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the operation, maintenance, and repair of, electric and bulk power utilities.
- Principles of electric theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Common hand and power tools.
- Customer service standards and protocols.

Skill in:

- Applying knowledge to rationally solve practical problems and deal with a variety of variables in situations where only limited standardization exists.
- Reading and interpreting blueprints, schematics, plans, plant drawings, procedures, and specifications.
- Maintaining maintenance and inspection records as required.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Training and guiding the work of other staff.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers, and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid class C California State Driver's License is required.
- Forklift/SkyTrak operation certification.
- Successful completion of "Field Operator" qualification program, including passing an Oral Board with members of Plant Management.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.

~~Work is performed in an electric plant environment and in the field, with exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic. Works rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.~~



JOB DESCRIPTION

Instrument & Controls Technician

Date Prepared: October 2021

Class Code: 8360

Date Revised: November 2021

SUMMARY: Under general supervision, maintains, investigates, and performs repairs to all City-owned electrical substations, in accordance with established policies, procedures, regulations and objectives.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Inspects, and maintains electrical systems and instruments of the power plant as trained and assigned
- Qualifies and maintains competence in plant operations and other duties as assigned.
- Inspects and conducts maintenance of the DCS (Digital Control System) and PLC (Programmable logic controller) equipment.
- Calibrates plant instruments and maintains calibration equipment.
- Assists and conducts training and continuing education for plant instrumentation and control systems.
- Reads blueprints and schematics and circuit diagrams etc., in connection with installation and wiring of electrical/electronic equipment and control systems.
- Utilizes advanced troubleshooting techniques to solve unique problems, interfacing with OEM as needed.
- Maintains all calibration and hand tools in good working condition, with all required calibrations and certifications up to date.
- Takes direction for work order completion priority, providing written follow-up for all work orders, including detailed notes for corrective actions and repairs.
- Responds to emergency calls for service to inspect affected equipment to identify a root cause of failure, repair impacted equipment, protect public and personnel safety and efficiently restore service or as required.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical, and operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND three years of experience in troubleshooting, repair, calibration, and performance of preventive maintenance on digital and analog control system and plant instrumentation.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electrical and electronic theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Applicable safety practices for high voltage equipment.
- Common hand and power tools.
- Customer service standards and protocols.

Skill in:

- Monitoring and applying control system principles rationally to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Interpreting schematics, plans and specifications.
- Proficiently and safely working at elevated heights including the appropriate use of fall protection and personal protective equipment.
- Maintaining maintenance and inspection records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid class C California State Driver's License is required.
- Forklift/SkyTrak operation certification within 6 months from hire date.
- ISA (International Society of Automation) CCST Level 1 certification (Certified Control System Technician) must be obtained within twelve months from hire date.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.

Work is performed in an electric plant environment and in the field, with exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic. Works rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.



JOB DESCRIPTION

Instrument & Controls Technician, Lead

Date Prepared November 2021

Class Code: 8357

SUMMARY: Under general supervision, maintains, investigates, and performs repairs to all City-owned electrical substations, in accordance with established policies, procedures, regulations and objectives.

DISTINGUISHING CHARACTERISTICS: --Instrument and Controls Technician, Lead is the advanced journey level in the job series; incumbents work under general supervision, and perform a variety of technical, specialized, and complex duties. This is a single incumbent classification that is assigned to lead, training and scheduling responsibilities over less experienced staff.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Provides daily work direction over designated staff members; assists with employee time sheets, work reports, scheduling and related documents.
- Inspects, and maintains electrical systems and instruments of the power plant as trained and assigned
- Qualifies and maintains competence in plant operations and other duties as assigned.
- Inspects and conducts maintenance of the DCS (Digital Control System) and PLC (Programmable logic controller) equipment.
- Troubleshoots Control System logic to identify operations and/or software abnormalities.
- Studies, designs, and implements new Control System logic improvements, upon management approval.
- Calibrates plant instruments and maintains calibration equipment.
- Organizes plant technical documentation, improving accessibility and efficiency of record keeping.
- Assists and conducts training and continuing education for plant instrumentation and control systems.
- Reads blueprints and schematics and circuit diagrams etc., in connection with installation and wiring of electrical/electronic equipment and control systems.
- Utilizes advanced troubleshooting techniques to solve unique problems, interfacing with OEM as needed.
- Maintains all calibration and hand tools in good working condition, with all required calibrations and certifications up to date.
- Assigns work order completion priority, providing written follow-up for all work orders, including detailed notes for corrective actions and repairs.
- Communicates all Control System logic improvements, corrections, or HMI updates to plant staff, including training for new control functionality as required.
- Responds to emergency calls for service to inspect affected equipment to identify a root cause of failure, repair impacted equipment, protect public and personnel safety and efficiently restore service or as required.

- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical, and operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND five years of experience in troubleshooting, repair, calibration, and performance of preventive maintenance on digital and analog control system and plant instrumentation, supplemented with related training or coursework.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electrical and electronic theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Applicable safety practices for high voltage equipment.
- Common hand and power tools.
- Customer service standards and protocols.

Skill in:

- Monitoring and applying control system principles rationally to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Interpreting schematics, plans and specifications.
- Proficiently and safely working at elevated heights including the appropriate use of fall protection and personal protective equipment.
- Maintaining maintenance and inspection records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid class C California State Driver’s License is required.
- Forklift/SkyTrak operation certification.
- ISA (International Society of Automation) CCST Level 1 certification (Certified Control System Technician)
- ISA (International Society of Automation) CCST Level 2 certification (Certified Control System Technician) must be obtained within twelve months from hire date.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.



JOB DESCRIPTION

Mechanic/Welder

Date Prepared: October 2021
Date Revised: November 2021

Class Code: 8365

SUMMARY: Under general supervision, performs work involved in ensuring the continued operation of a variety of machinery and equipment that make up the City's power generation facilities and systems through preventive maintenance and repair.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Ensures operation of machinery and mechanical equipment by completing preventive maintenance requirements on pumps, motors, valves, compressors, and piping systems, following diagrams, sketches, operations manuals, manufacturer's instructions, and engineering specifications.
- Programs, services, tests, calibrates, troubleshoots malfunctions and repairs a variety of equipment and systems.
- Removes defective parts by dismantling devices; using hoists, cranes, and hand and power tools; examining parts against manufacturer drawing and manuals.
- Maintains equipment, parts, and supplies inventories by checking stock to determine inventory level; anticipating needed equipment, parts, and supplies; placing and expending orders; verifying receipt.
- Expertly and safely welds small, medium, and large bore pipe of various metals and alloys.
- Lays out and installs piping, equipment, and other mechanical systems in compliance with construction drawings and specifications.
- Maintains responsibility for designated tools and equipment assigned to the work group.
- Assists in coordinating day-to-day maintenance at the City's power generating station and facilities.
- Responds to emergency calls for service to inspect affected equipment to identify a root cause of failure, repair impacted equipment, protect public and personnel safety and efficiently restore service or as required.
- Performs and assists in coordinating scheduled preventive, predictive, reactive, and other associated systems maintenance. Retains all equipment maintenance records.
- Requests electric system equipment clearances to safely conduct testing on high voltage equipment; acts as a checker for the Electrical Operators as needed during high voltage electrical switching.
- Performs a variety of routine facility maintenance and repairs such as painting, carpentry, welding/fabrication, custodial and various types of construction; performs power plant and grounds maintenance duties as assigned.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and substation operating procedures, subscribing to industry best practices, and complying with regulatory requirements.

- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND three years of experience in specialized and technical repair and maintenance of power plant or industrial process equipment and systems.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electrical and electronic theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Applicable safety practices for high voltage equipment.
- Common hand and power tools.
- Customer service standards and protocols.

Skill in:

- Monitoring systems/equipment and applying knowledge to rationally to solve practical problems and deal with a variety of variables in situations where only limited standardization exists.
- Interpreting schematics, plans and specifications.
- Investigating, troubleshooting and making necessary repairs.
- Proficiently and safely working at elevated heights including the appropriate use of fall protection and personal protective equipment.
- Maintaining maintenance and inspection records.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid class C California State Driver's License is required. ~~Additional training/certification may be required.~~
- Forklift/SkyTrak operation certification within 6 months from hire date.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.

- Work at heights greater than 60-feet. Work is performed in the field at electrical substations, with exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage and electrical shock.



JOB DESCRIPTION

Mechanic/Welder, Lead

Date Prepared: October 2021
Date Revised: November 2021

Class Code: 8350

SUMMARY: Under general supervision, performs and leads the work involved in ensuring the continued operation of a variety of machinery and equipment that make up the City's power generation facilities and systems through preventive maintenance and repair.

DISTINGUISHING CHARACTERISTICS: -- Mechanic/Welder, Lead is the experienced level in the job series; incumbents work under general supervision, and perform a variety of technical, specialized, and complex duties. This is a single incumbent classification that is assigned lead and training responsibilities over less experienced staff.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Provides daily work direction over designated staff members; assists with employee time sheets, work reports and related documents.
- Schedules out daily/weekly workload and priorities for Mechanics, provide weekly work order tracking updates to Management.
- Ability to utilize advanced condition monitoring tooling such as: Ultrasonic troubleshooting, laser alignment, and vibration monitoring.
- Checks and ensures operation of machinery and mechanical equipment by completing preventive maintenance requirements including and not limited to structures, pumps, motors, valves, compressors, and piping systems, following diagrams, sketches, operations manuals, manufacturer's instructions, and engineering specifications.
- In addition to Performs basic equipment maintenance and, also competent in gearbox, pump, and motor alignment.
- Qualifies and maintains competence in plant operations and other duties as assigned.
- Programs, services, tests, calibrates, troubleshoots malfunctions and repairs a variety of equipment and systems.
- Removes defective parts by dismantling devices; using hoists, cranes, and hand and power tools; examining parts against manufacturer drawing and manuals.
- Oversees the safe execution and rigging of all on-site crane lifts, in coordination with 3rd third parties as applicable.
- Oversees the maintenance of equipment, parts, and supplies inventories.
- ~~Expertly and safely welds small, medium, and large bore pipe, flat steel and shaped steel of various metals and alloys using appropriate and approved weld procedures and qualification.~~
- Lays out and installs piping, equipment, and other mechanical systems in compliance with construction drawings and specifications.
- Performs duties in the handling, cleanup, and disposal of hazardous materials, related to an electrical utility system.

- [Performs required routine inspection of all Rigging and Fall Protection devices.](#)
- Maintains responsibility for designated tools and equipment assigned to the work group.
- Coordinates day-to-day maintenance at the City's power generating station and facilities.
- Responds to emergency calls for service to inspect affected equipment to identify a root cause of failure, repair impacted equipment, protect public and personnel safety and efficiently restore service or as required.
- Performs, coordinates and reviews scheduled preventive, predictive, reactive, and other associated systems maintenance. Reviews and retains all equipment maintenance records.
- Requests system equipment clearances to safely conduct. maintenance, testing, repair and overhaul of equipment or systems.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and substation operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND five years of experience in specialized and technical repair and maintenance of power plant or industrial process equipment and systems.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electrical and electronic theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- [Applicable safety practices for high voltage equipment. Applicable safety work practices for work on/around electrically energized equipment, including LOTO Lockout/Tagout procedures.](#)
- Records management principles.
- Principal and practices of project management
- Principles and practices of effective employee supervision.
- Common hand and power tools.
- Customer service standards and protocols.
- Business computers and standard MS Office software applications.

Skill in:

- Monitoring systems/equipment and applying knowledge to rationally solve practical problems and deal with a variety of variables in situations where only limited standardization exists.
- Interpreting schematics, plans and specifications.
- Investigating, troubleshooting, and making necessary repairs.
- Proficiently and safely working at elevated heights including the appropriate use of fall protection and personal protective equipment.
- Maintaining maintenance and inspection records.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.

- Leading the work of other staff.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers, and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- A valid Class C California State Driver's License is required. ~~Additional training/certification may be required.~~
- Forklift/SkyTrak operation certification.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.

~~Work is performed in the field at electrical substations, with exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, and electrical shock.~~



JOB DESCRIPTION

Plant Engineer

Date Prepared: October 2021
Date Revised: November 2021

Class Code: 8330

SUMMARY: Under general supervision, collects and analyzes all plant operational data and assists in the preparation of weekly, monthly, and annual Plant Production Reports. Develops and implements Best Practice programs; assist in training power plant staff. Analyzes equipment and processes efficiencies and make improvement recommendations.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Reviews and develops engineering changes to the power plant.
- Reviews changes to the plant Digital Control System (DCS), collaborating with operations and maintenance technicians to implement improvements and repairs.
- Prepares financial justification for proposed changes to plant configuration
- Demonstrates proficiency in T3000 control system and PI system management
- Manages a variety of projects management
- Commissions system and equipment commissioning
- Assists with outage and maintenance planning.
- Assists with equipment inspections and assessments.
- Performs required regulatory reporting to government entities, as assigned.
- Tracks generating unit performance, identifies degradation trends and proposes solutions to recover efficiency where needed.
- Recommends, plans, and conducts plant performance testing and plant subsystem testing
- Maintains general knowledge of CAISO revenue generation and plant capabilities to maximize opportunity for revenue generation
- Analyzes air quality and filter condition for all site equipment, performs required testing of filters and clean-side air to ensure safe and efficient equipment operation.
- Interfaces with CAISO for all required calibrations, generation engineering data, and other data requests.
- Maintains generating unit OEM reports, tracks recommended improvements, and ensures implementation of suggested corrective actions.
- Communicates, organizes, and tracks generating unit Safety, Operational, or Product improvements bulletins and provides recommendations to management.
- ~~Assists with maintenance procedures and maintenance planning.~~
- Assists with operating procedures and troubleshoots operating issues.

- Reviews, validates, and analyzes performance data for the power plant and develops actionable steps to improve cycle and/or system efficiency-
- Develops or aids in development of rules and procedures to safely operate facilities; Develops or aids maintenance, human performance, and operations Best Practices.
- Assures that all regulatory and contractual requirements are met in assigned areas.
- ~~Coordinates employee training programs;~~ Assists with power plant personnel training.
- Supports contract reviews, vendor qualifications and vendor management.
- Responds to emergency calls for service to inspect affected equipment to identify a root cause of failure, repair impacted equipment, protect public and personnel safety and efficiently restore service or as required
- ~~Requests-Provides input for critical~~ system equipment ~~clearances-~~Lock-Out-Tag-Out procedures~~LOTO~~ to safely conduct. maintenance, testing, repair and overhaul of equipment or systems.
- ~~Assists-~~Administers and maintains plant technical~~with~~ documentation control.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and plant operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

Bachelor's Degree in Electrical or Mechanical Engineering or related field; AND ~~five-ten (105)~~ years of experience in specialized and technical engineering, repair and maintenance of systems and equipment in an electric combined cycle power generation plant. Project Management Professional (PMP) certification highly valued but not required desirable.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electrical and electronic theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Applicable safety practices for high voltage equipment.
- Common hand and power tools.
- Customer service standards and protocols.

Skill in:

- Monitoring equipment and systems and applying knowledge to rationally solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Maintaining records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Communicating effectively, both orally and in writing.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers, and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

A valid class C California State Driver's License is required.

Registered California Professional Engineer.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.

~~Work is performed in an electric plant environment and in the field, with exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic. Works rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.~~



JOB DESCRIPTION

Site Safety Administrator/Control Room Operator

Date Prepared: November 2021

Class Code: 8345

Date Revised: November 2021

SUMMARY: Under general supervision, conducts safety meetings, orientation, and training activities of the City's power plant; performs operations and maintenance activities of the City's power plant, in accordance with established policies, procedures, regulations, and objectives.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Performs all Essential Functions of Control Room Operator.
- Schedules and conducts monthly safety meetings and safety committee meetings.
- Responds to call outs as required.
- Acquires and maintains strong familiarity with all safety and environmental procedures, programs, and policies.
- Provides operations and safety training to all plant operators and maintenance technicians.
- Provides required annual safety training to all station/plant staff.
- Conducts powered industrial machinery certification training for all station/plant staff (Forklift, Skytrak, etc.)
- Provides feedback to plant management on safety and environmental procedures, programs and policies which will assist in future revisions and increase their effectiveness.
- Provides initial safety orientation for managers, supervisors, and employees as necessary.
- Conducts frequent inspections of site conditions and work practices, initiates actions as necessary to correct hazardous conditions, etc.
- Performs all requires routine and scheduled safety inspections (Daily, Weekly, Monthly, etc.)
- Seeks and receives directions and support from Safety-Utilities Generation Operations Manager as necessary.
- Ensures employee safety and training records are kept in order and filed.
- Coordinates first-aid and safety supply requisition, purchase, and inventory.
- Coordinates reporting of accidents with Administrative Support personnel.
- Investigates accidents and incidents as directed, completes incident report for management review.-
- Responsible for the coordination of safety programs, including Lockout/Tagout, Confined Space Entry, Hot Work, and other related programs; provides input to supervisor on safety and environmental procedures, programs, and policies for revisions and to increase safety and effectiveness.
- Assists with mechanical maintenance activities of the City's power plant in accordance with established policies, procedures, regulations, and objectives in compliance with City policies and quality standards; duties may vary according to job assignment.
- Coordinates and cooperates with inspections; assists with evaluations as requested and submits work requests for repairs.
- Performs emergency and casualty control procedures as required.

- Records operations and maintenance activities and communicates any necessary information to supervisor.
- Assists with project documentation maintenance and control; prepares weekly operation reports.
- Assists with ordering supplies and procuring materials needed to complete each repair and any other necessary items for the mechanical maintenance activities of the City's power plant.
- Performs water and chemical treatment testing and analysis.
- Maintains and facilitates the maintenance of Station A grounds and substations.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and substation operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or equivalent; AND three years of electric utility operations and maintenance experience in a power plant performing duties associated with the generation of electrical power; including some experience with safety compliance and training.

Knowledge of:

- City organization, operations, policies, and procedures.
- Regulatory requirements for the safety operation of power plant.
- Regulatory requirements for the operation, maintenance, and repair of electric and bulk power utilities.
- Principles of electric theory, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- State and federal environmental protection codes and regulations; Cal OSHA regulations.
- Occupational hazards and safety precautions applicable to the work.
- Business computers and standard MS Office software applications.
- Common hand and power tools.
- Records management principles.
- Customer service standards and protocols.

Skill in:

- Monitoring and applying control system principles rationally to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Reading blueprints, schematics, plans and specifications.
- Maintaining maintenance and inspection records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Working flexible hours or on-call schedule.
- Maintaining safety training and accident/incident records as required by regulatory agencies.
- Utilizing public relations techniques in responding to inquiries and complaints.
- Communicating effectively, both orally and in writing.
- Operating personal computers and specialized software applications.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, contractors, representatives of other utilities, suppliers, and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

- [A valid class C California State Driver's License is required.](#)
- [Forklift/SkyTrak operation certification.](#)

- Successful completion of “Control Room Operator” qualification program, attain a passing grade on written exam; and pass Oral Board with Plant Management.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work in an industrial facility such as a power plant requires certain physical abilities to minimize risk and fatigue, employees must demonstrate minimum level of ability to:

- Work safely amongst exposure to dangerous equipment, extreme weather conditions, hazardous chemicals, high voltage, electrical shock and moving traffic.
- Work rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.
- Lift/Carry 50lbs of weight safely, using proper lifting ergonomics.
- Climb ladders and stairs.
- Work at heights greater than 60-feet.

~~Work is performed in an electric plant environment with exposure to dangerous equipment, hazardous chemicals, high voltage, and electrical shock and moving traffic. Works rotating shifts, nights, and weekends or a mutually agreed upon set schedule as required.~~



JOB DESCRIPTION

Utilities Administrative Analyst

Date Prepared: November 2021

Class Code: 8362

SUMMARY: Under general supervision, performs a variety of experienced journey level analytical, technical, complex, and administrative tasks in support of the City's Public Utilities Department; analyzes policies and programs, and recommends improvements; Analyzes financial information; work requires the exercise of independent judgment, initiative and discretion based on knowledge of administrative policies and procedures and the municipal organization in performing daily activities.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Performs a variety of duties in support of Public Utilities managers, various administrative operations and activities within the department including budget and report development, program coordination and monitoring and departmental policy and procedure development, implementation, and enforcement.
- Reviews financial and accounting records and corrects errors as required, monitors accounting documents for accuracy, completeness, and compliance with federal and state rules, and City policies and practices.
- Maintains financial records and associated filing systems; enters data into computer systems; verifies coding, processes transactions, updates accounts, compiles documentation, and generates reports; reviews and validates data; maintains additional accounting and technical transaction databases as needed.
- Compiles, summarizes, and analyzes financial data, and prepares and files special financial reports.
- Reviews source documents for compliance to rules and regulations; determines proper handling of financial and technical transactions within designated limits.
- Coordinates assigned activities with other functions, divisions, outside agencies, and the general public.
- Performs a variety of professional level research, administrative, operational, and analytical duties in support of assigned department.
- Identifies issues, collects data, analyzes alternatives, and makes recommendations as to appropriate action, prepares and presents reports, participates in special projects and assignments.
- Responds to and recommends resolution to difficult and sensitive inquiries and complaints.
- May assist in preparing Requests for Proposals and managing contracts.
- Reviews and reconciles monthly bills; verifies accuracy of payments to plans, identifies, reports, and reconciles discrepancies.
- Prepares variety of materials, drafts, letters, memos, reports, manuals, forms, and oversees databases departmental records and file storage and management systems.
- May supervise and evaluate technical and administrative support staff.
- Monitors state and federal legislation regarding assigned areas, interprets state, federal, and grant regulations, and assesses departmental or City compliance with same, may assist in developing programs and procedures in response to new legislation.
- Prepares and distributes a variety of routine and non-routine reports; attends and participates in a variety of meetings and committees as assigned.

- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

Bachelor's Degree in Public Administration, Business Administration, Political Science, English or related field; AND three (3) years of professional level experience in accounting or professional level administration support in the electric utilities field.

Knowledge of:

- City organization, operations, policies, and procedures.
- City Code, City Ordinances and Operating Manuals.
- Generally Accepted Accounting Principles for public sector financial administration.
- Applicable state and federal statutes, rules, codes, and regulations governing public sector accounting and purchasing functions.
- Principles and practices of office administration.
- Records management principles.
- Telephone etiquette protocol.
- Customer service standards and protocols.
- Principles and methods of supervision and training.
- Business computers and standard MS Office software applications.

Skill in:

- Collecting and analyzing data and information to draw logical conclusions and make effective recommendations.
- Coordinating special programs and projects in support of utility and administrative operations.
- Preparing correspondence, agendas, and various types of documents.
- Organizing and maintaining departmental records and filing systems.
- Reviewing and correcting financial data and mathematical calculations.
- Prioritizing multiple tasks, projects, and demands; and planning and coordinating the work of others.
- Maintaining accurate and inter-related accounting records and identifying and reconciling errors.
- Performing mathematical calculations with skill and accuracy and maintaining electronic records and files.
- Meeting critical time deadlines.
- Answering incoming calls and responding to public inquiries.
- Coordinating special projects in support of administrative operations.
- Operating a personal computer utilizing a variety of business software.
- Explaining City policies and procedures.
- Communicating effectively verbally and in writing.
- Dealing tactfully and courteously with elected officials, employees, and the public.
- Establishing and maintaining cooperative working relationships with elected officials, managers, fellow employees, and the public.

LICENSE AND CERTIFICATION REQUIREMENTS:

A valid class C California State Driver's License may be required.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work is performed in an electric plant office environment.



JOB DESCRIPTION

Utilities Operations Manager

Date Prepared: March 2014
Date Revised: June 2019
Date Revised: November 2021

Class Code: 8015

SUMMARY: Under general supervision, manages day to day operation, maintenance, and repair of the City's generation, electrical power, transmission and distribution systems to maintain a high degree of system reliability and ensure compliance with established policies, procedures, regulations and objectives.

ESSENTIAL FUNCTIONS: -- *Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:*

- Manages electrical power generation, transmission and distribution systems to maintain a high degree of system reliability in compliance with City policies, regulatory requirements, and safety and quality standards. Performs duties within scope of authority and training.
- Integrates, facilitates and coordinates activities of staff working directly with the in-service utility systems. Closely works with and assists transmission and distribution training, maintenance, construction and reliability initiatives.
- Leads, motivates, plans, prioritizes, and assigns tasks and projects; monitors work, develops skills, and evaluates performance; oversees and approves rotating shift and standby schedules; approves time off requests, shift trades, and payroll; administers discipline; generates incident reports; leads accident investigation and reporting.
- Oversees high-voltage switching and generation operations, maintenance and testing activities.
- Investigates generation and other utility system utility system failures and assists with utility issues to determine cause and facilitates measures and improvements to prevent recurrence; troubleshoots and resolves real-time bulk power and water distribution issues.
- Gains knowledge and competency in high voltage switching operations maintenance and testing activities.
- Ensures adherence to City standards, procedures, and safety policies.
- Develops and implements short-term and long-range asset management, reliability improvement plans and equipment strategies including coordination between operations, maintenance and engineering.
- Ensures work group collaboration through facilitation and project management.
- Develops, submits and manages annual budget for area of responsibility.
- Compiles, calculates and prepares monthly, annual, and ad hoc reports on system failures, emergencies, and other routine and non-routine operating conditions and actions; prepares Council reports/updates.
- Coordinates construction and maintenance activities with outside contractors.
- Responsive to immediate generation and/or system emergencies.
- Promotes a safety conscious work environment by closely following City, State and industry established general, electrical and substation operating procedures, subscribing to industry best practices, and complying with regulatory requirements.
- Assists in the absence of the Assistant General Manager – Generation and Operations as needed or as assigned.

- Supports the relationship between the City of Vernon and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

Bachelor's Degree in Business, Civil Electrical or a closely related field; AND five years of public utility experience, including three years of supervisory experience.

Or
High School Diploma or GED supplemented by advanced course work or training in technical fields applicable to electrical field maintenance, generation and operations; AND at least ten years of combined cycle plant operations, including seven years of supervisor experience.

Knowledge of:

- City organization, operations, policies, and procedures.
- Electric and bulk power utility operating concepts.
- Electrical principles, procedures and components, power system operations including power plant operations; fundamentals of alternating current circuits, and electrical safety policies and procedures.
- Management principles and practices including personnel rules, procurement, contract management, risk management, and employee supervision.
- Occupational hazards and safety precautions applicable to the work.
- Personal computer operations.
- Record keeping and file maintenance principles and procedures.
- Customer service standards and protocols.
- Outage scheduling, development of checking of switching programs and schedules.
- Occupational hazards and safety precautions applicable to the work.

Skill in:

- Analyzing problems, defining complex issues, identifying alternative solutions, projecting consequences of proposed actions, and implementing recommendations to support goals and build the organization.
- Assessing and prioritizing multiple tasks, projects and demands.
- Building relationships and fostering teamwork.
- Communicating effectively, both verbally and in writing.
- Effectively managing and leading staff, and delegating tasks and authority.
- Establishing and maintaining cooperative working relationships with managers, fellow employees, other divisions and departments, contractors, representatives of other utilities, regulatory agencies, outside consultants and the public.
- Keeping records as required by City policy and regulatory agencies.
- Operating personal computers and specialized software applications.
- Reading, interpreting, understanding and applying operating standards and procedures, applicable federal and state rules and regulations, and City policies and procedures.
- Administering staff training and facilitating an effective and efficient workflow.
- Remaining calm under stress or emergency conditions.

LICENSE AND CERTIFICATION REQUIREMENTS:

A valid California State Driver's License is required.

~~A valid State of California Grade II Water Distribution License is desirable.~~

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

- Work is performed in an office environment and in the field; may to be exposed to energized equipment high ambient noise, hazardous chemicals, moving traffic, and inclement weather.

RESOLUTION NO. 2021-44

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VERNON AMENDING EXHIBIT A OF THE CLASSIFICATION AND COMPENSATION PLAN ADOPTED BY RESOLUTION NO. 2021-16 TO ADD AND REVISE VARIOUS CLASSIFICATIONS AND ASSOCIATED SALARY RANGES

SECTION 1. Recitals.

A. On June 1, 2021, the City Council adopted Resolution No. 2021-16, as amended by Resolution Nos. 2021-27, 2021-37 and 2021-42, adopting the Classification and Compensation Plan in accordance with Government Code Section 20636(b)(1).

B. Based on the potential re-purchase of the Malburg Generating Station, new or revised classifications and associated salary ranges are necessary in the Public Utilities Department for power plant operations. Based on the recent resignation of the long-term Human Resources Analyst incumbent, staff has also reviewed the Human Resources Analyst series and recommends a change to the Human Resources Analyst classification group designation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNON AS FOLLOWS:

SECTION 2. The City Council of the City of Vernon hereby finds and determines that the above recitals are true and correct.

SECTION 3. The Classification and Compensation Plan adopted by Resolution No. 2021-16, as amended by Resolution Nos. 2021-27, 2021-37 and 2021-42, is hereby amended to revise and add classifications and associated compensation for the positions of Control Room Operator I (new); Control Room Operator II (revised); Control Room Operator, Senior (revised); Field Operator I (new); Field Operator II (revised); Instrument and Controls Technician (revised); Instrument and Controls Technician, Lead (new); Mechanic/Welder (revised); Mechanic, Lead (revised); Plant Engineer (revised); Site Safety Administrator/Control Room Operator (revised); Utilities Administrative Analyst (new); and Utilities Operations Manager (revised), Human Resources Analyst and Operations Manager, as shown in Exhibit A of this Resolution and referred to as Exhibit A of the City's Classification and Compensation Plan.

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SECTION 4. The City Clerk shall certify the passage and adoption of this resolution and enter it into the book of original resolutions.

APPROVED AND ADOPTED this 30th day of November, 2021.

MELISSA YBARRA, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

ZAYNAH N. MOUSSA,
Interim City Attorney



City of Vernon
Classification and Compensation Plan
Management, Confidential, Executive, Elected Officials, and Unclassified
Exhibit A
Fiscal Year: 2021-2022
Effective November 30, 2021

CLASS CODE	OCCUPATIONAL JOB FAMILIES AND JOB CLASSES	FLSA	EMPLOYEE GROUP	PAY GRADE	{a} ANNUAL	{a} MONTHLY	HOURLY	PAY PERIOD
HUMAN RESOURCES DEPARTMENT								
1420	Human Resources Analyst	E	M	28				
	Step 1				\$ 95,696	\$ 7,975	\$ 46.0078	\$ 3,680.62
	Step 2				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65
	Step 3				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
	Step 4				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 5				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81
PUBLIC UTILITIES DEPARTMENT								
Electric Operations Division								
8316	Operations Manager	E	M	38				
	Step 1				\$ 155,879	\$ 12,990	\$ 74.9417	\$ 5,995.34
	Step 2				\$ 163,673	\$ 13,639	\$ 78.6888	\$ 6,295.11
	Step 3				\$ 171,856	\$ 14,321	\$ 82.6233	\$ 6,609.86
	Step 4				\$ 180,449	\$ 15,037	\$ 86.7545	\$ 6,940.36
	Step 5				\$ 189,472	\$ 15,789	\$ 91.0922	\$ 7,287.37
Malburg Generating Station Division								
8353	Control Room Operator I	NE	U	29				
	Step 1				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65
	Step 2				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
	Step 3				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 4				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81
	Step 5				\$ 122,135	\$ 10,178	\$ 58.7188	\$ 4,697.50
8355	Control Room Operator II	NE	U	31				
	Step 1				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 2				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81
	Step 3				\$ 122,135	\$ 10,178	\$ 58.7188	\$ 4,697.50
	Step 4				\$ 128,242	\$ 10,687	\$ 61.6547	\$ 4,932.38
	Step 5				\$ 134,654	\$ 11,221	\$ 64.7375	\$ 5,179.00
8340	Control Room Operator, Senior	NE	U	33				
	Step 1				\$ 122,135	\$ 10,178	\$ 58.7188	\$ 4,697.50
	Step 2				\$ 128,242	\$ 10,687	\$ 61.6547	\$ 4,932.38
	Step 3				\$ 134,654	\$ 11,221	\$ 64.7375	\$ 5,179.00
	Step 4				\$ 141,387	\$ 11,782	\$ 67.9743	\$ 5,437.95
	Step 5				\$ 148,456	\$ 12,371	\$ 71.3731	\$ 5,709.84
8375	Field Operator I	NE	U	25				
	Step 1				\$ 82,666	\$ 6,889	\$ 39.7433	\$ 3,179.46
	Step 2				\$ 86,799	\$ 7,233	\$ 41.7304	\$ 3,338.43
	Step 3				\$ 91,139	\$ 7,595	\$ 43.8169	\$ 3,505.35
	Step 4				\$ 95,696	\$ 7,975	\$ 46.0078	\$ 3,680.62
	Step 5				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65



City of Vernon
Classification and Compensation Plan
Management, Confidential, Executive, Elected Officials, and Unclassified
Exhibit A
Fiscal Year: 2021-2022
Effective November 30, 2021

CLASS CODE	OCCUPATIONAL JOB FAMILIES AND JOB CLASSES	FLSA	EMPLOYEE GROUP	PAY GRADE	{a} ANNUAL	{a} MONTHLY	HOURLY	PAY PERIOD
8370	Field Operator II	NE	U	27				
	Step 1				\$ 91,139	\$ 7,595	\$ 43.8169	\$ 3,505.35
	Step 2				\$ 95,696	\$ 7,975	\$ 46.0078	\$ 3,680.62
	Step 3				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65
	Step 4				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
	Step 5				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
8360	Instrument & Controls Technician	NE	U	28				
	Step 1				\$ 95,696	\$ 7,975	\$ 46.0078	\$ 3,680.62
	Step 2				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65
	Step 3				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
	Step 4				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 5				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81
8357	Instrument & Controls Technician, Lead	NE	U	31				
	Step 1				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 2				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81
	Step 3				\$ 122,135	\$ 10,178	\$ 58.7188	\$ 4,697.50
	Step 4				\$ 128,242	\$ 10,687	\$ 61.6547	\$ 4,932.38
	Step 5				\$ 134,654	\$ 11,221	\$ 64.7375	\$ 5,179.00
8390	Material Control Administrator	NE	U	22				
	Step 1				\$ 71,410	\$ 5,951	\$ 34.3317	\$ 2,746.54
	Step 2				\$ 74,980	\$ 6,248	\$ 36.0483	\$ 2,883.86
	Step 3				\$ 78,729	\$ 6,561	\$ 37.8507	\$ 3,028.06
	Step 4				\$ 82,666	\$ 6,889	\$ 39.7433	\$ 3,179.46
	Step 5				\$ 86,799	\$ 7,233	\$ 41.7304	\$ 3,338.43
8365	Mechanic/Welder	NE	U	26				
	Step 1				\$ 86,799	\$ 7,233	\$ 41.7304	\$ 3,338.43
	Step 2				\$ 91,139	\$ 7,595	\$ 43.8169	\$ 3,505.35
	Step 3				\$ 95,696	\$ 7,975	\$ 46.0078	\$ 3,680.62
	Step 4				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65
	Step 5				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
8350	Mechanic/Welder, Lead	NE	U	30				
	Step 1				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
	Step 2				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 3				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81
	Step 4				\$ 122,135	\$ 10,178	\$ 58.7188	\$ 4,697.50
	Step 5				\$ 128,242	\$ 10,687	\$ 61.6547	\$ 4,932.38
8335	Plant Electrician	NE	U	28				
	Step 1				\$ 95,696	\$ 7,975	\$ 46.0078	\$ 3,680.62
	Step 2				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65
	Step 3				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
	Step 4				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 5				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81



City of Vernon
Classification and Compensation Plan
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Exhibit A
Fiscal Year: 2021-2022
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CLASS CODE	OCCUPATIONAL JOB FAMILIES AND JOB CLASSES	FLSA	EMPLOYEE GROUP	PAY GRADE	{a} ANNUAL	{a} MONTHLY	HOURLY	PAY PERIOD
8330	Plant Engineer	E	M	37				
	Step 1				\$ 148,456	\$ 12,371	\$ 71.3731	\$ 5,709.84
	Step 2				\$ 155,879	\$ 12,990	\$ 74.9417	\$ 5,995.34
	Step 3				\$ 163,673	\$ 13,639	\$ 78.6888	\$ 6,295.11
	Step 4				\$ 171,856	\$ 14,321	\$ 82.6233	\$ 6,609.86
	Step 5				\$ 180,449	\$ 15,037	\$ 86.7545	\$ 6,940.36
8345	Site Safety Administrator - Control Room Operator	NE	U	32				
	Step 1				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81
	Step 2				\$ 122,135	\$ 10,178	\$ 58.7188	\$ 4,697.50
	Step 3				\$ 128,242	\$ 10,687	\$ 61.6547	\$ 4,932.38
	Step 4				\$ 134,654	\$ 11,221	\$ 64.7375	\$ 5,179.00
	Step 5				\$ 141,387	\$ 11,782	\$ 67.9743	\$ 5,437.95
8362	Utilities Administrative Analyst	E	M	28				
	Step 1				\$ 95,696	\$ 7,975	\$ 46.0078	\$ 3,680.62
	Step 2				\$ 100,481	\$ 8,373	\$ 48.3081	\$ 3,864.65
	Step 3				\$ 105,505	\$ 8,792	\$ 50.7235	\$ 4,057.88
	Step 4				\$ 110,780	\$ 9,232	\$ 53.2597	\$ 4,260.78
	Step 5				\$ 116,319	\$ 9,693	\$ 55.9227	\$ 4,473.81

{a} - The annual and monthly salaries are reported as whole dollar without the cents ONLY for reporting purposes.