

California Independent System Operator Corporation
Notes to Financial Statements
December 31, 2019 and 2018

The expected long term return on assets is also used as the discount rate for all periods of projected benefit payments to determine the total OPEB liability since the Company's contributions to the Plan are made at rates equal to the actuarially determined contribution rates. Additionally, the Plan's fiduciary net position is projected to be available to make all projected OPEB payments for all current and future retirees.

The actuarial assumptions employed in the development of the OPEB liability and other financial reporting have been selected in accordance with the Actuarial Standards of Practice, which required that each significant assumption is appropriate for the purpose of the measurement; takes into account historical and current economic data that is relevant as of the measurement date; reflects expected future experience and has no significant bias (i.e., it is not significantly optimistic or pessimistic).

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Company's annual OPEB expenses at December 31, 2019 and 2018 are as follows (in thousands):

	2019	2018
OPEB Expense		
Service cost	\$ 1,101	\$ 1,366
Interest cost	1,580	1,525
Changes in benefit terms	-	3,634
Differences between expected and actual experience	(137)	(81)
Changes in assumptions	(878)	(294)
Expected return on assets	(755)	(652)
Differences between expected and actual return on assets	(222)	72
Annual OPEB expense	<u>\$ 689</u>	<u>\$ 5,570</u>

For the year ended December 31, 2019, the Company reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Outflows	Inflows
Differences between expected and actual experience	\$ 863	\$ (2,019)
Changes in assumptions	747	(7,069)
Net difference between projected and actual earnings on OPEB investments	N/A	(769)

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Amounts reported as of December 31, 2019 as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Amount
During fiscal year ending 12/31/2020	\$ (1,237)
During fiscal year ending 12/31/2021	(1,237)
During fiscal year ending 12/31/2022	(1,045)
During fiscal year ending 12/31/2023	(1,310)
During fiscal year ending after 12/31/2024	(1,109)
During fiscal year ending after 12/31/2025 and thereafter	(2,310)

The following table presents the sensitivity of the net OPEB liability to changes in the discount rate and health care cost trend rates if it was separately calculated using a 1% lower or 1% higher than the current discount rate or health care cost trend rate.

	2019	2018	2017
Change in NOL with 1.0% increase in discount rate	\$ (2,481)	\$ (3,383)	\$ (3,381)
Change in NOL with 1.0% decrease in discount rate	2,999	4,232	4,228
Change in NOL with 1.0% increase in health care trend rates	336	301	365
Change in NOL with 1.0% decrease in health care trend rates	(318)	(290)	(343)

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Required Supplementary Information (Unaudited)

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule below presents the Company's total OPEB liability, the Plan fiduciary position, net OPEB liability and related ratios (dollars in thousands):

	2019	2018	2017
Total OPEB liability ("TOL")			
Service cost	\$ 1,101	\$ 1,366	\$ 1,369
Interest cost	1,580	1,525	1,470
Changes in benefit terms	-	3,634	-
Differences between expected and actual experience	(438)	(1,326)	(951)
Changes in assumptions	(4,657)	(3,699)	(228)
Benefit payments	(606)	(883)	(587)
Net change in TOL	(3,020)	617	1,073
TOL - beginning	25,537	24,920	23,847
TOL - ending	22,517	25,537	24,920
Plan fiduciary net position ("PFNP")			
Employer contributions	4,987	841	384
Net investment income	2,230	(675)	1,522
Benefit payment	(606)	(883)	(587)
Active subsidy	56	42	204
Net change in PFNP	6,667	(675)	1,523
PFNP - beginning	10,373	11,048	9,525
PFNP - ending	17,040	10,373	11,048
Net OPEB liability	\$ 5,477	\$ 15,164	\$ 13,872
PFNP as a percentage of TOL	75.67%	40.62%	44.33%
Covered-employee payroll	\$ 71,588	\$ 72,478	\$ 69,960
NOL as a percentage of covered-employee payroll	7.65%	20.92%	19.83%

Schedule of Employer Contributions to the OPEB Plan

The schedule below reflects the Company's contributions relative to the actuarially determined contributions for the Plan (dollars in thousands):

	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ 619
Contribution in relation to the actuarially determined contribution	550	841	384
Contribution deficiency (excess)	\$ (550)	\$ (841)	\$ 235
Covered-employee payroll	\$ 71,588	\$ 72,478	\$ 69,960
Contribution as a percentage of covered-employee payroll	0.8%	1.2%	0.5%

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Notes to Schedule

Valuation date

Actuarially determined contribution rates are calculated as of December 31

Methods and assumptions used to determine contribution rates

Actuarial cost method

Amortization period

Asset valuation method

Inflation

Salary increases

Termination and retirement age

Entry age normal

Average future service for all participants as of January 01, 2020, where inactive participants are assumed to have zero average future service.

Investments in the trust fund are valued on the basis of their fair market value

2.5%

3.0%, average, including inflation

The termination and retirement rates have been updated to reflect current experience

Executive Pension Restoration Plan

The Company sponsors the Executive Pension Restoration Plan, a nonqualified defined contribution plan, which allows certain officers of the Company to make contributions and receive Company contributions in excess of the 401(k) contribution limits set forth by IRS regulations as described in the retirement savings benefits plan below.

The contributions and earnings thereon are held in a trust and the balances as of December 31, 2019 and 2018, were \$3.4 million and \$2.7 million, respectively, and are included in Other Assets with a corresponding liability in Employee Retirement Plan Obligations. In connection with this plan, the Company recognized expenses for contributions of \$264,000 and \$240,000 in 2019 and 2018, respectively.

Executive Savings Plan

The Company sponsors the Executive Savings Plan, a nonqualified defined contribution plan under section 457(b) of the IRS Code. The Company contributes a percentage of each officer's annual base compensation to the Plan. Officers may elect to make voluntary contributions, subject to statutory limitations. The contributions and earnings thereon are held in a trust and the balance as of December 31, 2019 and 2018 was \$1.6 million and \$1.2 million, respectively, and are included in Other Assets, with a corresponding liability in Employee Retirement Plan Obligations. In connection with this plan, the Company recognized expenses of \$165,000 and \$153,700 in 2019 and 2018, respectively.

Retirement Savings Benefits Plan

The Company sponsors a defined contribution retirement plan, the California ISO Retirement Savings Benefits Plan (the "Retirement Plan") that is subject to the provisions of the Employee Retirement Income Security Act of 1974 and covers substantially all employees. The Retirement Plan is administered by the Company with the assistance of a third party. The assets of the Plan are held separately from Company assets and are not combined with the assets in the Statements of Net Position.

Employees may elect to contribute up to fifty percent of their eligible compensation to the Retirement Plan, subject to statutory limitations. The Company matches contributions up to six percent of an employees' eligible compensation and an additional contribution equal to five percent of eligible compensation for employees with less than five years of service, or seven percent for employees who have at least five years but not more than ten years of service. An additional contribution of one percent of eligible compensation is also made by the Company for each five year increment of service after an employees' ten year anniversary.

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Employee contributions to the Retirement Plan for 2019 and 2018 were \$8.6 million and \$9.3 million, respectively. The Company contributions to the Retirement Plan for 2019 and 2018 were \$10.2 million and \$9.9 million, respectively.

10. Insurance Programs and Claims

The Company is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The Company maintains various commercial and mutual insurance plans that provide coverage for most claims in excess of specific dollar thresholds. Primary insurance policies have coverage limits set based on the Company's assessment of reasonable exposure within that risk category, with consideration of insurance types and coverage limits for comparable entities. Additionally, the Company maintains excess liability coverage that provides umbrella coverage for certain exposures. Losses incurred below insurance deductibles are expensed as incurred. In the last three years, the Company did not incur any claims in excess of the coverage described above.

The Company is a participant in a group captive insurance company for workers compensation insurance coverage. The Company's annual net insurance costs for such coverage vary based on claims incurred at the Company, and to a lesser extent, claims activity of other members of the captive insurance company. The Company's annual insurance expense is limited through reinsurance and risk sharing arrangements of the captive to an additional percentage of the initial base premium paid.

11. Lease Commitments

The Company has long-term operating leases that expire at various times through 2030.

The following are the future minimum payments under these agreements as of December 31, 2019 (in thousands):

2020	\$	195
2021		199
2022		203
2023		208
2024 - 2031		<u>1,588</u>
Total lease commitments	\$	<u>2,393</u>

12. Contingencies

The Federal Energy Regulatory Commission Refund Case

In 2000 and 2001, the California energy markets, including those managed by the Company, experienced high prices, shortages of energy and reserves, rolling blackouts and liquidity problems for many market participants. Some market participants, including the California Power Exchange (Cal PX), filed for bankruptcy.

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Purchasers of energy during this period sought refunds at the Federal Energy Regulatory Commission. In a proceeding that is still ongoing, the Federal Energy Regulatory Commission has issued a series of orders related to mitigating the clearing prices in markets administered by the Company and the Cal PX for the period from October 2, 2000 through June 20, 2001. Most of the Company's market participants have settled their liability arising from this case and related proceedings. Management believes the ultimate outcome of the proceeding will have no material financial impact on the Company as these refund amounts are funded and will ultimately be resettled among market participants, except for the Generator Noncompliance Fines, as described in Note 5.

Market Billing Disputes in Good Faith Negotiations

As part of the tariff and applicable contracts, the Company has dispute resolution processes for market participants to register disagreements regarding information reflected in the settlement statements or billing amounts for market activity.

Market disputes are addressed in the normal course of operations, some of which result in adjustments to previously issued settlement statements. When adjustments are made, the adjustment amounts are reallocated to market participants, with no net cost or credit being realized by the Company. With respect to pending market disputes at December 31, 2019, including those that have escalated to good faith negotiations, management believes that any settlements or market awards would be resettled against the market with no liability to the Company.

Indemnifications

The Company's bylaws require its annual financial statements to include disclosures about certain payments made by the Company related to indemnification of officers and Board members. There were no such payments in 2019 or 2018.

Other Matters

The Company, during the ordinary course of its operations, has been involved in various lawsuits and claims. In addition, the Company is subject to compliance with mandatory reliability standards promulgated by the North American Electric Reliability Corporation and approved by the Federal Energy Regulatory Commission, which if violated could result in penalties assessed to the Company.

There are currently some pending claims against the Company as well as matters related to alleged violations of the mandatory reliability standards. Management is of the opinion that none of these matters will have a material adverse impact on the financial position or results of the operations of the Company.

13. Subsequent Events

The Company evaluates events or transactions that occur after December 31, 2019, but before financial statements are issued for potential recognition or disclosure in the financial statements. The Company has evaluated all subsequent events through May 21, 2020, the date the financial statements were issued, and no items were noted that need to be disclosed, except for the following related to the Coronavirus Outbreak:

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Coronavirus Outbreak

The first Coronavirus case in the United States was confirmed on January 21, 2020 and the first virus-related death on February 29, 2020. On March 4, 2020 the Governor of California, Gavin Newsom, declared a state of emergency as a result of the threat of COVID-19. In addition, President Trump declared a national emergency on March 13, 2020 as a result of the outbreak. Subsequently, on March 19, 2020 the Governor of California issued a stay at home order to protect the health and well-being of all Californians and to establish consistency across the state in order to slow the spread of COVID-19. The order requires all individuals living in the State of California to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors. The State of California and local government, in collaboration with the Federal government, continue sustained efforts to minimize the spread and mitigate the effects of COVID – 19. The situation continues to change.

In response to this crisis the Company has taken proactive steps to protect the health and safety its staff, while safeguarding the critical infrastructure of the power grid and energy market. The Coronavirus did not impact the financial results for the period but is having an impact on electricity demand in the first half of 2020. The Company has the ability to respond to declining volumes by raising its grid management charge rates to ensure a full recovery of costs. The full extent to which the Coronavirus impacts the Company and results of operations going forward will depend on future developments, which are highly uncertain and cannot be predicted at this time

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

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SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the 2021 Indenture and the 2021 Loan Agreement. This summary does not purport to be comprehensive, and reference should be made to the 2021 Indenture and the 2021 Loan Agreement for a full and complete statement of their provisions.

DEFINITIONS

Unless the context otherwise requires, the terms defined below, for all purposes of the 2021 Indenture and of the 2021 Loan Agreement and of any indenture supplemental to the 2021 Indenture or agreement supplemental thereto, have the meanings specified below, as follows:

“Accountant’s Report” means a written report or certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by the Corporation.

“Act” means the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Payments” means the amounts payable to the Authority, the Trustee or other Persons, as more particularly set forth in the 2021 Loan Agreement.

“Agreement” or “2021 Loan Agreement” means the 2021 Loan Agreement, dated as of January 1, 2021, between the Authority and the Corporation relating to the loan of the proceeds of the 2021 Bonds, as originally executed or as it may from time to time be supplemented or amended.

“Amendment” means any amendment or modification of the Agreement.

“Authority” means the California Statewide Communities Development Authority, or its successors and assigns.

“Authorized Denomination” means \$5,000 or any integral multiple of \$5,000 thereof.

“Authorized Corporation Representative” means any person who at the time and from time to time may be designated, by written certificate furnished to the Authority and the Trustee, as a person authorized to act on behalf of the Corporation. Such certificate will contain the specimen signature of such person, will be signed on behalf of the Corporation by any officer of the Corporation and may designate an alternate or alternates.

“Authorized Authority Representative” means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“Beneficial Owner” means, with respect to any Book-Entry Bond, the beneficial owner of such 2021 Bond as determined in accordance with the applicable rules of DTC or any successor securities depository for Book-Entry Bonds.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law before the highest court of any state of the United States and acceptable to the Authority.

“Bond Fund” means the Bond Fund established pursuant to the 2021 Indenture.

“Bond Register” means the registration books for the ownership of 2021 Bonds maintained by the Trustee pursuant to the 2021 Indenture.

“Book-Entry Bonds” means any 2021 Bonds which are then held in book-entry form as provided in the 2021 Indenture.

“Business Day” means a day which is not a Saturday, a Sunday, a day on which banks located in the city in which the Principal Corporate Trust Office of the Trustee is required or authorized to be closed or a day on which the New York Stock Exchange is closed.

“Certificate of the Authority” means a certificate signed by an Authorized Authority Representative. If and to the extent required by the provisions of the 2021 Indenture, each Certificate of the Authority will include the statements provided for therein.

“Certificate of the Corporation” means a certificate signed by an Authorized Corporation Representative. If and to the extent required by the provisions of the 2021 Indenture, each Certificate of the Corporation will include the statements provided for in the 2021 Indenture.

“Certified Resolution” means a copy of a resolution of the Authority certified by the Secretary of the Authority’s Board of Directors (the “Authority Board”) to have been duly adopted by the Authority Board and to be in full force and effect on the date of such certification.

“Closing Date” means the date of issuance and delivery of the 2021 Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement, dated as of January 1, 2021, between the Corporation and the Trustee, as originally executed or as it may from time to time be supplemented or amended.

“Corporation” means (i) California Independent System Operator Corporation, a California nonprofit public benefit corporation, and its successors and assigns and (ii) any surviving, resulting or transferee corporation as provided in the 2021 Loan Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Corporation and related to the authorization, issuance, sale and delivery of the 2021 Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees

and charges for preparation, execution and safekeeping of the 2021 Bonds and any other cost, charge or fee in connection with the original issuance of the 2021 Bonds.

“Costs of Issuance Fund” means the fund which is established pursuant to the 2021 Indenture.

“Debt Service Coverage Requirement” means the coverage of the Corporation’s debt service obligations that is required to be included in the Grid Management Charge pursuant to the Grid Management Charge Formula as described in the 2021 Loan Agreement. For debt service obligations which bear interest at a variable rate, the Corporation will reasonably estimate the amount thereof, taking into account any swap or other financial agreements which the Corporation may enter into from time to time.

“Documents” means, collectively, the 2021 Indenture and the 2021 Loan Agreement.

“DTC” means The Depository Trust Company and its successors and assigns.

“DTC Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“Electronic Notice” means notice given through means of telecopy, telegraph, telegram, telex, facsimile transmission, e-mail or other similar electronic means of communication confirmed by writing or written transmission.

“Eligible Organization” means an organization described in Section 501(c)(3) of the Code which is determined by the Authority to satisfy the criteria set forth in the resolution of the Authority adopted on March 21, 1991, authorizing the issuance of bonds, notes, or other evidences of indebtedness, or certificates of participation in leases or other agreements to finance or refinance facilities owned and/or operated by such organizations.

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

“Environmental Regulations” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

“Event of Default” as used with respect to the 2021 Indenture has the meaning specified in the 2021 Indenture, and as used with respect to the 2021 Loan Agreement has the meaning specified therein.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the Corporation.

“Fitch” means Fitch Ratings Inc., and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a nationally-recognized statistical rating organization, then the term “Fitch” will be deemed to refer to any other

nationally-recognized statistical rating organization selected by the Authority following consultation with the Corporation.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code.

“Government Obligations” means any of the following:

- (i) Cash (insured at all times by the Federal Deposit Insurance Corporation); and
- (ii) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
 - U.S. treasury obligations;
 - All direct or fully guaranteed obligations;
 - Farmers Home Administration;
 - General Services Administration;
 - Guaranteed Title XI financing;
 - Government National Mortgage Association (GNMA); and
 - State and Local Government Series.

“Grid Management Charge” means the Corporation’s several separate charges for services offered by the Corporation that are intended to recover the Corporation’s start-up and development costs and the costs associated with the ongoing operation and maintenance (including financing costs) of the Corporation’s controlled grid.

“Grid Management Charge Formula” means the formula according to which the Grid Management Charge is calculated, which is set forth in the Tariff and which includes (i) budgeted annual operating costs, (ii) financing costs and reasonable coverage of debt service obligations, and (iii) budgeted annual costs of capital expenditures and reserves.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et

seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Information Services” means Financial Information, Incorporated’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Municipal News Report; and Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the Corporation may designate in a Certificate of the Corporation delivered to the Trustee and the Authority.

“Interest Payment Date” means each February 1 and August 1, commencing February 1, 2021.

“Investment Securities” means Government Obligations and any of the following:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

Export-Import Bank;
Rural Economic Community Development Administration;
U.S. Maritime Administration;
Small Business Administration;
U.S. Department of Housing & Urban Development (PHAs);
Federal Housing Administration; and
Federal Financing Bank.

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

Obligations of the Resolution Funding Corporation (REFCORP)

Senior debt obligations of the Federal Home Loan Bank System

(3) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by Standard & Poor’s and maturing not more than five years after the date of purchase (ratings on holding companies are not considered as the rating of the bank); provided, however, that such rating requirements will not be applicable to the extent such deposit accounts are insured by the Federal Deposit Insurance Corporation;

(4) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by Standard & Poor’s and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by Standard & Poor’s;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or Standard & Poor’s or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in subsection (2) of the definition of Government Obligations above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal Obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and Standard & Poor’s.

(8) Investment Agreements with any bank, insurance company, broker-dealer or corporation if:

(a) at the time of such investment, (i) such bank has an unsecured, uninsured and unguaranteed obligation rated Aa2 or better by Moody’s and AA or better by Standard & Poor’s, or (ii) such insurance company or corporation has an unsecured, uninsured and unguaranteed rating or claims paying ability rated AAA by Moody’s and AAA by Standard & Poor’s, or (iii) such bank or broker-dealer has an unsecured, uninsured and unguaranteed obligation rated A2 or better by Moody’s and A or better by Standard & Poor’s provided that such broker-dealer or bank also collateralizes the obligation under the investment agreement with U.S. Treasuries, GNMA’s, FNMA’s or FHLMCs; and

(b) the Investment Agreement includes a provision to the effect that if any rating of such bank, insurance company, broker-dealer or corporation is downgraded below a minimum rating to be established at the time the Investment Agreement is executed, the Corporation will have the right to require the provider to either collateralize its obligation or terminate such investment agreement.

(9) Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least ‘A-’ by S&P and ‘A3’ Moody’s; or (2) any broker-dealer with ‘retail customers’ or a related affiliate thereof which broker-dealer has, or the parent

company (which guarantees the provider) of which has, longterm debt rated at least 'A-' by S&P and 'A3' by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least 'A-' by S&P and 'A3' Moody's (each an 'Eligible Provider'), provided that:

a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral");

b) the trustee or a third party acting solely as agent therefore or for the issuer (the 'Custodian') has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

c) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the trustee and the issuer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

d) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

e) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, notify the issuer and the trustee within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) post Eligible Collateral, or (ii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the trustee repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the issuer or the trustee.

"Joint Powers Agreement" means the Amended and Restated Joint Exercise of Powers Agreement, dated June 1, 1988, relating to the formation of the Authority, among certain cities, counties and special districts in the State of California, including the Program Participant.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a nationally-recognized statistical rating organization, then the term "Moody's" will be deemed to refer to any other nationally recognized statistical rating organization selected by the Authority following consultation with the Corporation.

"Nominee" has the meaning specified in the 2021 Indenture.

“Notice by Mail” or “notice” of any action or condition “by Mail” means a written notice meeting the requirements of the 2021 Indenture mailed by first class mail, postage prepaid, to the Owners of specified Bonds, at the addresses shown on the Bond Register.

“Operating Costs” means the Corporation's budgeted annual operating costs, which will include all staffing costs including the remuneration of contractor and consultants, salaries, benefits and any incentive programs for employees, costs of operating, replacing and maintaining the Corporation's systems, lease payments on facilities and equipment necessary for the Corporation to carry out its business, and annual costs of financing the Corporation's working capital and other operating costs.

“Operating Cost Reserve Requirement” has the meaning set forth in the 2021 Loan Agreement.

“Opinion of Bond Counsel” means an Opinion of Counsel from a Bond Counsel addressed to the Authority and the Trustee.

“Opinion of Counsel” means a written opinion of counsel acceptable to the Authority and the Corporation. If and to the extent required by the provisions of the 2021 Indenture, each Opinion of Counsel will include the statements provided for in the 2021 Indenture.

“Outstanding” when used as of any particular time with reference to the 2021 Bonds (subject to the provisions of the 2021 Indenture), means all such 2021 Bonds theretofore authenticated and delivered by the Trustee under the 2021 Indenture except:

(i) 2021 Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(ii) 2021 Bonds in lieu of or in substitution for which other 2021 Bonds will have been authenticated and delivered by the Trustee pursuant to the 2021 Indenture; and

(iii) 2021 Bonds with respect to which the liability of the Authority and the Corporation have been discharged to the extent provided in, and pursuant to the requirements of the 2021 Indenture.

“Owner” means, as of any time, the registered owner of any 2021 Bond as set forth in the Bond Register.

“Person” means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee as designated in the 2021 Indenture or such other office designated by the Trustee from time to time; provided, however, that for transfer, registration, exchange, payment and surrender of 2021 Bonds such term means the corporate trust office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted, or such other office designated by the Trustee from time to time.

“Principal Installment” means, with respect to any Principal Installment Date, the sum of (i) the aggregate amount of principal due with respect to 2021 Bonds that mature on such Principal

Installment Date plus (ii) the aggregate amount of Sinking Fund Installments due on such Principal Installment Date.

“Principal Installment Date” means any date on which any 2021 Bonds mature or any date on which any of the 2021 Bonds are subject to redemption from mandatory Sinking Fund Installments.

“Program Participant” means the County of Sacramento, being a program participant of the Authority.

“Project” means the acquisition or development of the Corporation’s headquarters facilities, and the acquisition or development of additional land, buildings, computer hardware and software systems and the acquisition of office equipment and other related equipment and facilities in order to provide operational control services and other related services in connection with electric transmission facilities which are or will be under the Corporation’s operational control.

“Purchase Contract” means the Bond Purchase Agreement between the Authority and the underwriter of the 2021 Bonds and approved by the Corporation, relating to the sale of the 2021 Bonds from the Authority to the underwriter.

“Rating Agency” means, with respect to the 2021 Bonds, Fitch, Moody’s or Standard & Poor’s to the extent it is then providing or maintaining a rating on such 2021 Bonds at the request of the Corporation, or in the event that Fitch, Moody’s or Standard & Poor’s no longer maintains a rating on such 2021 Bonds, any other nationally recognized rating agency then providing or maintaining a rating on such 2021 Bonds approved by the Authority following consultation with the Corporation.

“Rating Category” means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“Record Date” means, with respect to each Interest Payment Date, the fifteenth day (whether or not a Business Day) of the month preceding such Interest Payment Date.

“Repayment Installment” means any amount that the Corporation is required to pay to the Trustee pursuant to the 2021 Loan Agreement as a repayment of the loan of the Bond proceeds made by the Authority under the 2021 Loan Agreement.

“Representation Letter” has the meaning specified in the 2021 Indenture.

“Reserved Rights” means the Authority’s rights to Additional Payments and to notices, certificates, indemnities, consultations, approvals, consents and opinions under the Indenture.

“Responsible Officer” of the Trustee means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, every trust officer, and every officer and assistant officer of the Trustee other than those specifically above mentioned, to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject.

“Rule 15c2-12” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099, Attn. Call Notification Department, Fax (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Serial Bonds” means 2021 Bonds for which no Sinking Fund Installments are established.

“Sinking Fund Installments” means, with respect to the 2021 Bonds, the amounts set forth in the 2021 Indenture, subject to the credits provided in such Section.

“Standard & Poor’s” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a nationally-recognized statistical rating organization, then the term “Standard & Poor’s” will be deemed to refer to any other nationally-recognized statistical rating organization selected by the Authority following consultation with the Corporation.

“State” means the State of California.

“Supplemental Indenture” means any indenture amendatory of the 2021 Indenture or supplemental to the 2021 Indenture duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the 2021 Indenture.

“Tariff” means the Corporation Tariff and Pro Forma Agreements as posted from time to time pursuant to an order of the Federal Energy Regulatory Commission. References to specific sections of the Tariff will mean the Tariff as posted on September 9, 2020.

“Term Bonds” means 2021 Bonds which are payable on or before their specified maturity dates from Sinking Fund Installments.

“Treasury Rate” means, with respect to any redemption date for a particular 2021 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2021 Bond to be redeemed (taking into account any sinking fund installments for such bonds); provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Trustee” means U.S. Bank National Association, a national banking association organized under the laws of the United States of America, and its successors and assigns or any successor Trustee appointed pursuant to the 2021 Indenture.

“2013 Bonds” means the California Infrastructure and Economic Development Bank Revenue Bonds (California Independent System Operator Corporation Project) Series 2013.

“2021 Bonds” means the bonds authorized and issued pursuant to the 2021 Indenture and any bonds issued in exchange or replacement thereof in accordance with the 2021 Indenture.

“2021 Revenues” means (i) all receipts, installment payments and other income or payments derived by the Authority or the Trustee under the 2021 Loan Agreement, (ii) any income or revenue derived from the investment of any money in any fund or account established pursuant to the Indenture, including all Repayment Installments and (iii) any other payments made by the Corporation as contemplated by the 2021 Loan Agreement; provided, however, that such term shall not include Additional Payments.

“Written Order of the Authority” and “Written Request of the Authority” mean, respectively, a written order or request signed by or on behalf of the Authority by an Authorized Authority Representative.

“Written Order of the Corporation” and “Written Request of the Corporation” mean, respectively, a written order or request signed by or on behalf of the Corporation by an Authorized Corporation Representative.

CERTAIN PROVISIONS OF THE 2021 INDENTURE OF TRUST

Pledge and Assignment; Establishment of Funds

Pledge and Assignment.

(a) Subject to the application thereof for the purposes and on the terms and conditions set forth in the 2021 Indenture, all of the 2021 Revenues, and all amounts and securities in the funds and accounts established pursuant to the 2021 Indenture, are irrevocably pledged to the punctual payment of the principal of and interest on the 2021 Bonds. Said pledge will constitute a first lien on the 2021 Revenues and such funds and accounts pledged therefor pursuant to the 2021 Indenture for the payment of the 2021 Bonds in accordance with the terms thereof. All 2021 Revenues and the other assets pledged under the 2021 Indenture will be held in trust for the benefit of the Owners from time to time of the 2021 Bonds but will nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the 2021 Indenture.

(b) Pursuant to the 2021 Indenture, the Authority transfers, assigns and sets over to the Trustee all of the 2021 Revenues and any and all rights and privileges, other than the Reserved Rights, it has under the 2021 Loan Agreement, including, without limitation, the right to collect and receive directly all of the 2021 Revenues and the right to hold and enforce any security interest; and any 2021 Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The Trustee also will be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (i) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the 2021 Loan Agreement and any security agreement with respect to the 2021 Loan Agreement, Project, or the 2021 Bonds, and (ii) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in the 2021 Indenture with respect to the 2021 Revenues.

Bond Fund. Upon the receipt thereof, the Trustee will deposit all 2021 Revenues in California Independent System Operator Corporation Series 2021 Bond Fund” (the “Bond Fund”),

which the Trustee will establish and maintain and hold in trust, and which will be disbursed and applied only as thereafter authorized. Except as provided in the 2021 Indenture, moneys in the Bond Fund will be used solely for the payment of the principal of and interest on the 2021 Bonds as the same will become due whether at maturity or upon redemption or acceleration.

The Trustee will deposit in the Bond Fund from time to time, upon receipt thereof, all Repayment Installments received by the Trustee from or on behalf of the Corporation for deposit in the Bond Fund, any income received from the investment of moneys on deposit in the Bond Fund and any other 2021 Revenues, including any prepayment amounts received under the 2021 Loan Agreement from or for the account of the Corporation and amounts transferred from the Costs of Issuance Fund in accordance with the 2021 Indenture.

In making payments of principal of and interest on the 2021 Bonds, the Trustee will use any 2021 Revenues received by the Trustee.

Except to the extent such moneys are required to be held for the payment of principal of or interest on the 2021 Bonds then due and payable or to effect the defeasance of 2021 Bonds pursuant to the 2021 Indenture, so long as no Event of Default (or any event which would be an Event of Default under the 2021 Indenture with the passage of time or the giving of notice or both) exists thereunder, on the fifth day after each Interest Payment Date, the Trustee, unless otherwise instructed by the Corporation, will return to the Corporation (free and clear of the pledge and lien of the 2021 Indenture) any moneys then on deposit in the Bond Fund.

Investment of Moneys. Subject to the 2021 Indenture, any moneys in any of the funds and accounts established pursuant to the 2021 Indenture will be invested upon the written direction of the Corporation signed by an Authorized Corporation Representative (such direction to specify the particular investment to be made and that such investment is permitted by law), by the Trustee, in Investment Securities. In the absence of such written direction, the Trustee will invest solely in units of a money-market fund or portfolio restricted to Government Obligations. Moneys in any fund or account established pursuant to the 2021 Indenture will be invested in Investment Securities with respect to which payments of principal thereof and interest thereon are scheduled to be paid or are otherwise payable (including Investment Securities payable at the option of the Owner) not later than the date on which such moneys will be required by the Trustee. Investments in any of the funds or accounts established under the 2021 Indenture will be valued at least once each Fiscal Year at the market value thereof.

Any interest, profit or loss on any investments of moneys in any fund or account established under the 2021 Indenture will be credited or charged to the respective fund or account from which such investments are made. The Trustee may sell or present for redemption any obligations so purchased whenever it will be necessary in order to provide moneys to meet any payment, and the Trustee will not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation under the 2021 Indenture. Unless otherwise directed by the Corporation, the Trustee may make any investment permitted under the 2021 Indenture through or with its own commercial banking or investment departments.

Amounts Remaining in Funds. The 2021 Indenture provides that the Trustee, unless otherwise instructed by the Corporation, will transfer to the Corporation (free and clear of the pledge and lien of the 2021 Indenture) all amounts remaining in any fund held by the Trustee under the 2021 Indenture after payment in full of (a) the 2021 Bonds, or after provision for such payment will have

been made as provided in the 2021 Indenture, (b) the fees, charges and expenses of the Trustee and the Authority due and owing in accordance with the 2021 Loan Agreement and the 2021 Indenture and (c) all other amounts required to be paid under the 2021 Loan Agreement and the 2021 Indenture.

Costs of Issuance Fund

The Trustee will establish the Costs of Issuance Fund (the “Costs of Issuance Fund”). The moneys in the Costs of Issuance Fund will be held by the Trustee in trust and applied to the payment of Costs of Issuance, upon a requisition filed with the Trustee in the form attached to the Indenture as Exhibit C, signed by an Authorized Corporation Representative. Any amounts remaining in the Costs of Issuance Fund six months following the issuance of the 2021 Bonds of will be applied as provided in the 2021 Indenture.

Covenants of the Issuer

Payment of Principal and Interest. The Authority will punctually pay, but only out of 2021 Revenues and the funds and accounts pledged therefor pursuant to the 2021 Indenture, the principal of and interest on every 2021 Bond issued under the 2021 Indenture at the times and places and in the manner provided in the 2021 Indenture and in the 2021 Bonds according to the true intent and meaning thereof. All such payments will be made by the Trustee as provided in the 2021 Indenture.

Preservation of 2021 Revenues. The Authority will not waive any provision of the 2021 Loan Agreement or take any action to interfere with or impair the pledge and assignment under the 2021 Indenture of 2021 Revenues and the assignment to the Trustee of rights under the 2021 Loan Agreement assigned to the Trustee under the 2021 Indenture, or the Trustee’s enforcement of any such rights thereunder, without the prior written consent of the Trustee. The Trustee may give such written consent, and may itself take any such action, or consent to any Amendment, only in accordance with the provisions of the 2021 Indenture.

Compliance with Indenture. The Authority will not issue, or permit to be issued, any 2021 Bonds secured or payable in any manner out of 2021 Revenues or the other assets pledged under the 2021 Indenture in any manner other than in accordance with the provisions of the 2021 Indenture, and will not suffer or permit any default to occur under the 2021 Indenture, but will faithfully observe and perform all its obligations pursuant to the covenants, conditions and requirements thereof.

Other Liens. So long as any 2021 Bonds are Outstanding, the Authority will not create any pledge, lien or charge of any type whatsoever upon all or any part of the 2021 Revenues or the funds and accounts pledged under the 2021 Indenture, other than the lien of the 2021 Indenture.

Further Assurances. Whenever and so often as requested so to do by the Trustee, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the 2021 Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Default

Events of Default; Acceleration; Waiver of Default.

(a) Each of the following events will constitute an “Event of Default” under the 2021 Indenture:

(i) Failure to make payment of any installment of interest upon any 2021 Bond when such payment will have become due and payable;

(ii) Failure to make due and punctual payment of the principal of any Outstanding 2021 Bond when such payment will have become due and payable, whether at the stated maturity thereof, or upon proceedings for the mandatory redemption thereof from Sinking Fund Installments or upon the maturity thereof by declaration;

(iii) The occurrence of an “Event of Default” under the 2021 Loan Agreement, as specified therein;

(iv) [reserved]; or

(v) Default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the 2021 Indenture or in the 2021 Bonds, and the continuance of such default for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the Authority and the Corporation by the Trustee, or to the Authority, the Corporation and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2021 Bonds at the time Outstanding;

No default specified in (v) above will constitute an Event of Default unless the Authority will have failed to correct such default within the applicable 30-day period; provided, however, that if the default will be such that it can be corrected, but cannot be corrected within such period, it will not constitute an Event of Default if corrective action is instituted by the Authority within the applicable 30-day period and diligently pursued until the default is corrected.

(b) Upon the occurrence and continuation of an Event of Default the Trustee, may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of 2021 Bonds then Outstanding, will, by notice in writing delivered to the Corporation, with copies of such notice being sent to the Authority, declare the principal of all 2021 Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable. Notwithstanding the foregoing, the Trustee will not be required to take any action upon the occurrence and continuation of an Event of Default under paragraph (a)(iii), (a)(iv) or (a)(v) above until a Responsible Officer of the Trustee has actual knowledge of such Event of Default. After any declaration of acceleration of the 2021 Bonds under the 2021 Indenture the Trustee will immediately declare all indebtedness payable under the 2021 Loan Agreement with respect to the 2021 Bonds to be immediately due and payable in accordance with the 2021 Loan Agreement and may exercise and enforce such rights as exist under the 2021 Loan Agreement.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the 2021 Bonds will have been so declared due and payable, and before any judgment or decree for the payment of the moneys due will have been obtained or entered as thereafter provided, there will have been deposited with the Trustee a sum which, together with any other amounts then held in the Bond Fund, is sufficient to pay all the principal of such 2021 Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the 2021 Bonds, and the reasonable expenses (including reasonable attorneys' fees) of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such 2021 Bonds due and payable solely by reason of such declaration) will have been made good or cured to the satisfaction of the Trustee in its sole discretion or provision deemed by the Trustee to be adequate will have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the 2021 Bonds then Outstanding (by written notice to the Authority and to the Trustee) may, on behalf of the Owners of all Bonds, rescind and annul such declaration with respect to the 2021 Bonds and its consequences and waive such default; provided that no such rescission and annulment will extend to or will affect any subsequent default, or will impair or exhaust any right or power consequent thereon.

Institution of Legal Proceedings by Trustee. If one or more of the Events of Default under the 2021 Indenture will happen and be continuing, the Trustee in its sole discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2021 Bonds then Outstanding, and upon being indemnified to its satisfaction in its sole discretion therefor (including with respect to any expenses or liability the Trustee may incur) will, proceed to protect or enforce its rights or the rights of the Owners under the Act or under the 2021 Indenture, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the 2021 Indenture, or in aid of the execution of any power in the 2021 Indenture granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee will deem most effectual in support of any of its rights or duties under the 2021 Indenture.

Application of Moneys Collected by Trustee. Any moneys collected by the Trustee from the Corporation, and any moneys in the Bond Fund, on or after the occurrence of an Event of Default will be applied in the order following, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal or interest, upon presentation of the 2021 Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel, agents and advisors) incurred in and about the performance of its powers and duties under the 2021 Indenture.

Second: In case none of the principal of the Outstanding 2021 Bonds will have become due and remains unpaid, to the payment of interest in default on the Outstanding 2021 Bonds in the order of the maturity thereof, such payments to be made ratably and proportionately to the Persons entitled thereto without discrimination or preference, except as specified in the 2021 Indenture.

Third: In case the principal of any of the Outstanding 2021 Bonds will have become due by declaration or otherwise and remains unpaid, first to the payment of interest in default in the order of maturity thereof; and then to the payment of principal of all Outstanding 2021 Bonds then due and unpaid; in every instance such payment to be made ratably to the Persons entitled thereto without discrimination or preference, except as specified in the 2021 Indenture.

Fourth: To the payment of fees and costs due and owing to the Authority.

Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Owner of 2021 Bonds to exercise any right or power arising from any default will impair any such right or power or will be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by the 2021 Indenture to the Trustee or to the Owners may be exercised from time to time and as often as will be deemed expedient. In case the Trustee will have proceeded to enforce any right under the 2021 Indenture, and such proceedings will have been discontinued or abandoned because of waiver or for any other reason, or will have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, and the Owners of the 2021 Bonds, severally and respectively, will be restored to their former positions and rights under the 2021 Indenture; and all remedies, rights and powers of the Authority, the Trustee, and the Owners of the 2021 Bonds will continue as though no such proceedings had been taken.

Remedies Cumulative. No remedy conferred in the 2021 Indenture upon or reserved to the Trustee or to any Owner of the 2021 Bonds is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the 2021 Indenture or now or thereafter existing at law or in equity.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the 2021 Indenture, whether upon its own discretion or upon the request of Owners of the 2021 Bonds, it will have full power, in the exercise of its discretion for the best interests of the Owners of the 2021 Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default under the 2021 Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the 2021 Bonds Outstanding under the 2021 Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

All rights of action under the 2021 Indenture or under any of the 2021 Bonds secured by the 2021 Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the 2021 Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in its name as Trustee of an express trust for the equal and ratable benefit of the Owners, subject to the provisions of the 2021 Indenture.

Limitation on Owners' Right to Sue. No Owner will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the 2021 Indenture, unless (a) such Owner will have previously given to the Trustee written notice of the occurrence of an Event of Default under the 2021 Indenture, (b) the Owners of at least a majority in aggregate principal amount of all the 2021 Bonds then Outstanding will have made written request upon the Trustee to exercise the powers therein before granted or to institute such action, suit or proceeding in its own name, (c) said Owners will have tendered to the Trustee indemnity satisfactory to it against the costs, expenses (including reasonable attorneys' fees) and liabilities to be incurred in compliance with such request and (d) the Trustee will have refused or omitted to comply with such request for a period of thirty (30) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the 2021 Indenture; it being understood and intended that no one or more Owners will have any right in any manner whatever by his or her or their action to enforce any right under the 2021 Indenture, except in the manner provided in the 2021 Indenture, and that all proceedings at law or in equity to enforce any provision of the 2021 Indenture will be instituted, had and maintained in the manner provided in the 2021 Indenture and for the equal benefit of all Owners of the Outstanding 2021 Bonds, subject to the provisions of the 2021 Indenture.

The right of any Owner to receive payment of the principal of and interest on such 2021 Bond out of 2021 Revenues, as provided in the 2021 Indenture and such Bond, on and after the respective due dates expressed in such 2021 Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of the 2021 Indenture.

Notwithstanding anything to the contrary in the 2021 Indenture, the Authority will have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than those specifically retained by the Authority pursuant to the 2021 Indenture) under the 2021 Indenture or the 2021 Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Corporation under the 2021 Loan Agreement.

Modification of Indenture, Documents

Modification without Consent of Owners. The Authority and the Trustee, without the consent of or notice to any Owners, from time to time and at any time, but subject to the conditions and restrictions contained in the 2021 Indenture, may enter into a Supplemental Indenture or Indentures, which Supplemental Indenture or Indentures thereafter will form a part of the 2021 Indenture; and the Trustee, without the consent of or notice to any Owners, from time to time and at any time, may consent to any Amendment to any Document; in each case for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in the 2021 Indenture, or of the Corporation contained in any Document, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for any of the 2021 Bonds, or to surrender any right or power in the 2021 Indenture or therein reserved to or conferred upon the Authority or the Corporation;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision contained in the 2021 Indenture or any Document, or in regard to matters or questions arising under the 2021 Indenture or any Document, as the Authority may deem necessary or desirable;

(c) to modify, amend or supplement the 2021 Indenture in such manner as to permit the qualification of the 2021 Indenture or thereof under the Trust Indenture Act of 1939 or any similar federal statute thereafter in effect, and, if they so determine, to add to the 2021 Indenture as therefore supplemented and amended such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

- (d) to modify or eliminate the book-entry registration system for any of the 2021 Bonds;
- (e) to provide for the procedures required to permit any Owner to separate the right to receive interest on the 2021 Bonds from the right to receive principal thereof and to sell or dispose of such rights, as contemplated by Section 1286 of the Code;
- (f) to provide for the appointment of a co-Trustee or the succession of a new Trustee;
- (g) to comply with requirements of any Rating Agency in order to obtain or maintain a rating on any 2021 Bonds; or
- (i) in connection with any other change which will not adversely affect the security for the 2021 Bonds or otherwise materially adversely affect the interests of the Owners of the 2021 Bonds.

Before the Authority or the Trustee enters into a Supplemental Indenture, and before the Trustee consents to any Amendment, pursuant to the provisions of the 2021 Indenture, the Authority or the Trustee will cause notice of the proposed execution of the Supplemental Indenture or Amendment to be given by mail to the Corporation and each Rating Agency. A copy of the proposed Supplemental Indenture or Amendment will accompany such notice. Not less than one week after the date of the first mailing of such notice, the Authority and/or the Trustee may execute and deliver such Supplemental Indenture or Amendment, but only after there will have been delivered to the Trustee and the Authority an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment (i) is authorized or permitted by the 2021 Indenture, the Act and other applicable law, (ii) complies with the applicable terms of the 2021 Indenture, (iii) will, upon the execution and delivery thereof be a valid and binding agreement of the Authority.

Notwithstanding the foregoing provisions of the Indenture described under this caption “Modification without Consent of Bondholders,” the Trustee will not be obligated to enter into any such Supplemental Indenture which affects the Trustee’s own rights, duties or immunities under the 2021 Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such Supplemental Indenture, and the Trustee will not enter into any Supplemental Indenture or consent to any Amendment without first obtaining the written consent of the Corporation. Any Supplemental Indenture or Amendment permitted pursuant to the provisions of the 2021 Indenture described under this caption “Modification without Consent of Bondholders,” may be approved by an Authorized Authority Representative and need not be approved by resolution or other action of the Board of Directors of the Authority.

Modification with Consent of Owners. With the consent of the Owners of not less than a majority in aggregate principal amount of the 2021 Bonds at the time Outstanding, evidenced as provided in the 2021 Indenture, (i) the Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture or Indentures for the purpose of adding any provisions to or changing in any manner or, eliminating any of the provisions of the 2021 Indenture as theretofore supplemented and amended, (ii) the Authority and the Corporation may enter into any Amendment and (iii) the Trustee may consent to any Amendment to any Document and any other matters for which its consent is required pursuant to the 2021 Indenture; provided, however, that no such Supplemental Indenture or Amendment will have the effect of extending the time for payment or reducing any amount due and payable by the Corporation pursuant to the 2021 Loan Agreement without the consent of the Owners of all Bonds then Outstanding; and that no such Supplemental

Indenture will (1) extend the fixed maturity of any 2021 Bond or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, without the consent of the Owner of each Bond so affected or (2) reduce the aforesaid percentage of Owners whose consent is required for the execution of such Supplemental Indentures or Amendments, or permit the creation of any lien on the 2021 Revenues and the other assets pledged as security for Bonds under the 2021 Indenture prior to or on a parity with the lien of the 2021 Indenture, except as permitted in the 2021 Indenture described above under this caption “Modification without Consent of Bondholders,” or permit the creation of any preference of any Owner over any other Owner, except as permitted in the 2021 Indenture, or deprive the Owners of the 2021 Bonds of the lien created by the 2021 Indenture upon the 2021 Revenues and the other assets pledged to the payment of the 2021 Bonds under the 2021 Indenture, without the consent of the Owners of all Bonds then Outstanding. Nothing in this paragraph will be construed as making necessary the approval of any Owner of any Supplemental Indenture or Amendment permitted by the provisions described above under the caption “Modification without Consent of Bondholders.”

Upon receipt by the Trustee of (A) a Certified Resolution authorizing the execution of any such Supplemental Indenture or Amendment, (B) an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is (aa) authorized or permitted by the 2021 Indenture, the Act and other applicable law, (bb) complies with the applicable terms of the 2021 Indenture, (cc) in the case of a Supplemental Indenture, will, upon the execution and delivery thereof, be a valid and binding agreement of the Authority; and (C) evidence of the consent of, as required by the 2021 Indenture, the Owners, as aforesaid, the Trustee will join with the Authority in the execution of such Supplemental Indenture or will consent to such Amendment; provided, however, that (aa) the Trustee will not be obligated to enter into any such Supplemental Indenture which affects the Trustee’s own rights, duties or immunities under the 2021 Indenture or otherwise, in which case the Trustee may in its sole discretion, but will not be obligated to, enter into such Supplemental Indenture and (bb) the Trustee will not enter into such Supplemental Indenture or consent to any Amendment of any Document without first obtaining the Corporation’s written consent thereto.

It will not be necessary for the consent of the Owners under the foregoing provisions to approve the particular form of any proposed Supplemental Indenture or Amendment, but it will be sufficient if such consent will approve the substance thereof.

Promptly after the execution by the parties thereto of any Supplemental Indenture or Amendment as provided in the 2021 Indenture, the Trustee will mail a notice (prepared by the Corporation) setting forth in general terms the substance of such Supplemental Indenture or such Amendment to the Rating Agencies and each Owner at the address contained in the Bond Register. Any failure of the Trustee to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture or such Amendment.

Effect of Supplemental Indenture or Amendment. Upon the execution of any Supplemental Indenture or any Amendment to the 2021 Loan Agreement pursuant to the provisions of the 2021 Indenture or the 2021 Loan Agreement, as the case may be, will be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the 2021 Indenture and the 2021 Loan Agreement of the Authority, the Trustee, the Corporation and all Owners of Outstanding 2021 Bonds will thereafter be determined, exercised and enforced under the 2021 Indenture and under the 2021 Loan Agreement subject in all respects to such Supplemental Indentures and Amendments, and all the terms and conditions of any such

Supplemental Indenture or Amendment will be part of the terms and conditions of the 2021 Indenture or the 2021 Loan Agreement, as the case may be, for any and all purposes.

Required and Permitted Opinions of Counsel. Subject to the provisions of the 2021 Indenture, the Trustee is entitled to receive an Opinion of Bond Counsel and rely on such Opinion of Bond Counsel as conclusive evidence that any Supplemental Indenture or Amendment executed pursuant to the provisions of the 2021 Indenture complies with the applicable requirements of the 2021 Indenture, that the appropriate consents have been obtained and that such Supplemental Indenture or Amendment has been duly authorized by the Authority.

Defeasance

Discharge of Indenture. If all Bonds will be paid and discharged in any one or more of the following ways:

(a) by the payment of the principal of and interest on all 2021 Bonds as and when the same become due and payable; or

(b) by providing for the payment of the principal of and interest on all 2021 Bonds as provided in the 2021 Indenture; or

(c) by the delivery to the Trustee, for cancellation by it, of all 2021 Bonds; and if all other sums payable the 2021 Indenture by the Corporation and the Authority will be paid and discharged, then thereupon the 2021 Indenture will be satisfied and discharged and will cease, terminate and become null and void, and thereupon the Trustee will, upon Written Request of the Authority, and upon receipt by the Trustee and the Authority of an Opinion of Bond Counsel to the effect that all conditions precedent to the satisfaction and discharge of the 2021 Indenture have been complied with, forthwith execute proper instruments acknowledging the satisfaction and discharge of the 2021 Indenture. The Trustee will mail written notice of such payment and discharge to the Authority, the Corporation and each Rating Agency. The satisfaction and discharge of the 2021 Indenture will be without prejudice to the rights of the Trustee and the Authority to charge and be reimbursed by the Corporation for any expenditures which it may thereafter incur in connection with the 2021 Indenture.

The Authority and the Corporation will surrender to the Trustee for cancellation by it any 2021 Bonds previously authenticated and delivered which the Authority or the Corporation lawfully may have acquired in any manner whatsoever, and such 2021 Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Discharge of Liability on Particular Bonds.

(a) Any Bond or a portion thereof will be deemed to be paid within the meaning of the 2021 Indenture when payment of the principal of such 2021 Bond or a portion thereof plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption or by declaration as provided in the 2021 Indenture) will have been provided for by (i) irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment money and/or nonprepayable, noncallable Government Obligations as provided in the 2021 Indenture and (ii) if such 2021 Bond or portion thereof is to be redeemed prior to the maturity

thereof, notice of such redemption will have been given as in the 2021 Indenture provided or provision satisfactory to the Trustee will have been made for giving such notice.

(b) In the event of the provision of the payment of less than the full principal amount of a 2021 Bond in accordance with subsection (a) of this Section, the principal amount of the Bond as to which such payment is not provided for will be in an Authorized Denomination and, unless that portion of the Bond as to which payment is provided for in accordance with subsection (a) of this Section is to be paid or redeemed within sixty days of the deposit with the Trustee, such portion will also be in an Authorized Denomination.

(c) Upon the deposit with the Trustee, in trust, at or before maturity or the redemption date, as applicable, of money and/or nonprepayable, noncallable Government Obligations as provided in the 2021 Indenture to pay or redeem a 2021 Bond or a portion thereof and the satisfaction of the other conditions specified in subsection (a) of this Section, such 2021 Bond, or the applicable portion thereof, will be deemed to be paid under the 2021 Indenture, will no longer be secured by or entitled to the benefits of the 2021 Indenture, except for the purposes of any such payment from such money and/or Government Obligations deposited with the Trustee for such purpose, and all liability of the Authority and the Corporation in respect of such 2021 Bond, or the applicable portion thereof, will cease, terminate and be completely discharged, except that the Authority and the Corporation will remain liable for the payment of the principal of and interest on such 2021 Bond, or the applicable portion thereof, but only from, and the Owners will thereafter be entitled only to payment (without interest accrued thereon after such redemption date or maturity date) out of, the money and/or Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the 2021 Indenture.

Deposit of Money or Securities with Trustee. Whenever in the 2021 Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or Government Obligations in the necessary amount to pay or redeem any 2021 Bonds, the money or securities so to be deposited or held may include money or nonprepayable, noncallable Government Obligations held by the Trustee in the funds and accounts established pursuant to the 2021 Indenture and will be:

(a) An amount of money equal to the principal amount of such 2021 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2021 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as provided in the 2021 Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount of money to be deposited or held will be the principal amount or redemption price of such 2021 Bonds and all unpaid interest thereon to the redemption date; or

(b) nonprepayable, noncallable Government Obligations, the principal of and the interest on which when due will provide money at the times and in the amounts sufficient, together with the other moneys held by the Trustee for such purpose (as evidenced by an Accountant's Report) to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the 2021 Bonds to be paid or redeemed, as such principal or redemption price and interest become due; provided that, in the case of 2021 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the 2021 Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice; provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the 2021 Indenture or by Written Request of the Authority) to apply such money and the payments

on such Government Obligations to the payment of such principal or redemption price and interest with respect to such 2021 Bonds. The Trustee will not be responsible for verifying the sufficiency of money and Government Obligation deposited with the Trustee to provide for the payment of the principal of and interest on Bonds pursuant to the 2021 Indenture but may conclusively rely for all purposes of the 2021 Indenture on an Accountant's Report as to such sufficiency.

CERTAIN PROVISIONS OF THE 2021 LOAN AGREEMENT

Issuance of the 2021 Bonds; Application of Proceeds

Agreement to Issue Bonds; Application of Proceeds of the 2021 Bonds. To provide funds to advance refund all of the outstanding 2013 Bonds, the Authority agrees that it will issue the 2021 Bonds pursuant to the 2021 Indenture and sell and deliver the 2021 Bonds (or cause the 2021 Bonds to be sold and delivered) to the underwriter thereof pursuant to the Purchase Contract. The Authority will thereupon apply the proceeds received from the sale of the 2021 Bonds as provided in the 2021 Indenture.

Investment of Moneys in Funds. Subject to the provisions of the 2021 Loan Agreement, any moneys in any fund held by the Trustee will, to the extent permitted under the 2021 Indenture, at the written request of an Authorized Corporation Representative, be invested or reinvested by the Trustee as provided in the 2021 Indenture. Such investments will be deemed at all times a part of the fund from which such investments were made, and the interest accruing thereon and any profit or loss realized therefrom will, except as otherwise provided in the 2021 Indenture, be credited or charged to such fund.

Loan to Corporation; Repayment Provisions

Loan to Corporation. The Authority covenants and agrees, upon the terms and conditions in the 2021 Loan Agreement, to make a loan to the Corporation for the purpose of advance refunding all of the outstanding 2013 Bonds and to pay the Costs of Issuance of the 2021 Bonds. Pursuant to said covenant and agreement, the Authority will issue the 2021 Bonds upon the terms and conditions contained in the 2021 Loan Agreement and the 2021 Indenture. The Authority and the Corporation agree that the application of the proceeds of sale of the 2021 Bonds to advance refund all of the outstanding 2013 Bonds and to pay Costs of Issuance of the 2021 Bonds, will be deemed to be and treated for all purposes as a loan to the Corporation of an amount equal to the aggregate principal amount of the 2021 Bonds.

Repayment and Payment of Other Amounts Payable.

(a) With respect to the 2021 Bonds, the Corporation covenants and agrees to pay to the Trustee as a Repayment Installment, on or before each date provided in or pursuant to the 2021 Indenture for the payment of principal of (whether at maturity or upon redemption or acceleration), premium, if any, and/or interest on the 2021 Bonds, until the principal of, premium, if any, and interest on the 2021 Bonds will have been fully paid or provision for the payment thereof will have been made in accordance with the 2021 Indenture, in immediately available funds, for deposit in the Bond Fund, a sum equal to the amount then payable as principal (whether at maturity or upon redemption or acceleration), premium, if any, and interest upon the 2021 Bonds as provided in the 2021 Indenture.

Each payment made by the Corporation pursuant to the 2021 Loan Agreement will at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon redemption or acceleration) and premium, if any, then payable on the 2021 Bonds; provided that any amount held by the Trustee in the Bond Fund on any due date for a Repayment Installment under the 2021 Loan Agreement will be credited against the Repayment Installment due on such date, to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the available amounts held by the Trustee in the Bond Fund are sufficient to pay all of the principal of and interest and premium, if any, on the Outstanding Bonds as such payments become due, the Corporation will be relieved of any obligation to make any further payments with respect to the 2021 Bonds under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Bond Fund is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest and premium, if any, on the 2021 Bonds as such payments become due, the Corporation will forthwith pay such deficiency as a Repayment Installment under the 2021 Loan Agreement.

(b) [reserved]

(c) Without limiting the generality of the obligations of the Corporation under subsection (a) of this Section to ensure that the moneys available in the Bond Fund are sufficient to pay when due the principal of and interest on the Outstanding Bonds, but without duplication, the Corporation will make the deposits with the Trustee of the amounts described in (i), (ii) and (iii) below.

(i) Interest Deposits. The Corporation has agreed that it will deposit with the Trustee on or before each Interest Payment Date an amount equal to the amount of the interest payable on the 2021 Bonds on such Interest Payment Date less any amounts then on deposit in the Bond Fund available to pay the interest on the 2021 Bonds payable on such Interest Payment Date.

(ii) Principal Deposits. The Corporation has agreed that it will deposit with the Trustee on or before each Principal Installment Date an amount equal to the amount of the Principal Installment payable on the 2021 Bonds on such Principal Installment Date less any amounts then on deposit in the Bond Fund available to pay such Principal Installments on such Principal Installment Date.

(d) In addition to the Repayment Installments, the Corporation shall also pay to the Authority or to the Trustee, as the case may be, “Additional Payments,” as follows:

(i) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the 2021 Loan Agreement or in any way arising due to the transactions contemplated thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation will have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Corporation’s expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Corporation will have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless

such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(ii) All reasonable fees, charges and expenses of the Trustee for services rendered under the 2021 Indenture and all amounts for compensation and indemnification of the Trustee pursuant to the 2021 Indenture, as and when the same become due and payable;

(iii) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the 2021 Loan Agreement or the 2021 Indenture; and

(iv) The annual fee of the Authority and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the 2021 Loan Agreement, the 2021 Bonds or the 2021 Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such 2021 Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving the 2021 Loan Agreement, the 2021 Bonds or the 2021 Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of the 2021 Loan Agreement.

(v) Such Additional Payments will be billed to the Corporation by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after receipt of the bill by the Corporation. Such annual fee shall be paid by the Corporation to the Authority annually, due and payable in arrears, on each respective Principal Payment Date (deeming, for purposes of calculating the fee to be paid, any principal to be paid on or as of such Principal Payment Date as no longer Outstanding) and shall be made as an Additional Payment in accordance with the 2021 Loan Agreement and the 2021 Indenture.

(e) The Corporation agrees that the provisions of this Section of the 2021 Loan Agreement shall survive the discharge of the 2021 Indenture and the retirement of the 2021 Bonds.

(f) In the event the Corporation should fail to make any of the payments required by this Section, such payments will continue as obligations of the Corporation until such amounts will have been fully paid. The Corporation agrees to pay such amounts, together as to items required in subsections (a) through (e) with interest thereon until paid, to the extent permitted by law, at 10% per annum.

Unconditional Obligation. The obligations of the Corporation to make the payments required by 2021 Loan Agreement and to perform and observe the other agreements on its part contained in the 2021 Loan Agreement will be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or any other Person, and during the period such payments are required to be paid pursuant to the 2021 Loan Agreement, the Corporation will pay absolutely the payments to be made on account of the loan as prescribed in the 2021 Loan Agreement and all other payments required under 2021 Loan Agreement, free of any deductions and without abatement, diminution or setoff. Until

such time as the principal of, premium, if any, and interest on the 2021 Bonds will have been fully paid, or provision for the payment thereof will have been made as required by the 2021 Indenture, the Corporation (i) will not suspend or discontinue any payments provided for in 2021 Loan Agreement, (ii) will perform and observe all of its other covenants contained in the 2021 Loan Agreement with respect to the 2021 Bonds and (iii) except as provided in 2021 Loan Agreement, will not terminate the 2021 Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to, or taking or condemnation of, all or any part of the Project, termination of any lease relating to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the 2021 Loan Agreement or the 2021 Indenture. Notwithstanding the immediately prior sentence, the Corporation shall not suspend or discontinue any payments described in paragraph (f) in the preceding section at any time such payment are required pursuant to federal tax law.

Assignment of Authority's Rights. As security for the payment of the 2021 Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under the 2021 Loan Agreement, including the right to receive payments thereunder except Reserved Rights; and the Authority thereby directs the Corporation to make the payments required by the 2021 Loan Agreement directly to the Trustee. The Corporation hereby assents to such assignment and agrees to make such payments directly to the Trustee without defense or setoff by reason of any dispute between the Corporation and the Authority or the Trustee.

Amounts Remaining in Funds. It is agreed by the parties to 2021 Loan Agreement that any amounts remaining in any fund held by the Trustee under the 2021 Indenture after payment in full of (i) the 2021 Bonds, or after provision for such payment will have been made as provided in the 2021 Indenture, (ii) the fees, charges and expenses of the Trustee, due and owing in accordance with the 2021 Loan Agreement and the 2021 Indenture, and (iii) all other amounts required to be paid under the 2021 Loan Agreement and the 2021 Indenture, will be applied as provided in the 2021 Indenture.

Special Covenants and Agreements

Corporation's Maintenance of Its Existence; Assignments.

(a) The Corporation agrees that during the term of the 2021 Loan Agreement and so long as any Bond is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, that the Corporation may, without violating the agreements contained in 2021 Loan Agreement, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve; provided, that in the event the Corporation is not the surviving, resulting or transferee corporation, as the case may be, that the surviving, resulting or transferee corporation (i) is a corporation organized under the laws of the United States or any state, district or territory thereof, and (ii) assumes in writing all of the obligations of the Corporation under the 2021 Loan Agreement and all other documents relating to the 2021 Bonds to which the Corporation is a party.

Notwithstanding the foregoing, as a condition precedent to any consolidation, merger, sale or other transfer, the Trustee and the Authority will receive (A) an Opinion of Counsel reasonably acceptable to the Authority to the effect that after such merger, consolidation, sale or other transfer, the 2021 Loan Agreement is a valid and binding obligation of the surviving, resulting or transferee Person, enforceable according to its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, or by the application of equitable principles if equitable remedies are sought, and the security interest created in the 2021 Loan Agreement will not be adversely affected by such sale or other transfer, and (B) evidence from each of the Rating Agencies then rating the 2021 Bonds that such merger will not result in a withdrawal or downgrading of their respective ratings on the 2021 Bonds.

Notwithstanding any other provision of the 2021 Loan Agreement, the Corporation need not comply with any of the provisions described in (a) above, provision for the payment of all Outstanding Bonds having been made as provided in the 2021 Indenture.

(b) The rights and obligations of the Corporation under the 2021 Loan Agreement may be assigned by the Corporation, in whole or in part; provided, however, that any assignment other than pursuant to 2021 Loan Agreement will be subject to each of the following conditions:

(i) No such assignment will relieve the Corporation from primary liability for any of its obligations under the 2021 Loan Agreement, and the Corporation will continue to remain primarily liable for the payments specified in the 2021 Loan Agreement, and for performance and observance of the other agreements on its part provided in the 2021 Loan Agreement to be performed and observed by it.

(ii) Any such assignment from the Corporation will retain for the Corporation such rights and interests as will permit it to perform its obligations under the 2021 Loan Agreement, and any assignee from the Corporation will assume the obligations of the Corporation under the 2021 Loan Agreement to the extent of the interest assigned.

(iii) The Corporation will, within thirty (30) days after delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of every such assignment together with an instrument of assumption.

If a merger, consolidation, sale or other transfer is effected, as provided in this Section, the provisions of this Section will continue in full force and effect and no further merger, consolidation, sale or transfer will be effected except in accordance with the provisions of this Section.

Qualification in California. The Corporation agrees that throughout the term of the 2021 Loan Agreement it, or any successor or assignee as permitted by the 2021 Loan Agreement, will be qualified to do business in the State.

Tariff Covenant. The Corporation agrees that, so long as any 2021 Bonds remain Outstanding, it will not file with FERC under Section 205 of the Federal Power Act any amendment to the Tariff that has the effect of: (a) eliminating the rule, currently in Appendix F, part C of the Tariff, that the Corporation's Grid Management Charge revenue requirement includes a "debt service coverage requirement" of not less than 25%, (b) eliminating the requirement that the Corporation maintain a "CAISO Operating Cost Reserve" of 15% of its annual Operating Costs, as currently in

Appendix A (the definition of CAISO Operating Cost Reserve”) and Appendix F (including the “CAISO Operating Cost Reserve” adjustment in the Grid Management Charge revenue requirement, or (c) eliminating the rule, currently in Sections 11.29.13.7 and 11.29.17.1, that the Corporation has a priority claim to recover Grid Management Charge from any market revenue received, before payments are made to market participants.

Prohibited Uses. No portion of the proceeds of the 2021 Bonds shall be used to finance or refinance any facility, place or building to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

Investments. The Corporation, by written request, may direct the investment by the Trustee of moneys in the funds and accounts established pursuant to the 2021 Indenture, subject to the limitations set forth in the 2021 Indenture. The Corporation will not purchase any obligations of the Authority, pursuant to an arrangement, formal or informal, in an amount related to the amount of the loans made to the Corporation under the 2021 Loan Agreement.

Events of Default and Remedies

Events of Default. Any one of the following which occurs will constitute an Event of Default pursuant to the 2021 Loan Agreement:

(a) failure by the Corporation to pay or cause to be paid any amounts required to be paid under the 2021 Loan Agreement when due or to make the deposits required to be made under the 2021 Loan Agreement within three days of the day when such payment was due;

(b) failure of the Corporation to observe and perform any covenant, condition or agreement on its part required to be observed or performed under the 2021 Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the Trustee or the Authority, which notice will specify such failure and request that it be remedied, unless the Authority and the Trustee will agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected;

(c) the Corporation’s application for or consent to the appointment of a receiver, trustee, liquidator or custodian of the Corporation, or of all or a substantial part of its property, or the commencement by the Corporation of a voluntary case or other proceeding seeking liquidation, reorganization or other such relief under any bankruptcy, insolvency or other similar law; now or hereafter in effect, or the Corporation’s consent to any such relief or to the taking of possession of its property by another party in any such involuntary case or other proceeding commenced against it; or

(d) the occurrence of an Event of Default under the 2021 Indenture.

The provisions of subsection (b) of the preceding paragraph are subject to the limitation that the Corporation will not be deemed in default if and so long as the Corporation is unable to carry out its agreements under the 2021 Loan Agreement, other than its agreements to make payments, by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or

officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation; it being agreed that the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the Corporation, and the Corporation will not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Corporation, unfavorable to the Corporation. This limitation will not apply to any default under subsections (a), (c) or (d) of this Section, or any agreement to make payments.

Remedies on Default. Whenever any Event of Default will have occurred and will continue:

(a) The Trustee, by notice in writing delivered to the Corporation (with copies of such notice being sent to the Authority) may declare the unpaid balance of the loan payable under of the 2021 Loan Agreement in an amount equal to the Outstanding principal amount of the 2021 Bonds, together with the interest accrued thereon, to be immediately due and payable, but may do so only if the 2021 Bonds have been accelerated as provided in the 2021 Indenture.

(b) To the extent not already provided for in the 2021 Loan Agreement, the Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Corporation.

(c) The Authority or the Trustee may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due and thereafter to become due under the 2021 Loan Agreement or the enforcement of the performance and observance of any obligation, agreement or covenant of the Corporation under the 2021 Loan Agreement, including but not limited to instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Corporation and collect in the manner provided by law moneys decreed to be payable.

(d) The provisions of subsection (a) above, however, are subject to the condition that if, at any time after the loan will have been so declared due and payable, and before any judgment or decree for the payment of the moneys due will have been obtained or entered as thereafter provided, there will have been deposited with the Trustee a sum sufficient to pay all the principal of the 2021 Bonds matured prior to such declaration and all matured installments of interest (if any) upon all such Bonds, with interest on such overdue installments of principal as provided in the 2021 Loan Agreement, and the reasonable fees and expenses of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the 2021 Bonds then Outstanding, by written notice to the Authority and to the Trustee, on behalf of the Owners of all the 2021 Bonds, rescind and annul such declaration and its consequences and waive such default; provided that no such rescission and annulment will extend to or will affect any subsequent default, or will impair or exhaust any right or power consequent thereon.

In case the Trustee or the Authority will have proceeded to enforce its rights under the 2021 Loan Agreement and such proceedings will have been discontinued or abandoned for any reason or

will have been determined adversely to the Trustee or the Authority, then, and in every such case, the Corporation, the Trustee and the Authority will be restored respectively to their several positions and rights under the 2021 Loan Agreement, and all rights, remedies and powers of the Corporation, the Trustee and the Authority will continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Corporation will not be disturbed by reason of the 2021 Loan Agreement).

No Remedy Exclusive. No remedy conferred in the 2021 Loan Agreement upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the 2021 Loan Agreement or now or thereafter existing at law or in equity or by statute.

Amendments, Changes and Modifications. Except as otherwise provided in the 2021 Loan Agreement or the 2021 Indenture, the 2021 Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the 2021 Indenture.

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APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Corporation takes no responsibility for the completeness or accuracy thereof. The Corporation cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2021 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2021 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2021 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The DTC will act as securities depository for the 2021 Bonds. The 2021 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 security certificate will be issued for each maturity of the 2021 Bonds, each in the aggregate principal amount of such 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 instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2021 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 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 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 the 2021 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2021 Bond documents. For example, Beneficial Owners of 2021 Bonds may wish to ascertain that the nominee holding the 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 the 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2021 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 Corporation 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 Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the 2021 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or 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.

DTC may discontinue providing its services as securities depository with respect to the 2021 Bonds at any time by giving reasonable notice to Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2021 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2021 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC, and none of the Corporation, the Authority or the Trustee take any responsibility for the accuracy thereof.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

January 26, 2021

California Independent System Operator Corporation
Folsom, California

California Statewide Communities
Development Authority
Sacramento, California

California Statewide Communities Development Authority
Taxable Refunding Revenue Bonds
(California Independent System Operator Corporation Project) Series 2021 (Green Bonds)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Independent System Operator Corporation (the “Corporation”) in connection with issuance by the California Statewide Communities Development Authority (the “Authority”) of its \$174,445,000 aggregate principal amount of Taxable Refunding Revenue Bonds (California Independent System Operator Corporation Project) Series 2021 (Green Bonds) (the “Bonds”), issued pursuant to an Indenture of Trust, dated as of January 1, 2021 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to the Corporation pursuant to a Loan Agreement, dated as of January 1, 2021 (the “Loan Agreement”), between the Authority and the Corporation. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Loan Agreement; an opinion of counsel to the Authority; certificates of the Authority, the Trustee, the Corporation and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in

connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Loan Agreement. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Loan Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement relating to the Bonds, dated January 14, 2021, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the 2021 Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) dated as of January 1, 2021 by and between California Independent System Operator Corporation (the “Borrower”) and U.S. Bank National Association, as Trustee (the “Trustee”) under an Indenture of Trust dated as of January 1, 2021 (the “Indenture”) between California Statewide Communities Development Authority (the “Issuer”) and the Trustee, is executed and delivered in connection with the issuance of the Issuer’s \$174,445,000 principal amount Taxable Refunding Revenue Bonds (California Independent System Operator Corporation Project) Series 2021 (Green Bonds) (the “Bonds”). The proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement dated as of January 1, 2021 between the Issuer and the Borrower (the “Loan Agreement”). Capitalized terms used in this Agreement which are not otherwise defined in the Indenture shall have the respective meanings specified in Article IV hereof. Pursuant to Section 5.7 of the Loan Agreement, the parties agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose; No Issuer Responsibility or Liability. This Agreement is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule. The Borrower and the Trustee acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any holder of the Bonds, with respect to any such reports, notices or disclosures.

Section 1.2. Annual Financial Information. (a) The Borrower shall provide Annual Financial Information with respect to each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2020, by no later than 150 days after the end of the respective fiscal year, to (i) the Repository (electronic format, accompanied by such identifying information as is prescribed by the Repository), (ii) the Issuer, and (iii) the Trustee.

(b) The Borrower shall provide, in a timely manner, notice of any failure of the Borrower to provide the Annual Financial Information by the date specified in subsection (a) above, in each case to (i) the Repository (electronic format, accompanied by such identifying information as is prescribed by the Repository), (ii) the Issuer and (iii) the Trustee.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Borrower shall provide Audited Financial Statements, when and if available, to (i) the Repository (electronic format, accompanied by such identifying information as is prescribed by the Repository), (ii) the Issuer, and (iii) the Trustee.

Section 1.4. Listed Event Notices. (a) If a Listed Event described in (i) through (x) and (xviii) of paragraph (7) of Section 4.1 occurs, the Borrower shall provide, in a timely manner not later than ten business days of occurrence, notice of such Listed Event to (i) the Repository, (ii) the Issuer, and (iii) the Trustee.

(b) If a Listed Event described in (xi) through (xvii) of paragraph (7) of Section 4.1 which the Borrower determines would be material under applicable federal securities laws occurs, the Borrower shall provide, in a timely manner not later than ten business days of occurrence, notice of such Listed Event to (i) the Repository, (ii) the Issuer, and (iii) the Trustee. Notwithstanding the foregoing, notice of the Listed Event described in (xiii) of paragraph (7) of Section 4.1 need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(c) Any such notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(d) The Trustee shall promptly advise the Borrower and the Issuer whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence which, if material, would require the Borrower to provide notice of a Listed Event hereunder; provided, however, that the failure of the Trustee so to advise the Borrower or the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Indenture.

(e) Each Listed Event Notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Listed Event Notice relates or, if the Listed Event Notice relates to all bond issues of the Issuer including the Bonds, such Listed Event Notice need only include the CUSIP number of the Issuer.

(f) The Borrower intends to comply with the Listed Events described in (x) and (xviii) of paragraph (7) of Section 4.1, and the definition of “Financial Obligation” in paragraph (5) of Section 4.1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 1.5. Additional Disclosure Obligations. The Borrower acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Borrower and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Borrower under such laws.

Section 1.6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Listed Event hereunder,

in addition to that which is required by this Agreement. If the Borrower chooses to do so, the Borrower shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Listed Event hereunder.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Borrower provides Annual Financial Information (but not Listed Event notices) by specific reference to documents (i) filed with the SEC, or (ii) if such document is a “final official statement” as defined in paragraph (f)(3) of the Rule, available from the MSRB.

Section 2.2. Transmission of Information and Notices. Unless otherwise required by law and, in the Borrower’s sole determination, subject to technical and economic feasibility, the Borrower shall employ such methods of information and notice transmission as shall be requested or recommended by the recipients of the Borrower’s information and notices; provided, that information transmitted to the Repository pursuant to Sections 1.2, 1.3 and 1.4 hereof shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository.

Section 2.3. Fiscal Year. (a) The Borrower’s current fiscal year is January 1 - December 31, and the Borrower shall promptly notify (i) the Repository, (ii) the Issuer, and (iii) the Trustee in writing of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date, Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The Borrower’s and the Trustee’s obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) If the Borrower’s obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Agreement in the same manner as if it were the Borrower, and thereupon the original Borrower shall have no further responsibility hereunder.

(d) This Agreement, or any provision hereof, shall be null and void in the event that (1) the Borrower delivers to the Trustee an opinion of Counsel, addressed to the Borrower, the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds,

whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Borrower delivers copies of such opinion to (i) the Repository, and (ii) the Issuer. The Borrower shall so deliver such opinion within one Business Day after delivery thereof to the Trustee.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Borrower or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Borrower shall have delivered to the Trustee an opinion of Counsel, addressed to the Borrower, the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Borrower shall have delivered to the Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer or the Borrower (such as bond counsel or the Trustee) and acceptable to the Borrower, addressed to the Borrower, the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of Bonds pursuant to the Indenture as in effect at the time of the amendment, and (5) the Trustee shall have delivered copies of such opinion(s) and amendment to (i) the Repository, and (ii) the Issuer. The Trustee shall so deliver such opinion(s) and amendment within one Business Day after receipt by the Trustee.

(b) In addition to subsection (a) above, this Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Borrower shall have delivered to the Trustee an opinion of Counsel, addressed to the Borrower, the Issuer and the Trustee, to the effect that performance by the Borrower and the Trustee under this Agreement as so amended will not result in a violation of the Rule and (3) the Borrower shall have delivered copies of such opinion and amendment to (i) the Repository and (iii) the Issuer. The Borrower shall so deliver such opinion and amendment within one Business Day after receipt by the Trustee.

(c) In addition to subsections (a) and (b) above, this Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Borrower shall have delivered to the Trustee an opinion of Counsel, addressed to the Borrower, the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Borrower shall have delivered copies of such opinion and amendment to (i) the Repository and (ii) the Issuer. The Borrower shall so deliver such opinion and amendment within one Business Day after delivery thereof to the Trustee.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2 (a) hereof to the accounting principles to be followed by the Borrower in preparing its financial statements, the Annual Financial Information for the fiscal 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. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative 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.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that Beneficial Owners of Bonds shall be third-party beneficiaries of this Agreement and shall be entitled to enforce the rights of the Trustee under this Agreement to the extent the Trustee shall fail or refuse or shall be unable to take any enforcement action hereunder. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Borrower to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, who shall have provided the Trustee with adequate security and indemnity. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Borrower's obligations under this Agreement. In consideration of the third-party beneficiary status of Beneficial Owners of Bonds pursuant to subsection (a) of this Section, Beneficial Owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Borrower or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement

addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) updated versions of the following financial information and operating data contained in Appendix A to the Official Statement, for each fiscal year of the Borrower, as follows:

(a) the financial information and operating data appearing under the caption “**The ISO Charges - Coverage of GMC by Total Market Settlement Collections**”;

(b) a description of ISO’s largest customers of the type appearing in the table under the caption “**Risk Factors – ISO Charges and GMC**”;

(c) the financial information appearing in the table headed “**Financial Information - Condensed Statements of Net Position**”;

(d) the financial information appearing in the paragraph headed “**Financial Information - Debt Obligations**”; and

(e) a description of the annual required contribution and actuarial accrued liability for post employment benefits of the type appearing in the penultimate paragraph under the caption “**Financial Information - Retirement Benefits (OPEB) and Other Post Employment Benefits**”.

and (ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided. As and to the extent that the financial information and operating data described in Section 4.1(1)(i) hereof are included in the Borrower’s audited financial statements, they need not be separately reported.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Borrower, audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2(a) hereof, the Borrower may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law or regulation describing such accounting principles, or other description thereof.

(3) “Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

(4) “Counsel” means Orrick, Herrington & Sutcliffe LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(5) “Financial Obligation” shall mean, for purposes of the Listed Events set out in (x) and (xviii) of paragraph (7) of this Section 4.1, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(6) “GAAP” means generally accepted accounting principles as prescribed from time to time by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties or responsibilities of either of them.

(7) “Listed Event” means any of the following events with respect to the Bonds, whether relating to the Borrower or otherwise:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender offers;
- (vii) Defeasances;

- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (ix), 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.

- (xi) Unless described in paragraph 6(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (xii) Modifications to rights of Bond holders;
- (xiii) Optional, unscheduled or contingent Bond calls;
- (xiv) Release, substitution, or sale of property securing repayment of the Bonds;
- (xv) Non-payment related defaults;
- (xvi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;
- (xvii) Appointment of a successor or additional trustee or the change of name of a trustee; or
- (xviii) Incurrence of a Financial Obligation of the Borrower, or agreement to covenants, events of default, remedies, priority rights, or other similar

terms of a Financial Obligation of the Borrower, any of which affect security holders.

(8) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

(9) “Official Statement” means the Official Statement dated January 14, 2021 of the Issuer relating to the Bonds.

(10) “Repository” means, until otherwise designated by the MSRB or the SEC, the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org><http://emma.msrb.org>.

(11) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(12) “SEC” means the United States Securities and Exchange Commission.

(13) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

(14) “Underwriter” means RBC Capital Markets, LLC, as underwriter of the Bonds.

ARTICLE V

Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement, and the Borrower agrees to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee’s negligence or willful misconduct in the performance of its duties hereunder. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Indenture. The obligations of the Borrower under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 5.2. Notices. Any notices or communications to or among any of the parties to this Agreement shall be given at the addresses set forth in Section 12.05 of the Indenture.

Section 5.3. Counterparts. This Agreement 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.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION

By: _____
An Authorized Representative

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

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