NEW ISSUE - FULL BOOK-ENTRY

RATINGS: S&P: "AA-"
Moody's: "Aa3"
See "Ratings".

In the opinion of Bond Counsel, under existing law, interest on the 2023 Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the tax covenants described herein, interest on the 2023 Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference for purposes of the federal alternative minimum tax on individuals. See "TAX MATTERS" herein.

$120,000,000
CITY OF BURBANK, CALIFORNIA
Burbank Water and Power
Electric Revenue Bonds, Series of 2023

Dated: Date of Delivery **Due: June 1, as shown on inside cover**

The Burbank Water and Power Electric Revenue Bonds, Series of 2023 (the "2023 Bonds") are being issued by the City of Burbank (the "City") pursuant to a resolution adopted by the City Council of the City on January 24, 2023, and under the Electric Revenue Bond Indenture, dated as of October 1, 1998, as supplemented, including by a Seventh Supplemental Burbank Water and Power Electric Revenue Bond Indenture dated as of February 1, 2023, (together, the "Indenture") by and between the City and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"). See "INTRODUCTION – General."

The proceeds of the 2023 Bonds will be used to (i) finance the cost of the 2023 Electric Project (as defined herein), (ii) pay the costs of issuing the 2023 Bonds and (iii) fund a deposit to the Parity Reserve Fund. See "THE FINANCING PLAN."

Under the Indenture, the 2023 Bonds will be payable from and secured by Electric Net Revenues of the City's Electric System (as those terms are defined herein) and by certain other funds pledged therefor under the Indenture. The general fund and the revenues of the water enterprise of the City are not liable for, and neither the faith and credit nor the taxing power of the City is pledged to, the payment of the 2023 Bonds.

The 2023 Bonds are secured by a pledge of Electric Net Revenues on parity with the City of Burbank, California Burbank Water and Power Electric Revenue Bonds, Series of 2010B (Taxable Build America Bonds) (the "2010B Bonds"), which are outstanding in the aggregate principal amount of $52,665,000. The City is authorized under the Indenture to incur additional obligations payable from and secured by the Electric Net Revenues on parity with the 2010B Bonds and the 2023 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS" and "THE ELECTRIC SYSTEM."

The 2023 Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2023, and will be issued in fully-registered form without coupons in integral multiples of $5,000. The 2023 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2023 Bonds will not receive certificates representing their interests in the 2023 Bonds. Payments of the principal of, premium, if any, and interest on the 2023 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2023 Bonds. See "THE 2023 BONDS – Book-Entry Only System."

The 2023 Bonds are subject to redemption prior to maturity. See "THE 2023 BONDS – Redemption."

THE 2023 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM ELECTRIC NET REVENUES. THE 2023 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE, EXCEPT TO THE EXTENT OF CERTAIN AVAILABLE MONEYS PLEDGED THEREFOR, SOLELY FROM ELECTRIC NET REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE 2023 BONDS. THE ISSUANCE OF THE 2023 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF 2023 BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2023 BONDS.

The 2023 Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney and Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel to the City, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2023 Bonds will be delivered in book-entry form through the facilities of DTC on or about March 14, 2023.

RBC Capital Markets

The date of this Official Statement is: February 28, 2023.

$120,000,000
CITY OF BURBANK, CALIFORNIA
Burbank Water and Power
Electric Revenue Bonds, Series of 2023

MATURITY SCHEDULE
(Base CUSIP†: 12082T)

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2026	$2,055,000	5.000%	2.650%	107.190	BR2
2027	2,160,000	5.000	2.590	109.558	BS0
2028	2,265,000	5.000	2.550	111.886	BT8
2029	2,380,000	5.000	2.570	113.869	BU5
2030	2,500,000	5.000	2.560	115.975	BV3
2031	2,625,000	5.000	2.560	117.967	BW1
2032	2,755,000	5.000	2.560	117.967 C	BX9
2033	2,890,000	5.000	2.640	117.320 C	BY7
2034	3,035,000	5.000	2.760	116.358 C	BZ4
2035	3,185,000	5.000	2.920	115.088 C	CA8
2036	3,345,000	5.000	3.100	113.680 C	CB6
2037	3,515,000	5.000	3.220	112.752 C	CC4
2038	3,690,000	5.000	3.370	111.605 C	CD2
2039	3,875,000	5.000	3.520	110.472 C	CE0
2040	4,070,000	5.000	3.620	109.724 C	CF7
2041	4,270,000	5.000	3.720	108.982 C	CG5
2042	4,485,000	5.000	3.750	108.761 C	CH3
2043	4,710,000	5.000	3.790	108.466 C	CJ9

$27,320,000 5.000% Term Bond due June 1, 2048, Yield: 3.990%, Price: 107.008 C, CUSIP†: 12082T CK6

$34,870,000 5.000% Term Bond due June 1, 2053, Yield: 4.040%, Price: 106.647 C, CUSIP†: 12082T CL4

C: Priced to par call date of June 1, 2031.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright (c) 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter or their agents or counsel take any responsibility for the accuracy of such numbers.

CITY OF BURBANK

CITY COUNCIL

Konstantine Anthony, Mayor/Councilmember
Nick Schultz, Vice Mayor /Councilmember
Zizette Mullins, Councilmember
Nikki Perez, Councilmember
Tamala Takahashi, Councilmember

BURBANK WATER AND POWER OFFICIALS

Dawn Roth Lindell, General Manager
Mandip Samra, Assistant General Manager/Power Supply
Riad Sleiman, Assistant General Manager/Electric Services
Stela Kalomian, Acting Chief Financial Officer

BOND COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Los Angeles, California

TRUSTEE

U.S. Bank Trust Company, National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement*.* No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2023 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations*.* This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2023 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement.

Use of this Official Statement. This Official Statement is delivered in connection with the sale of the 2023 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2023 Bonds.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2023 Bonds have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act.

Stabilization of Prices**.** In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the 2023 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2023 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City maintains websites and certain social media accounts; however, the information presented on the website and such social media accounts is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2023 Bonds.

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OFFICIAL STATEMENT

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INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX C – Summary of Certain Provisions of the Indenture."

General

The City of Burbank (the "**City**") is issuing its City of Burbank, California Burbank Water and Power Electric Revenue Bonds, Series of 2023 (the "**2023 Bonds**") pursuant to Article 12 of Chapter 4 of Title 2 (formerly Article 12 of Chapter 14) of the Burbank Municipal Code, as amended, and a resolution adopted by the City Council of the City (the "**City Council**") on January 24, 2023 (the "**City Resolution**").

The 2023 Bonds are also issued pursuant to the Burbank Water and Power Electric Revenue Bond Indenture, dated as of October 1, 1998 (the "**Original Indenture**"), as supplemented and amended, including as supplemented and amended by a Seventh Supplemental Burbank Water and Power Electric Revenue Bond Indenture, dated as of February 1, 2023 (the "**Seventh Supplemental Indenture**"), by and between the City and U.S. Bank Trust Company, National Association, as successor trustee (the "**Trustee**"). The Original Indenture, as previously amended and supplemented, and as amended and supplemented by the Seventh Supplemental Indenture, is referred to herein as the "**Indenture**."

The 2023 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("**DTC**"), or its nominee, which will act as securities depository for the 2023 Bonds. Purchasers of the 2023 Bonds will not receive certificates representing the 2023 Bonds that are purchased. See "THE 2023 Bonds – Book-Entry Only System" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2023 Bonds are being issued to (i) fund the cost of the 2023 Electric Project (as defined below), (ii) fund a contribution to the Parity Reserve Fund (as defined below) and (iii) pay the costs of issuing the 2023 Bonds. See "THE FINANCING PLAN."

The City, BWP and the Electric System

The City is located in the greater metropolitan Los Angeles area approximately 12 miles northeast of the Los Angeles Civic Center complex. The City encompasses 17.1 square miles. See "APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY." The City was incorporated as a general law city in 1911 and adopted its City Charter in 1927 (as amended, the "**City Charter**"). The City's population as of January 1, 2022 was approximately 105,451. The City provides its residents with electric, water, and sewer services and operates its own police and fire departments.

The City owns and operates the electric system, which is an integrated electric system consisting of generation, transmission and distribution facilities (the "**Electric System**"). The Electric System provides service to all electric consumers within the City and is managed by Burbank Water and Power ("**BWP**"), a department of the City. See "BURBANK WATER AND POWER" and "THE ELECTRIC SYSTEM."

The City's electric requirements are provided by a variety of sources. For the fiscal year ended June 30, 2022, the average number of customers of the Electric System was approximately 53,252 and the total megawatt hours ("**MWhs**") of energy sold to customers throughout the City was approximately 979,000 MWhs. See "THE ELECTRIC SYSTEM – Power Supply."

Security and Sources of Payment for the 2023 Bonds

The 2023 Bonds are payable from and secured by a pledge of Electric Net Revenues (as defined herein) and by certain other funds pledged therefor under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS."

The 2023 Bonds are secured by a pledge of Electric Net Revenues on parity with the outstanding 2010B Bonds (as defined below). Additionally, under the Indenture, the City may issue additional obligations on a parity with the 2023 Bonds. See "– Outstanding Bonds and Parity Debt; Additional Bonds and Parity Debt" below.

THE 2023 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM ELECTRIC NET REVENUES. THE 2023 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE, EXCEPT TO THE EXTENT OF CERTAIN AVAILABLE MONEYS PLEDGED THEREFOR, SOLELY FROM ELECTRIC NET REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE 2023 BONDS. THE ISSUANCE OF THE 2023 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

Outstanding Bonds and Parity Debt; Additional Bonds and Parity Debt

The City previously issued the City of Burbank, California Burbank Water and Power Electric Revenue Bonds, Series of 2010B (Taxable Build America Bonds) (the "**2010B Bonds**"), which are currently outstanding in the aggregate principal amount of $52,665,000. The 2010B Bonds were issued primarily to finance the costs of certain improvements to the Electric System. The 2010B Bonds are payable from and secured by the Electric Net Revenues on parity with the 2023 Bonds.

The City may incur additional obligations payable from and secured by the Electric Net Revenues on parity with the 2023 Bonds and 2010B Bonds subject to the terms and conditions set forth in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS – Additional Bonds and Parity Debt".

The Series 2010B Bonds and the 2023 Bonds, together with all additional electric revenue bonds hereafter issued under the Indenture on a parity with the 2010B Bonds and the 2023 Bonds, are collectively referred to herein as the "**Bonds**."

Parity Reserve Fund

The 2023 Bonds will be secured by amounts on deposit in the Parity Reserve Fund established under the Indenture and held by the Trustee. Pursuant to the Indenture, the 2010B Bonds are also secured by the Parity Reserve Fund.

All future series of bonds other than bonds authorized by a Supplemental Indenture that provides that such bonds are not "**Participating Bonds**" will be secured by the Parity Reserve Fund. The 2010B Bonds and the 2023 Bonds are Participating Bonds.

The "**Reserve Fund Requirement**" in the Indenture is, as of any date of calculation, (i) with respect to the Parity Reserve Fund, an amount equal to one-half of the greatest amount of principal and interest becoming due and payable on all Outstanding Participating Bonds in the then current or any future fiscal year, net of any expected Federal Subsidy (as hereinafter defined), and (ii) with respect to any Series Reserve Fund for a Series of Future Bonds that do not constitute Participating Bonds, the reserve fund requirement (which reserve fund requirement may be zero ($0)), specified for such Series of Future Bonds in a Supplemental Indenture setting forth the terms of such Future Bonds, all as computed and determined by the City and specified in writing to the Trustee. Upon the issuance of the 2023 Bonds, the Reserve Fund Requirement with respect to the Parity Reserve Fund will be $6,233,875.55.

Amounts on deposit in the Parity Reserve Fund will be applied to the payment of principal of and interest on Participating Bonds in the event of a deficiency in the Debt Service Fund for such payment. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS – Reserve Fund" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Parity Reserve Fund and Series Reserve Funds."

Joint Powers Agency Contracts

In addition to its own generation facilities, the City has entered into a number of power purchase contracts and transmission service contracts with two joint powers agencies. The City's obligations to make payments with respect to certain of these contracts are unconditional "take-or-pay" obligations, obligating the City to make such payments as Electric Operating Expenses (as defined below) of the Electric System whether or not the related projects are operating or operable, or the output thereof is suspended, interfered with, reduced, curtailed or terminated in whole or in part.

In addition, certain of the contracts contain "step up" provisions obligating the City to pay a share of the obligations of a defaulting participant.

Because such obligations are payable as Electric Operating Expenses, the obligations are payable prior to any of the payments required to be made on the Bonds and any Parity Debt of the Electric System. See "THE ELECTRIC SYSTEM – Non-Burbank Owned Resources."

Rate Covenant

The City covenants, pursuant to the Indenture, that it shall prescribe, revise and collect such charges for the services, facilities and electricity furnished by the Electric System which, after making allowances for contingencies and error in the estimates, shall provide Electric Net Revenues at least sufficient to pay the following amounts in the order set forth:

(1) The interest on, and principal and Redemption Price of, the outstanding Bonds and any Parity Debt of the Electric System as the same shall become due and payable;

(2) All payments required for compliance with the Indenture, including payments required to be made into any bond reserve fund for the Bonds; and

(3) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Electric Net Revenues;

and the charges shall be fixed so that in each fiscal year (i) the Electric Net Revenues shall be at least equal to 1.00 times the amount required to pay the items specified in clauses (1), (2) and (3) above, and (ii) the Adjusted Electric Net Revenues shall be at least equal to 1.20 times the amount of Annual Debt Service for such fiscal year.

"**Adjusted Electric Net Revenues**" means the Electric Net Revenues *plus*, for purposes of determining compliance with the rate covenant only, other lawfully available funds of the City budgeted by the City for the payment of Electric Operating Expenses or Debt Service on the Bonds and/or any Parity Debt of the Electric System.

Moneys on deposit in any unrestricted funds are not pledged for the benefit of the owners of the Bonds during such fiscal year. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS – Rate Covenant" (which section includes definitions of certain other terms used in this subsection).

Electric rates are established by the City Council and are not subject to regulation by the California Public Utilities Commission (the "**CPUC**") or any other state agency. See "SECURITY FOR THE 2023 BONDS – Rate Covenant."

Continuing Disclosure

In connection with the issuance of the 2023 Bonds, the City will covenant for the benefit of owners of the 2023 Bonds to provide certain financial information and operating data relating to the City. See “CONTINUING DISCLOSURE” and “APPENDIX E – Form of Continuing Disclosure Agreement.”

Other Matters

The summaries of and references to documents, statutes, reports and other instruments referred to in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined in this Official Statement indicates that such word is defined in a particular agreement or other document and, as used in this Official Statement, has the meaning given it in such agreement or document. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

THE FINANCING PLAN

The 2023 Bonds are being issued to provide funds to (i) finance the costs of the 2023 Electric Project (as defined below), (ii) fund a contribution to the Parity Reserve Fund and (iii) pay the costs of issuing the 2023 Bonds.

The 2023 Electric Project

A portion of the proceeds of the 2023 Bonds will be used to finance the costs of certain improvements to the Electric System, including but not limited to the replacement of two electric substations, investment in renewable projects, the replacement of other infrastructure, facilities, and equipment of the Electric System, and other upgrades to the Electric System or such other and additional facilities as the City determines to substitute therefor (the "**2023 Electric Project**"). The primary components of the 2023 Electric Project are described below.

Golden State and Willow Substation. BWP has determined to replace the Golden State Substation and build a new Willow Substation. These substations have been designed with increased capacity to serve future development in their respective areas in the City and also to support BWP's 4 kilovolts (kV) to 12kV conversion program.

Renewable Projects and Other Electric System Replacements. A portion of the proceeds of the 2023 Bonds will be used to invest in renewable energy projects and projects in support of BWP's continued modernization and efficiency efforts, which include the 4kV to 12kV conversion program. BWP also anticipates building multiple solar with storage projects throughout the City, including one at the City campus and one at the Burbank airport.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2023 Bonds are as follows:

Sources:	
Principal Amount	$120,000,000.00
Plus Original Issue Premium	11,340,288.55
Total Sources	**$131,340,288.55**
Uses:	
Deposit to Series 2023 Electric System Fund	$126,658,319.76
Deposit to Parity Reserve Fund	4,019,304.31
Costs of Issuance[(1)]	662,664.48
Total Uses	**$131,340,288.55**

(1) Represents funds to be used to pay costs of issuance, which include legal fees, Municipal Advisor fees, Underwriter's discount, Trustee fees, printing costs, rating agency fees and other miscellaneous expenses.

Debt Service Schedule

The table below shows annual debt service payments on the outstanding 2010B Bonds (net of the projected federal Build America Bond subsidy) and the 2023 Bonds, assuming no optional redemption.

Year Ending June 1	2010B Bonds Debt Service(1)(2)	2023 Bonds Principal	2023 Bonds Interest(2)	Total Debt Service(2)
2023	$2,207,551	--	$1,283,333	$3,490,884
2024	4,417,551	--	6,000,000	10,417,551
2025	4,411,894	--	6,000,000	10,411,894
2026	4,412,751	$2,055,000	6,000,000	12,467,751
2027	4,409,711	2,160,000	5,897,250	12,466,961
2028	4,407,774	2,265,000	5,789,250	12,462,024
2029	4,406,734	2,380,000	5,676,000	12,462,734
2030	4,406,388	2,500,000	5,557,000	12,463,388
2031	4,406,529	2,625,000	5,432,000	12,463,529
2032	4,403,047	2,755,000	5,300,750	12,458,797
2033	4,399,481	2,890,000	5,163,000	12,452,481
2034	4,395,621	3,035,000	5,018,500	12,449,121
2035	4,396,253	3,185,000	4,866,750	12,448,003
2036	4,390,955	3,345,000	4,707,500	12,443,455
2037	4,384,726	3,515,000	4,540,250	12,439,976
2038	4,382,356	3,690,000	4,364,500	12,436,856
2039	4,378,419	3,875,000	4,180,000	12,433,419
2040	4,372,704	4,070,000	3,986,250	12,428,954
2041	--	4,270,000	3,782,750	8,052,750
2042	--	4,485,000	3,569,250	8,054,250
2043	--	4,710,000	3,345,000	8,055,000
2044	--	4,945,000	3,109,500	8,054,500
2045	--	5,190,000	2,862,250	8,052,250
2046	--	5,450,000	2,602,750	8,052,750
2047	--	5,725,000	2,330,250	8,055,250
2048	--	6,010,000	2,044,000	8,054,000
2049	--	6,310,000	1,743,500	8,053,500
2050	--	6,625,000	1,428,000	8,053,000
2051	--	6,960,000	1,096,750	8,056,750
2052	--	7,305,000	748,750	8,053,750
2053	--	7,670,000	383,500	8,053,500
Total	$76,990,443	$120,000,000	$118,808,583	$315,799,026

(1) Presented net of projected federal Build America Bond subsidy, assuming current federal sequestration reduction rate of 5.7%. See "SECURITY AND SOURCES OF PAYMENTS FOR THE 2023 BONDS – Rate Covenant" for a discussion of sequestration.

(2) Rounded to nearest dollar.

THE 2023 BONDS

This section provides summaries of the 2023 Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

General

Bond Terms. The 2023 Bonds will be dated their date of delivery and issued in fully registered form without coupons in integral multiples of $5,000. The 2023 Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

Payments of Principal and Interest. Interest on the 2023 Bonds will be payable commencing on June 1, 2023, and semiannually thereafter on December 1 and June 1 (each an "**Interest Payment Date**") of each year in lawful money of the United States of America by check mailed by first class mail on each Interest Payment Date to the Owner thereof as of the close of business on the 15th day (whether or not a Business Day) of the calendar month immediately preceding such Interest Payment Date (each a "**Record Date**"); provided, that upon the written request of an Owner of one million dollars ($1,000,000) or more in aggregate principal amount of the 2023 Bonds received by the Trustee prior to the applicable Record Date (which such request shall remain in effect until rescinded in writing by such Owner), interest shall be paid by wire transfer in immediately available funds.

Interest on the 2023 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless: a 2023 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date; a 2023 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date; or interest on any 2023 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest with respect to the 2023 Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months.

Principal of and premium, if any, on the 2023 Bonds are payable when due upon presentation at the Corporate Trust Office of the Trustee, in lawful money of the United States of America.

While the 2023 Bonds are subject to the book-entry system, payments of principal, premium, if any, and interest will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2023 Bonds. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Transfer, Registration and Exchange

See "APPENDIX C – Summary of Certain Provisions of the Indenture" for a description of the provisions of the Indenture relating to the transfer, registration and exchange of the 2023 Bonds.

Redemption

Optional Redemption. The 2023 Bonds maturing on or before June 1, 2031 are not subject to redemption prior to maturity. The 2023 Bonds maturing on and after June 1, 2032 shall be subject to redemption prior to their stated maturities, at the option of the City, from any source of available funds, as a whole or in part in Authorized Denominations on any date (by such maturities as may be specified by the City and by lot within a maturity), on or after June 1, 2031, at a Redemption Price equal to 100% of the principal amount of 2023 Bonds called for redemption, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2023 Bonds maturing on June 1, 2048 shall also be subject to redemption prior to their stated maturity, in part, from mandatory sinking fund payments as specified below, commencing on June 1, 2044, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption without premium.

Term 2023 Bonds Due June 1, 2048

Mandatory Sinking Fund Payment Dates (June 1)	Mandatory Sinking Fund Payments
2044	$4,945,000
2045	5,190,000
2046	5,450,000
2047	5,725,000
2048†	6,010,000

† Final Maturity.

The 2023 Bonds maturing on June 1, 2053 shall also be subject to redemption prior to their stated maturity, in part, from mandatory sinking fund payments as specified below, commencing on June 1, 2049, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption without premium.

Term 2023 Bonds Due June 1, 2053

Mandatory Sinking Fund Payment Dates (June 1)	Mandatory Sinking Fund Payments
2049	$6,310,000
2050	6,625,000
2051	6,960,000
2052	7,305,000
2053†	7,670,000

† Final Maturity.

Selection of 2023 Bonds for Redemption. Whenever provision is made in the Seventh Supplemental Indenture for the redemption of less than all of the 2023 Bonds, the maturities of the 2023 Bonds to be redeemed shall be specified by the City. Whenever provision is made in the Seventh Supplemental Indenture for the redemption of less than all of the 2023 Bonds of any maturity (and interest rate), the Trustee shall select the 2023 Bonds to be redeemed, from all 2023 Bonds of the respective maturity (and interest rate) not previously called for redemption, in Authorized Denominations, by lot in any manner that the Trustee in its sole discretion shall deem appropriate. The Trustee shall promptly notify the City in writing of the 2023 Bonds so selected for redemption. Notwithstanding the foregoing, in connection with any redemption at the option of the City of less than all of the 2023 Bonds maturing on June 1, 2048 or less than all of the 2023 Bonds maturing on June 1, 2053, the amount so redeemed shall be applied to decrease the related mandatory sinking fund payments of such 2023 Bonds in Authorized Denominations as specified by the City, and the City shall provide the Trustee with a revised schedule of mandatory sinking fund payments.

Notice of Redemption of 2023 Bonds. Notice of redemption shall be mailed by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, (i) to the respective Owners of any 2023 Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail, (ii) to the Securities Depository by electronic means of communications and by first-class mail, and (iii) to EMMA at www.emma.msrb.org, by electronic means of communication, or to such other securities depositories or information services as the City may designate in a Request of the City delivered to the Trustee. Notice of redemption shall be given in the form and otherwise in accordance with the terms of the Indenture and the Seventh Supplemental Indenture.

The City has the right to rescind any notice of the optional redemption of 2023 Bonds by written notice to the Trustee on or prior to the dated fixed for such redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2023 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The City and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of notice of redemption. The Trustee shall provide notice of rescission of redemption in the same manner as the original notice of redemption was provided.

Partial Redemption of 2023 Bonds. Upon surrender of any 2023 Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new 2023 Bond of Authorized Denominations, and of the same maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2023 Bond surrendered.

Effect of Redemption of 2023 Bonds. Notice of redemption having been duly given as provided in the Seventh Supplemental Indenture, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2023 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2023 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the date fixed for redemption, interest on the 2023 Bonds so called for redemption shall cease to accrue, said 2023 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2023 Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

Book-Entry Only System

The 2023 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the integral multiples of $5,000, under the book-entry system maintained by DTC. While the 2023 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a 2023 Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2023 Bonds. Purchasers of the 2023 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

At any time that the 2023 Bonds are not subject to the book-entry system, the principal and premium, if any, with respect to each 2023 Bond is payable upon surrender of such 2023 Bond at the Office of the Trustee in Los Angeles, California, upon maturity or the earlier redemption thereof.

See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for further information regarding DTC and the book-entry system.

SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS

This section provides summaries of the 2023 Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

The principal of and interest on the 2023 Bonds are not a debt of the City (except to the limited extent described in this Official Statement), nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of its income, receipts, or revenues except the Electric Net Revenues and other amounts pledged under the Indenture.

Pledge of Electric Net Revenues

Pursuant to the Indenture, the City has irrevocably pledged to the payment of the principal or redemption price of and interest on the Bonds, including the 2023 Bonds and the 2010B Bonds, and all Parity Debt, all Electric Net Revenues and all amounts held by the Trustee under the Indenture (except for amounts held in the Rebate Fund) subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

"**Parity Debt**" of the Electric System means any indebtedness, installment sale obligation, lease obligation or other obligation of the City for borrowed money or interest rate swap agreement having an equal lien and charge upon the Electric Net Revenues, therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

"**Electric Net Revenues**" means the amount of Electric Revenues of the Electric System remaining after the payment therefrom of the Electric Operating Expenses.

"**Electric Revenues**" means all revenues (as defined in Section 54315 of the Government Code, which include all charges received for and all other income and receipts derived by BWP from the operation of the Electric System or arising from the Electric System) received by BWP from the services, facilities, energy and distribution of electric energy by BWP, including income from investments, but excepting therefrom (a) all reimbursement charges and deposits to secure service, (b) any charges collected by any person to amortize, or otherwise relating to the payment of, the uneconomic portion of costs associated with assets and obligations ("stranded costs") of the Electric System or of any joint powers agency in which the City participates which the City has dedicated to the payment of obligations other than the Bonds or any Parity Debt then outstanding, the payments of which obligations will be applied to or pledged to or otherwise set aside for the reduction or retirement of outstanding obligations of the City or any joint powers agency in which the City participates relating to such "stranded costs" of the City or of any such joint powers agency to the extent such "stranded costs" are attributable to, or the responsibility of, the City, and (c) any Federal Subsidy (as hereinafter defined), if elected by the City; provided, that such subsidy is not excluded from the definition of Debt Service under the Indenture. See "– Rate Covenant" below.

"**Electric Operating Expenses**" means the amount required to pay the expenses of management, repair and other costs necessary to operate, maintain and preserve the Electric System in good repair and working order, including but not limited to, the cost of supply and transmission of electric energy under long-term contracts or otherwise and the expenses of conducting the Electric System, but excluding depreciation. "Electric Operating Expenses" shall include all amounts required to be paid by the City under contract with a joint powers agency for purchase of capacity, energy, transmission capability or any other commodities or services in connection with the foregoing, which contract requires payments by the City to be made thereunder to be treated as Electric Operating Expenses.

The Bonds (including the 2023 Bonds) are not payable from or secured by the revenues of the City's water enterprise, which is also owned by the City and managed by BWP.

Limited Obligations

The Bonds (including the 2023 Bonds) are special, limited obligations of the City payable from Electric Net Revenues. The 2023 Bonds shall not be deemed to constitute a debt or liability of the City, the State or of any political subdivision thereof within the meaning of any constitutional or statutory limitation, or a pledge of the faith and credit of the City, the State or of any political subdivision thereof, but shall be payable, except to the extent of certain moneys pledged under the Indenture, solely from Electric Net Revenues. Neither the faith and credit nor the taxing power of the City, the State or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the 2023 Bonds. The issuance of the 2023 Bonds shall not directly or indirectly or contingently obligate the City, the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment.

Joint Powers Agency Contracts

In addition to its own generation facilities, the City has entered into a number of power purchase contracts and transmission service contracts with two joint powers agencies. The City's obligations to make payments with respect to certain of these contracts are unconditional "take-or-pay" obligations, obligating the City to make such payments as operating expenses of the Electric System whether or not the related projects are operating or operable, or the output thereof is suspended, interfered with, reduced, curtailed or terminated in whole or in part. Since such obligations are payable as operating expenses of the Electric System, the obligations are payable prior to any of the payments required to be made on the Bonds and any Parity Debt of the Electric System. In addition, certain of the contracts contain "step up" provisions obligating the City to pay a share of the obligations of a defaulting participant. See "THE ELECTRIC SYSTEM – Non-Burbank Owned Resources." See also "THE ELECTRIC SYSTEM – Indebtedness; Joint Powers Agency Indebtedness."

Rate Covenant

The City covenants, pursuant to the Indenture, that it shall prescribe, revise and collect such charges for the services, facilities and electricity furnished by the Electric System which, after making allowances for contingencies and error in the estimates, shall provide Electric Net Revenues at least sufficient to pay the following amounts in the order set forth:

(1) The interest on, and principal and Redemption Price of, the outstanding Bonds and any Parity Debt of the Electric System as the same shall become due and payable;

(2) All payments required for compliance with the Indenture, including payments required to be made into any bond reserve fund for the Bonds; and

(3) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Electric Net Revenues;

and the charges shall be fixed so that in each fiscal year (i) the Electric Net Revenues shall be at least equal to 1.00 times the amount required to pay the items specified in clauses (1), (2) and (3) above, and (ii) the Adjusted Electric Net Revenues shall be at least equal to 1.20 times the amount of Annual Debt Service for such fiscal year. Moneys on deposit in any unrestricted funds are not pledged for the benefit of the owners of the Bonds.

"**Adjusted Electric Net Revenues**" means the Electric Net Revenues plus, for purposes of determining compliance with the rate covenant only, other lawfully available funds of the City budgeted by the City for the payment of Electric Operating Expenses or Debt Service on the Bonds and/or any Parity Debt of the Electric System during such fiscal year. Pursuant to the Indenture, for purposes of calculating Annual Debt Service on the Bonds in determining compliance with the rate covenant, if interest on any Bonds or Parity Debt is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code, or any future similar program (a "**Federal Subsidy**"), then interest payments with respect to such Bonds or Parity Debt may be reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America at the election of the City.

The City's outstanding 2010B Bonds have been designated "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 for which the City initially expected to receive a Federal Subsidy equal to 35% of the interest payable on such 2010B Bonds. For purposes of calculating Annual Debt Service on the Bonds in determining compliance with the rate covenant, the City has elected to reduce the interest payments coming due on such 2010B Bonds by the amount of the Federal Subsidy anticipated to be received in connection with such 2010B Bonds. As a result of such election, the Federal Subsidy is not thereafter included in Electric Revenues pursuant to the Indenture. See "THE ELECTRIC SYSTEM – Historical Net Revenues of the Electric System." Pursuant to certain federal budget legislation adopted in August 2011, starting as of March 1, 2013, the federal government's Build America Bond subsidy payments were reduced as part of a government-wide "sequestration" of many program expenditures. The amount of the reduction of the Build America Bond subsidy payment has ranged from a high of 8.7% in 2013 to a low of 5.7% for federal fiscal year 2021. Under the federal Statutory Pay-As-You-Go Act of 2010, any increase in the federal deficit caused by a new tax or entitlement spending law could trigger further "paygo" sequestration reductions to non-exempt mandatory spending programs (such as Build America Bond subsidy payments), absent a waiver either as part of the triggering law or in subsequent legislation. For example, due to the projected increased deficit spending as a result of recent legislation related to COVID-19 relief, the Congressional Budget Office estimated that absent action by Congress by the end of 2022 to postpone or waive such cuts, the sequestration reduction rate could increase from 5.7% to as much as 100%, effective on or about January 1, 2023. However, Congress acted to postpone the statutory "paygo" requirements in December 2022 for federal fiscal years 2023 and 2024. The City can give no assurance regarding the likelihood of any further reduction or elimination of the subsidy payments for direct-pay bonds (including Build America Bonds) in the future.

There can be no assurance that the Electric Net Revenues will not decline from the recent levels described in this Official Statement. Increases in fuel and energy costs, costs of complying with new environmental laws and regulations, supply chain issues, labor shortages or other increased expenses could reduce the Electric Net Revenues and could require further substantial increases in rates or charges. Such rate increases could increase the likelihood of customer nonpayment, and could also decrease demand.

ALTHOUGH THE CITY HAS COVENANTED TO PRESCRIBE, REVISE AND COLLECT RATES AND CHARGES FOR THE ELECTRIC SYSTEM AT CERTAIN LEVELS, THERE CAN BE NO ASSURANCE THAT SUCH AMOUNTS WILL BE COLLECTED IN THE AMOUNTS AND AT THE TIME NECESSARY TO MAKE TIMELY PAYMENTS WITH RESPECT TO THE 2023 BONDS.

For definitions of additional terms used in the Indenture, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Parity Reserve Fund

The Parity Reserve Fund for the Bonds is established pursuant to the Indenture to be held and maintained by the Trustee. The 2023 Bonds will be secured by the Parity Reserve Fund.

Pursuant to the Indenture, the 2023 Bonds, the 2010B Bonds and all future Series of Bonds other than Bonds authorized by a Supplemental Indenture that provides that such Bonds are not Participating Bonds will be secured by the Parity Reserve Fund. “**Participating Bonds**” means all bonds other than bonds which are designated by the City as bonds that will not constitute Participating Bonds under the Indenture.

The “**Reserve Fund Requirement**” in the Indenture is, as of any date of calculation, (i) with respect to the Parity Reserve Fund, an amount equal to one-half of the greatest amount of principal and interest becoming due and payable on all Outstanding Participating Bonds in the then current or any future fiscal year, net of any expected Federal Subsidy, and (ii) with respect to any Series Reserve Fund for a Series of Future Bonds that do not constitute Participating Bonds, the reserve fund requirement (which reserve fund requirement may be zero ($0)), specified for such Series of Future Bonds in a Supplemental Indenture setting forth the terms of such Future Bonds, all as computed and determined by the City and specified in writing to the Trustee.

Under the Indenture, each additional series of Bonds which are Future Bonds shall constitute Participating Bonds unless the Supplemental Indenture authorizing such Series of Future Bonds provides that such Series of Future Bonds shall not be Participating Bonds and, if such Series of Future Bonds shall not be Participating Bonds, provides for the establishment of a Series Reserve Fund for such Series of Future Bonds, provides for the pledge of amounts on deposit in such Series Reserve Fund to the payment of such Series of Future Bonds secured thereby, and establishes the Reserve Fund Requirement for such Series Reserve Fund (which reserve fund requirement, as noted above, may be zero ($0)).

If on the last Business Day of any month, the amount on deposit in the Debt Service Fund shall be less than the amount required to be in such Debt Service Fund with respect to Participating Bonds as described under “ – Allocation of Electric Net Revenues Under the Indenture” below, the Trustee shall apply amounts from the Parity Reserve Fund to the extent necessary to make good the deficiency with respect to the Participating Bonds.

Whenever the amount on deposit in the Parity Reserve Fund is less than the Reserve Fund Requirement, such amount shall be increased to the Reserve Fund Requirement not later than twelve months thereafter. No deposit need be made in the Parity Reserve Fund so long as there shall be on deposit therein a sum equal to the Reserve Fund Requirement. Except as otherwise provided in a Supplemental Indenture, amounts on deposit in the Parity Reserve Fund in excess of the Reserve Fund Requirement shall, at the written Request of the City, be withdrawn from the Parity Reserve Fund, and transferred to the City and applied as permitted by Bond Counsel.

Within the Parity Reserve Fund there is established a 2010B Bond Reserve Subaccount and a Series 2023 Bond Reserve Subaccount. Amounts on deposit in the respective subaccounts will be applied in accordance with the Indenture. For purposes of accounting for any withdrawal from the Parity Reserve Fund for transfer to the Debt Service Fund pursuant to the Indenture in the event of a deficiency in the Debt Service Fund, the total amount of any such withdrawal from the Parity Reserve Fund shall be allocated ratably among the 2010B Bond Reserve Subaccount, the Series 2023 Bond Reserve Subaccount, any other bond reserve subaccount hereafter established in the Parity Reserve Fund and the balance (if any) of the Parity Reserve Fund. For purposes of accounting for any deposit to the Parity Reserve Fund pursuant to the Indenture to provide for the replenishment of the Parity Reserve Fund, the total amount of such deposit shall be allocated among the 2010B Bond Reserve Subaccount, the Series 2023 Bond Reserve Subaccount, any other bond reserve subaccount hereafter established in the Parity Reserve Fund and the balance (if any) of the Parity Reserve Fund pro rata based on the amount of any prior withdrawal or deficiency therein.

Whenever the amount in the Parity Reserve Fund, together with the amount in the Debt Service Fund available for such purpose, is sufficient to pay in full all Outstanding Participating Bonds in accordance with their terms (including principal or applicable mandatory sinking fund payments and interest thereon), the funds on deposit in the Parity Reserve Fund shall be transferred to the Debt Service Fund and applied to the payment or redemption of the Participating Bonds.

In the event of the refunding of any Participating Bonds, the Trustee may, upon the direction of the City with the advice of Bond Counsel, withdraw from the Parity Reserve Fund any amounts on deposit therein and deposit such amounts as directed by the City, to be held for the payment of the principal or Redemption Price, if applicable, or interest on the Participating Bonds being refunded; provided, that such withdrawal shall not be made unless (a) immediately thereafter any Participating Bonds being refunded shall be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Parity Reserve Fund after such withdrawal, taking into account any deposits to be made in the Parity Reserve Fund in connection with such refunding, shall not be less than the Reserve Fund Requirement with respect to the Parity Reserve Fund.

The City may provide for all or any part of the Reserve Fund Requirement by delivering to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's and Standard & Poor's at the time such letter of credit is issued or a surety bond or an insurance policy issued by an insurance company whose unsecured debt obligations (or obligations secured by such insurance company's insurance policies) are rated in one of the two highest Rating Categories of Moody's and Standard & Poor's at the time such surety bond or insurance policy is issued and otherwise satisfying the requirements of the Indenture.

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Allocation of Electric Net Revenues Under the Indenture

Pursuant to the Indenture, as long as any Bonds are Outstanding or any Parity Debt remains unpaid, the City will deposit in a trust fund, designated as the "Electric Revenue Fund," which fund the City shall establish and maintain, all Electric Net Revenues, when and as received by the City.

As soon as practicable in each month after the deposit of Electric Net Revenues into the Electric Revenue Fund, but in any case no later than the last Business Day of such month, the City shall withdraw from the Electric Revenue Fund and pay to the Trustee for deposit (a) in the Debt Service Fund, the amount, if any, required so that the balance in said fund, including any subaccounts therein, to the extent moneys in such subaccounts are available to pay Accrued Aggregate Debt Service (as defined in APPENDIX C hereto) as of the last day of the then current month, shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; provided that for purposes of clause (a) only, the calculation of accrued Debt Service with respect to the definition of Accrued Aggregate Debt Service will be made without regard to any reduction in interest payments becoming payable on the Bonds due to any Federal Subsidy anticipated to be received in connection with the Bonds (see "– Rate Covenant" above); and (b) in the Parity Reserve Fund and in each Series Reserve Fund, if any, required so that the amount credited to such Parity Reserve Fund and each such Series Reserve Fund shall, except as otherwise provided in the Indenture, be at least equal to the Reserve Requirement, as of the last day of the then current month; provided, that the deposits to the Parity Reserve Fund and each Series Reserve Fund shall be made without preference or priority between such deposits and in the event of any deficiency in Electric Net Revenues to make the deposits required by clause (b), such Electric Net Revenues shall be deposited into the Parity Reserve Fund and each Series Reserve Fund ratably based on the amount required to be deposited in each such fund, without discrimination or preference.

For further information regarding the allocation of revenues with respect to the Bonds, see "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Pledge of Electric Net Revenues; Electric Revenue Fund."

Additional Bonds and Parity Debt

The City covenants under the Indenture that it will not create any pledge, lien or charge upon any of the Electric Net Revenues having priority over the lien of the Bonds; provided, however, that nothing in the Indenture shall be construed to limit the ability of the City to issue or incur obligations secured by charges, not constituting Electric Net Revenues, collected by any person to amortize or otherwise relating to the payment of the "stranded costs" of the Electric System or of any joint powers agency in which the City participates which the City has dedicated to the payment of obligations other than the Bonds, the payments of which charges will be applied to or pledged to or otherwise set aside for the reduction or retirement of outstanding obligations of the City or any joint powers agency in which the City participates relating to such "stranded costs" of the City or of any such joint powers agency to the extent such "stranded costs" are attributable to, or the responsibility of, the City. The City may also enter into additional "take-or-pay" obligations or incur additional obligations pursuant to its agreements with other counterparties, including joint powers agencies in which it now, or in the future may, participate, which obligations are, and may in the future be, payable as operating expenses of the Electric System (see "– Joint Powers Agency Contracts" above.)

The Indenture permits the issuance of additional Bonds or Parity Debt upon the satisfaction of certain conditions precedent to the issuance of such additional Bonds or Parity Debt, including the delivery to the Trustee of a Certificate of the City certifying that the sum of: (1) the Electric Net Revenues; plus (2) 90 percent of the amount by which the City projects Electric Net Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which any additional Bonds or Parity Debt will become outstanding would have been increased had increases in rates, fees and charges during such period of 12 months been in effect throughout such period of 12 months; plus (3) 75 percent of the amount by which the City projects Electric Net Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Bonds or Parity Debt due to improvements to the Electric System under construction (financed from any source) or to be financed with the proceeds of such additional Bonds, shall (4) have been at least equal to 1.20 times the amount of Maximum Annual Debt Service on all Bonds and Parity Debt then outstanding and the additional Bonds or Parity Debt then proposed to be issued.

BURBANK WATER AND POWER

General

The City is a charter city, originally incorporated in 1911, and is administered by a Council-Manager form of government. The City's estimated population as of January 1, 2022 was 105,451, according to the California Department of Finance. The City is located in the greater metropolitan Los Angeles area, approximately 12 miles northeast of the Los Angeles Civic Center complex. See "APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY" for additional information relating to the City.

The City's Public Service Department was established in 1913 under the laws of the State of California to supervise the purchase, distribution and sale of water and the generation, purchase, distribution and sale of electricity. In 2000, the name of the Public Service Department was changed to Burbank Water and Power. BWP provides service to all water and electric customers within the City and is a department provided for under the City Charter. The City owns and operates the Electric System.

The funds and accounts of the Electric System and the Water System are held separately, and the funds and accounts of one system are not pledged to the other system's obligations.

Senior Management of Burbank Water and Power

BWP is under the direct management of BWP's General Manager, subject to the policy and direction of the City Council and the Burbank Water and Power Board (the "**BWP Board**") and the broad administrative direction of the City Manager. The BWP Board consists of seven members appointed by the City Council. The BWP General Manager is responsible for policy and planning relating to the operation of the Water and Electric Systems. Legal services are provided by the City Attorney's office, and various other administrative services are also provided by the City. Senior management of the Electric System are as follows:

Dawn Roth Lindell, BWP General Manager, holds a Bachelor of Science degree from the University of Notre Dame and a Master's in Business Administration (technology-focused) from the University of Colorado, Colorado Springs. She has over 20 years of utility experience in water, wastewater, gas and electric distribution as well as high voltage transmission. She led two federal multi-state regional transmission utilities and served nearly 15 years in the Chief Information Officer role leading information technology for both federal and large public power utilities. She has served in leadership roles in areas including operations and customer service in a large municipal utility. Ms. Lindell joined BWP in November 2020.

Mandip Samra, Assistant General Manager/Power Supply, holds a Bachelor's degree in Economics from the University of California, Los Angeles, a Master's in Public Administration from The Maxwell School of Citizenship and Public Affairs from Syracuse University, and a Master's in Urban Planning from the University of Southern California. Ms. Samra joined BWP in March of 2021. She started her career as a Graduate Management Intern, in the Customer Relations Division of Pasadena Water and Power in 2004. She has worked in various management positions at Anaheim Public Utilities, Southern California Edison, and Pasadena Water and Power. Her experience is in power supply, with a focus on regulatory compliance, managing the Integrated Resources Plan, negotiating power resource contracts, representing the utility on various resource and transmission committees, and leading stakeholder engagement efforts as it relates to power supply.

Riad Sleiman, P.E., PMP, Assistant General Manager/Electric Services, holds a Bachelor of Science degree in Electrical Engineering from Loyola Marymount University and a Master of Business Administration from Woodbury University. He originally joined BWP in 2005 as an Electrical Engineering Assistant working on street lighting, major development reviews, project management, system planning, development agreements and contract negotiations, advanced metering infrastructure deployment, and advanced grid analytics. He then worked on utility-scale battery storage, electric vehicle infrastructure planning, and deployment, implementing small cell policy and agreements, and introducing analytics and applications through the GIS and records group while at the City of Santa Clara electric utility (dba Silicon Valley Power). Mr. Sleiman rejoined BWP in 2021 as the Assistant General Manager/Electric Services. He is a licensed Electrical Engineer in the State of California and is a certified Project Management.

Stela Kalomian, Acting Chief Financial Officer ("**Acting CFO**"), holds a Bachelor of Science in Business Administration (emphasis in Finance) and a Master of Business Administration (emphasis in Finance) from California State University, Los Angeles. She has over 15 years of utility experience. Prior to joining BWP, she worked in the Customer Service Division with City of Glendale, Glendale Water and Power. Ms. Kalomian joined BWP in 2009 and focuses primarily in the areas of financial reporting, budgeting, and auditing. She has held the positions of Senior Utility Accounting Analyst, Financial Analyst, and Financial Accounting Manager before assuming the Acting CFO position in December 2022.

Burbank Water and Power Board

The BWP Board consists of seven members appointed by the City Council. The BWP Board is responsible for reviewing and making recommendations for any rate increases to the City Council. Rate increases, if any, are customarily presented by BWP as part of the annual budget process for City Council approval.

As set forth in the Burbank Municipal Code, the BWP Board has the following powers and duties:

(1) To review and make recommendations on all capital improvements which require City Council approval;

(2) To review and make recommendations on power purchase agreements with terms of more than five years;

(3) To review and make recommendations regarding BWP's annual budget;

(4) To review and make recommendations regarding electric and water rates;

(5) To approve all contract awards for goods, services and public work construction projects which are provided for in BWP's annual budget; and

(6) To perform such advisory functions as delegated to it by the provisions of the Burbank Municipal Code or other action of the City Council or the General Manager of BWP.

The present members of the BWP Board and their terms of appointment are as follows:

Name	Position	Term Expires July 31,
Philippe Eskandar	Chairperson	2024
Christopher G. Malotte	Vice-Chairperson	2024
Cynthia LaCamera	Member	2024
Laura Tenenbaum	Member	2024
Earle H. LeMasters	Member	2026
William Luddy	Member	2026
Timothy R. Cherry	Member	2026

Employee Relations

As of June 30, 2022, 288 full-time equivalent City employees were assigned to the Electric System. Certain functions supporting the Electric System's operations, including but not limited to, meter reading, customer billing and collection, finance, administration, and operations technology are performed by BWP staff.

All BWP employees fall into one of four categories:

- Those represented by Local No. 18 of the International Brotherhood of Electrical Workers ("**IBEW**");
- Those represented by the Burbank City Employees' Association ("**BCEA**"), which is affiliated with the American Federation of State, County and Municipal Employees as Local No. 3143;
- Those represented by the Burbank Management Association ("**BMA**"); and
- Those that are unrepresented.

The IBEW labor contract will expire on June 30, 2023. The BCEA and BMA labor contracts expired on June 30, 2022 and are under active negotiations. There have been no strikes or other material work stoppages by BWP employees within the last five years.

Pension Plan and Other Post-Employment Employee Benefits for Employees of the Electric System

The City's defined benefit pension plan, the Public Employees Retirement System ("**PERS**"), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries, including City employees assigned to the Electric System. PERS is part of the Public Agency portion of the California Public Employees Retirement System ("**CalPERS**"), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. A menu of benefit provisions, as well as other requirements, is established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov. *The foregoing internet address is included for reference only, and the information on the internet site is not incorporated by reference herein.*

Employees of the Electric System participate in the City's CalPERS Miscellaneous Plan (the "**Miscellaneous Plan**"). City active plan members in the Miscellaneous Plan hired prior to January 1, 2013 are required to contribute 8% of their annual covered salary effective July 1, 2008, which is paid by such employees. Miscellaneous Plan members hired on or after January 1, 2013 and who have no prior membership in any California public retirement system ("**PEPRA Employees**") are required to contribute 6.50% of their annual covered salary; the entire 6.50% is paid by such employees. The City no longer pays for any employee contributions for any bargaining group.

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The City is required to contribute at an actuarially determined rate for the normal cost and a flat dollar amount for the required unfunded liability contribution. In Fiscal Year 2021-22, the City contributed 35.06% of annual covered payroll. The contribution requirements of plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS. The Electric System is allocated its portion of the required contributions. Approximately 34.27% of the City's PERS obligations are allocated to the Electric System. The City contributed 100% of the portion of the employer's actuarially required contribution allocable to the Electric System from the Electric Utility Fund for the Fiscal Years ending June 30, 2020, June 30, 2021, and June 30, 2022 in the amounts of $8,466,000, $9,400,000, and $8,871,000, respectively. The City has budgeted to contribute $10,896,000 as the Electric System's allocable share of the required contribution for Fiscal Year 2022-23. In addition to the annual required contribution, the Electric Utility Fund also made an additional voluntary lump sum payment of $2,749,699 to CalPERS to reduce the City's unfunded actuarial liability during Fiscal Year 2021-22. Fiscal Year 2019-20 was the first year of a multi-year citywide funding plan to reduce future pension obligations. The market value of assets for the City's Miscellaneous Plan as of June 30, 2021 (the most recent actuarial information available) was $894,370,646 and the actuarial accrued liability was $991,733,964, resulting in a total unfunded actuarial accrued liability for the City's Miscellaneous Plan of $97,363,318 and a funded ratio of 90.18% as of such date. The market value of assets for the City's Miscellaneous Plan as of June 30, 2020 was $958,472,623 and the actuarial accrued liability was $737,929,490, resulting in a total unfunded actuarial accrued liability for the City's Miscellaneous Plan of $220,543,133 and a funded ratio of 76.99% as of such date. The Electric System's share of the Miscellaneous Plan's unfunded accrued liability as of June 30, 2022 was $33,366,000.

In Fiscal Year 2014-15, the City implemented Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27" ("**GASB No. 68**") and GASB Statement No. 71, "Pension Transition for

Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68" ("**GASB No. 71**"). GASB No. 68 and GASB No. 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, GASB No. 68 and GASB No. 71 identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As of June 30, 2022, the proportionate share of the City's net pension liabilities allocable to the Electric System was reported to be $33,366,000. The Electric System's proportionate share of the Net Pension Liabilities was 34.27% of the Net Pension Liabilities for the City's Miscellaneous Plan as a whole in Fiscal Year 2021-22. For the Fiscal Year ended June 30, 2022, the City's Miscellaneous Plan Net Pension Liability as a percentage of covered-employee payroll was 120.41%. The Miscellaneous Plan Net Pension Liability as a percentage of the Total Pension Liability for the City's Miscellaneous Plan was 90.18% for such Fiscal Year.

Post-Retirement Health Care Plans. The City also administers certain post-employment health care benefits under the Burbank Employees Retiree Medical Trust ("**BERMT**"), the Utility Retiree Medical Trust ("**URMT**"), and the CalPERS Public Employees' Medical and Hospital Care Act ("**PEMHCA**") plan. The Electric System contributes to the City's OPEB costs based upon the results of actuarial studies. The City has pre-funded the PEMHCA and URMT plans through CalPERS OPEB Trust ("**CERBT**") and has a policy of contributing 100% of the City's actuarially determined contribution each year.

BERMT is a single-employer, defined benefit plan that was established in April 2003 by the City's employee associations to provide post-retirement medical benefits to all non-safety employees, including elected and appointed officials. The trust is managed by a board consisting of seven voting members from the various employee associations, each appointed to three-year terms and an eighth, non-voting, member appointed by the City. Represented plan members are required to contribute $50 per bi-weekly pay period, which the City matches. Plan provisions and contribution requirements are established by and may be amended by the BERMT board. Investments are determined by the BERMT plan trustees and are governed by the Employee Retirement Income Security Act of 1974. To be eligible, members must be retired and have reached age 58 with a minimum of five years of contributions into the plan. The benefit provided ranges from $150 to $630 in reimbursements per month for eligible medical expenses. The Electric System is allocated its portion of the required contributions. For the Fiscal Year ended June 30, 2022, the allocable portion of the City's contributions to BERMT paid from the Electric Utility Fund totaled $175,607.

The PEMHCA Plan was established with CalPERS as a single-employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City. The 2022 PEMHCA minimum contribution was $149 per month. In addition, the City paid $100 per month for 15 management retirees and paid $188 per month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of $149 is paid in addition to the retiree health contribution amounts. The PEMHCA benefit provisions are established and amended through negotiations between the City and its employee associations. The Electric System is allocated its portion of the required contributions. For the Fiscal Year ended June 30, 2022, the allocable portion of the City's contributions to the PEMHCA plan paid from the Electric Utility Fund totaled $204,000. As of June 30, 2021 (the most recent actuarial valuation date), the PEMHCA plan had a funded ratio of 75%.

The URMT, an agent multiple employer plan, was established during the 2008-09 fiscal year for IBEW members and 12 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is $1,200/month for individuals age 50 to age 64 and $750/month for those age 65 and above, with the exception that for qualifying employees who retire after December 16, 2015 and who have not contributed to Medicare while employed at the City and who are also not otherwise eligible for premium-free Medicare Part A at age 65 and older, the maximum amount at age 65 and older shall be $975/month, including payments from BERMT, the PEMHCA minimum, and the URMT. For the Fiscal Year ended June 30, 2022, the City's annual required contribution for the URMT was $229,000, which was payable from the City's Electric Utility Fund. As of June 30, 2021 (the most recent actuarial valuation date), the URMT had a funded ratio of 143.70%.

In Fiscal Year 2017-18, the City implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans" ("**GASB No. 75**"), although BERMT is not subject to GASB No. 75. GASB No. 75 replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. GASB No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit OPEB, GASB No. 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed. As of June 30, 2022, the proportionate share of the City's net OPEB liabilities allocable to the Electric System was $1,339,000.

Additional information on the City's pension and OPEB plans is provided in the notes in the audited financial statements presented in APPENDIX B to this Official Statement and in the City's Annual Comprehensive Financial Report.

Insurance

The City is self-insured and self-administered for certain exposures through Risk Management, a division of the Management Services Department of the City. The City is self-insured for individual claims up to $2,000,000 for worker's compensation, and $1,000,000 for general liability. Since July 1, 2004, the City has been a member in Authority for California Cities Excess Liability ("**ACCEL**"), which is a risk sharing pool for municipal excess liability. Each individual member self-insures all general liability losses for the first $1,000,000 and the members of the pool share losses between $1,000,000 and $10,000,000. The members jointly purchase additional layers of coverage beyond the pooled layer, with the City purchasing an additional $45,000,000 of excess coverage, for total coverage of $55,000,000. The layers of coverage above $10,000,000 are not pooled, but rather jointly purchased. The City's worker's compensation coverage is purchased through a pooling agreement, with the City self-insuring the first $2,000,000 of each loss and the pool covering the losses to statutory limits. The City charges the Electric Fund based upon the proportional payroll cost, job classification, and claim history. There have been no significant settlements or reductions in insurance coverage for the past three years. The City maintains a $50,000,000 flood insurance policy. The City does not currently maintain insurance coverage for the Electric System for earthquake or wildfire risks.

THE ELECTRIC SYSTEM

Overall Description of the Electric System

General. The City owns and operates the Electric System, which is an integrated electric system consisting of generation, transmission and distribution facilities. For the fiscal year ended June 30, 2022, the average number of customers of the Electric System was approximately 53,252 and the total MWh of energy sold to customers throughout the City was approximately 979,000.

Principal Facilities. The service area of the Electric System is solely within the City boundaries, which encompasses 17.1 square miles. The principal facilities of the Electric System consist of two natural gas-fired steam electric generating units, one natural gas-fired combustion turbine electric generating unit, four microturbine electric generating units, four switching stations, thirteen distributing stations, two customer stations and transmission and distribution lines aggregating approximately 420 circuit miles.

Power Distribution. The City interconnects its electric facilities with other electric utilities through an 806 million volt-amperes ("**MVA**") tie to the Los Angeles Department of Water and Power ("**LADWP**") at Receiving Station "E" as well as a 191 megawatt ("**MW**") tie with Glendale Water and Power. Presently, these ties have more than sufficient capacity to import enough power to meet the City's system load as well as to export power to the participants in the Magnolia Power Project (described below). The City acts as the operating agent for the Magnolia Power Project and is responsible for operating the Magnolia Power Project on behalf of the Southern California Public Power Authority ("**SCPPA**"). See "THE ELECTRIC SYSTEM – Non-Burbank Owned Resources – Magnolia Power Project" and "– Tieton Hydropower Project."

Within the City, bulk power is transformed from 69 kilovolts ("**kV**") to 34.5 kV by four switching stations interconnected with nearly 33 circuit miles of 69 kV lines. There are about 44 circuit miles of 34.5 kV lines that interconnect the switching stations with 12 distributing stations and two customer stations. The City has about 114 distribution circuits and 5,838 distribution transformers to serve residential neighborhoods and businesses. The City's distribution system includes about 131 distribution circuit miles of underground lines and 204 circuit miles of overhead lines.

Power Supply

General. The City currently meets its Electric System power requirements from a combination of on-site gas-fired generating facilities, power purchase agreements, firm contracts and non-firm energy purchases. Among such resources, the City purchases power from the Intermountain Power Project ("**IPP**") of the Intermountain Power Agency ("**IPA**") and the Hoover Uprating Project, and has a power exchange agreement with Morgan Stanley Capital Group Inc. ("**Morgan Stanley**"). Additionally, through its membership in SCPPA, the City has entitlement interests in the Palo Verde Nuclear Generating Station ("**PVNGS**"), Milford Phase I Wind Project, Tieton Hydropower Project and Magnolia Power Project, and also purchases power from the Copper Mountain Solar 3 Project, Don A. Campbell Geothermal Project, Ameresco Chiquita Canyon Landfill Gas Project, Pebble Springs Wind Project and Desert Harvest II Solar Project. See "– On-Site Resources," "–Non-Burbank Owned Resources" and "– Renewable Energy Resources" below.

Certain of the projects in which the City has an entitlement interest or participation with other parties are subject to the other parties involved in those projects meeting their respective payment obligations with respect to such projects. If a party defaults on its payment obligations, then the non-defaulting parties, subject to the utilization of any reserves, may be required to expend additional funds with respect to a pro rata portion of the defaulting party's obligation for such project. If a non-defaulting party does "step-up" to the payment obligation of a defaulting party, the non-defaulting party may ultimately be entitled to a pro rata portion of the capacity and/or output of the defaulting party's share of the project.

During the Fiscal Year ended June 30, 2022, the Electric System generated and purchased (exclusive of purchases and sales for wholesale purposes) approximately 979,000 MWh of electricity for delivery to customers throughout the City. The following table sets forth the amounts, in MWhs and percentages, of electricity obtained by the City from its current resources for sales to customers throughout the City during the Fiscal Year ended June 30, 2022.

Burbank Water and Power
Annual Retail Electric Supply
Fiscal Year Ended June 30, 2022

Resource	MWh	Percentage
Renewables (1)	363,370	34.7%
Intermountain Power Project	152,150	14.5
Magnolia Power Project	247,730	23.6
Spot Purchases	191,680	18.3
Palo Verde Nuclear	50,320	4.8
On-Site Generation	24,840	2.4
Hoover Uprating	18,340	1.7
Total (2)	1,048,430	100.0%

(1) Renewable resources include the Southwest Wyoming Pleasant Valley Facility Wind Contract, Milford Phase I Wind Project, Tieton Hydropower Project, Pebble Springs Wind Project, Ameresco Chiquita Canyon Landfill Gas Project, Copper Mountain Solar Project, Don A. Campbell Geothermal Project, Desert Harvest II Solar Project, local generation from BWP Valley Pumping Plant, local landfill microturbines, customer and utility solar installations, spot renewable energy credits, and an exchange agreement. See "– Renewable Energy Resources." For the Fiscal Year ended June 30, 2022, renewable energy resources made up approximately 34.7% of the City's total retail sales. This number differs from the official Renewable Portfolio Standard ("**RPS**") calculation and compliance period, which are based on retail sales and calendar year.
(2) Does not equal total sales to customers throughout the City of approximately 979,000 MWh due to distribution losses and timing differences in billing cycles between sales to customers, purchased energy, and renewable energy credits. Totals may not add due to rounding.
Source: BWP.

On-Site Resources

The City owns two steam electric generating units with a total combined net capacity of 99 MW (with a nameplate capacity of 109.7 MW), one combustion turbine electric generating unit with a total continuous net capacity of 48 MW (with a nameplate capacity of 60.5 MW), and four microturbine electric generating units with a total combined net capacity of 0.5 MW (with a nameplate capacity of 0.8 MW) as indicated in the following table:

On-Site Generation
Owned By Burbank Water and Power

Unit Name	Type	Nameplate Capacity (MW)	Continuous Capacity (MW)	Year In-service	Energy Produced in Fiscal Year 2021-22 (MWh)
Olive 1 (1)	Steam	50.0	44.0	1959	0
Olive 2 (1)	Steam	59.7	55.0	1964	0
Lake 1	Combustion Turbine	60.5	48.0	2002	24,841
Landfill	Microturbines	0.8	0.5	2020	3,916
TOTAL		171.0	147.5		28,757

(1) Olive 1 and 2 were used as planning capacity and serve as backup or emergency generation capacity.
Source: BWP.

Non-Burbank Owned Resources

The City purchases power and transmission capability from other sources pursuant to contracts. These contracts provide generally for the City to pay costs associated with the firm purchase of power (including fixed components like operations, maintenance and administrative expenses as well as variable components like fuel expenses). With respect to each of the facilities discussed herein, the City is one of any number of purchasers of such power and, with the exception of Magnolia Power Project and the Tieton Hydropower Project, does not control the operations or management of such facility. See also "– Indebtedness; Joint Powers Agency Obligations" below.

Intermountain Power Project. The IPP consists of: (a) a two-unit coal-fired, steam-electric generating plant with net ratings of 900 MW per unit (the "**Intermountain Generating Station**") and switchyard (the "**Switchyard**"), located near Lynndyl, in Millard County, Utah; (b) a ±500 kV direct current ("**DC**") transmission line approximately 490 miles in length from and including the Intermountain Converter Station (an alternating current ("**AC**")/DC converter station adjacent to the Switchyard) to and including a corresponding converter station at Adelanto, California (collectively, the "**Southern Transmission System**" or "**STS**"); (c) two 50-mile, 345 kV AC lines from the Switchyard to the Mona Substation in the vicinity of Mona, Utah, and a 144-mile, 230 kV AC transmission line from the Intermountain AC Switchyard to the Gonder Substation near Ely, Nevada (collectively, the "**Northern Transmission System**" or "**NTS**"); (d) a microwave communications system; (e) a rail car service center located in Springville, in Utah County, Utah (the "**Railcar Service Center**"); and (f) certain water rights and coal supplies. Such water rights and coal supplies, together with the Intermountain Generating Station, the Switchyard and the Railcar Service Center, are referred to herein collectively as the "**Generation Station**." See also "– Transmission Resources – *Southern Transmission System*" below.

IPP purchasers are 36 utilities (collectively, the "**IPP Purchasers**") consisting of the City and the California cities of Anaheim, Los Angeles, Riverside, Glendale and Pasadena (the "**IPP California Participants**"); PacifiCorp (which merged with Scottish Power), as successor to the obligations of Utah Power & Light Company; 22 members of IPA and Heber Light & Power Company (collectively, the "**Utah Municipal Purchasers**"); and six rural electric cooperatives serving loads in the States of Utah, Arizona, Colorado, Nevada and Wyoming (collectively, the "**Cooperative Purchasers**"). Pursuant to a construction management and operation agreement between IPA and LADWP, LADWP acts as project manager and operating agent of the IPP, responsible for, among other things, administering, operating and maintaining the IPP. The facilities of the IPP have been in commercial operation since May 1987.

The City has contracted with IPA to purchase a 3.371% (60 MW) entitlement in the capability of the Generation Station. The City's entitlement increases to a maximum of 4.168% when the IPP Excess Power Sales Agreement to which the City is a party is taken into consideration, but all or a portion of this increased amount of power can be recalled by other IPP participants. The City's current share of IPP capacity is up to 75 MW, which will decrease to 28 MW in June 2027. The City's entitlement in the IPP Generation Station accounted for approximately 14.9% of the Electric System's total energy resources in Fiscal Year 2021-22. The IPP Generation Station also represents the City's only source of electricity generated by coal-fired plants. The power purchase contract with IPA obligates the City to pay in proportion to its entitlement share the costs of producing and delivering electricity (including debt service and other fixed expenses) as a cost of purchased capacity, regardless of the amount of energy scheduled to the City.

Transmission of the output from IPP to the City and the other IPP California Participants is provided by the STS. The STS was placed in operation in May 1987, and its current transfer capability is 2,400 MW. The City and SCPPA have entered into a transmission service contract to provide for transmission of the City's entitlement between the Generating Station and Adelanto. Transmission service from Adelanto to the City is provided under transmission service agreements with LADWP. See "– Transmission Resources – *Southern Transmission System*" below.

IPA buys coal under contracts to fulfill the supply requirement of approximately 4.0 million tons per year. Coal is purchased under a portfolio of fixed price contracts that are of short and long-term in duration, with a small portion being short term coal purchases. IPA expects the costs to fulfill IPP's annual coal supply requirements will be higher than its current contract costs due to supply chain issues and labor shortages. To be able to continue to operate the IPP in the event of a coal supply disruption, IPA attempts to maintain a coal stockpile at the Intermountain Generating Station that is sufficient to operate the plant at the IPP's current plant capacity factors for a minimum of 60 days. Currently, the coal stockpile is below the minimum threshold and the IPA is looking for alternative coal supplies. Transportation of coal to the Intermountain Generating Station is provided primarily by rail under agreements between IPA and the Union Pacific Railroad company, and the coal is transported, in part, in IPA-owned railcars. Coal is also transported to IPP, to some extent, in commercial trucks.

The current power purchase contracts with the IPA are in effect until June 2027. California Senate Bill 1368 ("**SB 1368**") that became effective in January 2007 prohibits any investment in baseload generation that does not meet specific emissions performance standards, subject to certain exceptions. In light of this restriction, the current power sales contracts have been amended so that the coal-powered generation facility will be replaced by combined cycle natural gas units by July 1, 2025, which will allow for compliance with greenhouse gas ("**GHG**") emissions performance standards. The existing power sales contracts will terminate on June 15, 2027 and will be replaced by renewal power sales contracts (which were executed in 2017) for the combined cycle natural gas units, which will continue for a term ending in 2077. Based on the most recent study (conducted in 2019) available to the City, the City expects that its proportionate share of the cost of decommissioning the coal-powered generation facility to be approximately $14 million. Pursuant to the provisions of the power sales contracts, the IPP participants also agreed to reduce the initially planned generation capacity for the repowered plant from 1,200 MW to 840 MW. Some of the power purchasers under the original power sales contracts will continue to be IPP participants under the Renewal Power Sales Contracts. The cities of Anaheim, Riverside, and Pasadena will not be power purchasers under the Renewal Power Sales Contracts. The City will take a smaller share of 28 MW generation capacity (3.334%) under the Renewal Power Sales Contracts, and LADWP and the City of Glendale will both increase their respective generation shares. See "FACTORS AFFECTING THE ELECTRIC SYSTEM AND THE ELECTRIC UTILITY INDUSTRY – California Climate Change Policy Developments" for additional information regarding SB 1368 and climate change policy.

IPA is in the process of working with its selected vendors on an engineering procurement and construction contract, the compressed air energy storage buildout and the green hydrogen component. IPA is working with participants to provide solutions for a project to supply the IPP units with green hydrogen fuel (i.e., hydrogen created solely by use of renewable energy) to support the goal of operating with a blend of 30% green hydrogen starting in 2025 and the subsequent goal of reaching 100% green hydrogen fueled operation by 2045, pending the availability and the advancement of the required technology to reach those scales. The request for proposals also included proposals for hydrogen storage facilities adjacent to the existing site. An initial contract was established in early 2022 to secure a portion of the required underground salt cavern storage capacity, along with energy conversion services. This contract will provide the IPP participants the ability to convert renewable energy into green hydrogen to fuel the new generating units in 2025. LADWP is the only IPP participant that is required to purchase hydrogen under the conversion services agreement, however the City and Glendale each have the option to elect to become a hydrogen purchaser.

IPP has experienced lower than normal deliveries of coal supplies since October 2021 and expects to see this continue. IPA has developed an operational strategy that allows for conservation of coal during times when electricity demand is lower along with energy market pricing, so that more coal is available for when the demand for energy and prices are higher. The City has operational flexibility to vary its use of its share of IPP and minimize the impact to the City of coal supply issues.

On September 20, 2022 there was a fire at the Lila Canyon coal mine. This coal mine produces approximately 25% of the coal sold in Utah and is a supplier of coal burned at IPP. The ultimate resolution of the fire at the Lila Canyon coal mine remains unknown at this time, although it is possible that the fire could burn indefinitely and necessitate the permanent closure of the mine. The extent of the impact on existing coal supply contracts in unknown at this time.

Hoover Uprating Project. The City is a participant in the Hoover Uprating Project, consisting primarily of the uprating of the 17 generating units at the hydroelectric power plant of the Hoover Dam. The City has a 0.98% (20.325 MW) entitlement interest in the total capacity and allocated energy of Hoover. The City has executed a power sales contract and has agreed to make monthly payments in exchange for its share of Hoover capacity and allocated energy, which contract expires in 2067. In the Fiscal Year ended June 30, 2022, Hoover provided 18,344 MWh of energy to the City. The region where Hoover Dam and its hydroelectric facilities are located has been experiencing drought conditions for approximately 20 years. Hoover Dam can generate power when Lake Mead level is above 950 ft above sea level or higher. The operation of Hoover Dam is expected to continue until Lake Mead drops below the 950 ft minimum or additional water sources are available from upstream sources.

Palo Verde Nuclear Generating Station ("PVNGS"). Through its membership in SCPPA, the City has a 4.40% entitlement interest (9.7 MW) in SCPPA's 5.91% ownership interest in PVNGS, including certain associated facilities and contractual rights, a 5.56% ownership in the

Arizona Nuclear Power Project ("**ANPP**") High Voltage Switchyard and associated contractual rights, and a 6.55% share of the rights to use certain portions of the ANPP Valley Transmission System. Commercial operation and initial deliveries from PVNGS Units 1 and 2 commenced in 1986 and Unit 3 commenced in 1987. Transmission for PVNGS energy is provided to the City through its SCPPA interest in the Mead-Adelanto Transmission Project and the Mead-Phoenix Transmission Project and agreements with Salt River Project, LADWP and Southern California Edison Company. See "– Transmission Resources" below.

The City has a power sales agreement with SCPPA which obligates the City to pay for its share of capacity and energy on a "take-or-pay" basis, including debt service on bonds issued by SCPPA for the project, capital costs and costs related to operation and maintenance. No such bonds are currently outstanding related to PVNGS. In the Fiscal Year ended June 30, 2022, PVNGS provided 50,320 MWh of energy to the City.

The co-owners of PVNGS have created external accounts for the decommissioning of PVNGS at the end of its life. Decommissioning is expected to begin between 2045-2047. Based on the most recent estimate of decommissioning costs, SCPPA has advised the City that its estimated share of decommissioning costs through SCPPA is approximately 94% funded. The City's obligation is 4.4% of the cost, or approximately $8.7 million, which is based on the most recent study that was conducted in 2019. No assurance can be given, however, that the amount accumulated to date will continue to be sufficient to fully fund SCPPA's share of decommissioning costs. SCPPA has advised the City that it anticipates it will receive a new estimate of decommissioning costs every three years.

Magnolia Power Project. The City is a participant and the operating agent of SCPPA's Magnolia Power Project, a 323 MW natural gas-fired combined-cycle electrical power generating facility. The Magnolia Power Project is located in the City and is owned by SCPPA. The Magnolia Power Project was constructed and acquired for the primary purpose of providing participants in the Magnolia Power Project with firm capacity and energy to help meet their power and energy requirements. The City has a 30.9917% entitlement (75 MW base capacity and 97.6 MW peaking capacity) in the project through a long-term power purchase agreement with SCPPA which obligates the City to pay for its share of capacity and energy on a "take-or-pay" basis, including debt service on bonds issued by SCPPA for the project, capital costs and costs related to operation and maintenance. In the Fiscal Year ended June 30, 2022, the Magnolia Power Project supplied the City with 247,730 MWh of energy.

Renewable Energy Resources

The City has gradually increased the proportion of renewable energy resources in its energy portfolio since June 2007, when it first set a goal of meeting at least 33% of its needs from renewable energy sources by 2020, which was achieved. For calendar year 2021, the City met the State's Renewable Portfolio Standard ("**RPS**") of 35.75% of electric retail sales to customers coming from eligible renewable energy resources. The Electric System is on track to meet RPS of 38.5% for the calendar year 2022. See "FACTORS AFFECTING THE ELECTRIC SYSTEM AND THE ELECTRIC UTILITY INDUSTRY – California Climate Change Policy Developments – *California Renewable Energy Portfolio Standard*." The City has targeted becoming greenhouse gas-free by 2040 although it is under no current obligation to do so. The City's renewable energy resources are described below. The City will continue to negotiate and secure contracts to meet the RPS requirements as set by the State.

Southwest Wyoming Pleasant Valley Facility Wind Contract. In 2006, the City signed a 16-year power purchase contract with Iberdrola Renewables, Inc. (formerly PPM Energy Inc.) for the purchase of 5 MW of wind power from a generation facility located in Southwest Wyoming. The initial contract expired on June 30, 2022 and the City is in the process of renewing this contract, with the City's share expected to remain unchanged. The City began receiving wind power from the facility in July 2006.

Milford Wind Corridor Phase I Project. The City is a participant in SCPPA's Milford Wind Corridor Phase I Project, providing for the purchase over a 20-year term of all of the energy generated by a 203.5 MW nameplate capacity, wind-powered electric generating facility located near Milford, Utah. The City entered into a Power Sales Agreement with SCPPA for 5.0% (approximately 10 MW) of the output (including capacity, energy and associated environmental attributes) of the Milford Wind Corridor Phase I Project. The facility is owned by Milford Wind Corridor Phase I, LLC, a limited liability company organized and existing under the laws of the State of Delaware. The facility went into commercial operation on November 16, 2009. The City is able to accept the delivered facility energy utilizing its capacity rights in the IPP Switchyard that are provided under agreements relating to the IPP. The facility energy is then delivered over the STS to the Adelanto terminal in California utilizing the City's capacity rights in the STS. The facility energy delivered at Adelanto is then transmitted to the City under certain transmission arrangements between LADWP and the City.

Tieton Hydropower Project. The City is a participant in, and the operating agent of, SCPPA's Tieton Hydropower Project, a 13.6 MW nameplate capacity "run of the reservoir" hydroelectric generation facility located in the State of Washington. The City has entered into a power sales and acquisition contract with SCPPA, under which SCPPA has sold to the City on a "take-or-pay" basis, its entitlement of 50.0% (approximately 6.8 MW) of the capacity and energy of the Tieton Hydropower Project. The City's power sales and acquisition contract with SCPPA obligates the City to pay its share of debt service on bonds or notes issued by SCPPA for the project, as well as capital costs and costs related to operation and maintenance. Minor increases in the average annual and seasonal temperature in the Pacific Northwest are projected to continue as a result of global warming. However, projected changes in annual precipitation are expected to be very small. There has been no discernable impact to the project due to global warming to date. Tieton Hydropower Project averages about 48,000 MWhs of generation per year with slight annual variations attributable to year-to-year weather variations as well as changes in U.S. Bureau of Reclamation operations. For example, fish pulsing has had the greatest impact on water flow rates to the Tieton Hydropower Project.

Pebble Springs Wind Project. SCPPA, on behalf of three project participants, including the City, signed a long-term power purchase agreement with Pebble Springs Wind Project LLC for the purchase of the generating capacity of 98.7 MW (total capacity) wind project, comprised of 47 Suzlon 2.1 MW wind turbines. The facility is located in Oregon. The City has a 10.132% (approximately 10 MW) entitlement interest in the total capacity, energy and environmental attribute rights produced by the facility. The agreement expires on January 31, 2027.

Ameresco Chiquita Canyon Landfill Gas Project. The City entered into a power sales agreement with SCPPA for 16.7% (approximately 1.33 MW) of the output of Ameresco Chiquita Canyon Landfill Gas Project. The facility is developed, owned and operated by Ameresco Chiquita Energy, LLC in Chiquita Canyon Landfill in Valencia, California, near Highway 126 and west of the City of Santa Clarita with a total capacity of 9.2 MW (gross), 7.8 MW (net). The City has an entitlement interest of 16.7% of the total capacity, energy and environmental attribute rights produced by the facility for 20 years. The plant began commercial operation on November 23, 2010.

Copper Mountain Solar 3 Project. SCPPA, on behalf of the City and LADWP, entered into a power purchase agreement for 250 MW of generating capacity of the Copper Mountain Solar 3 Project, located on the desert plains near Boulder City, Nevada. This energy is transferred to the Marketplace Switchyard, where the Mead-Adelanto transmission line runs to California. The commercial operation date for the project was declared in April 2015. The agreement expires in April 2035. The City has a 16.0% (approximately 40 MW) entitlement interest in the total capacity, energy and environmental attribute rights produced by the facility.

Don A. Campbell I Geothermal Project. SCPPA, on behalf of the City and LADWP, entered into a power purchase agreement for 16 MW of net generating capacity of the Don A. Campbell I Geothermal Project located in Nevada. The commercial operation date for the project was declared on December 19, 2014. The agreement expires on January 1, 2034. The City has a 15.38% (approximately 3.845 MW) entitlement interest in the total capacity, energy and environmental attribute rights produced by the facility.

Valley Pumping Plant. In 2002, the City installed a small micro-hydro system to take advantage of a required pressure reduction where the City's water facilities interface with The Metropolitan Water District of Southern California ("**MWD**") at the Valley Pumping Plant. Peak output of the facility is approximately 550 kW. The micro-hydro system generates power when BWP purchases water from MWD. The current drought conditions in California are not expected to have a material impact on the operations of the Valley Pumping Plant.

Burbank Landfill Microturbines. The Burbank Landfill produces landfill gas ("**LFG**") that is collected to generate renewable power. Ten Capstone microturbines (of 30 kW capacity each) installed at the site in 2001 and one Ingersoll-Rand microturbine (of 250 kW capacity) installed in 2006 reached their end-of-life in 2014. The site was then repowered in 2020 using microturbines with 800 kW of new generating capacity. The LFG is reliable and sufficient to support 800 kW of power generating capacity. The equipment installed includes necessary gas pretreatment system that will effectively remove undesirable constituents such as moisture, volatile organics, hydrogen sulfide, and siloxanes from the LFG before it is combusted in the power generating equipment. The modernized control system also allows for remote monitoring and control of the operation.

Desert Harvest II Solar Project. In December 2017, the City, along with the Cities of Anaheim and Vernon, entered into a power sales agreement with SCPPA for Desert Harvest Project. The Desert Harvest Project is located in Riverside County, California and began commercial operations in December 2020. Desert Harvest II Solar Project supplies energy and renewable attributes to SCPPA under a twenty-five-year Renewable Energy Credit (REC) + Index structure contract. The City and the Cities of Anaheim and Vernon are the participants. The City contracted to purchase approximately 31.34% of the Desert Harvest II Solar Project's output.

Solar. The City has distributed generation in the form of behind the meter customer-owned rooftop solar photovoltaic ("**PV**") systems throughout the City. As of June 2022, there were 1,192 residential and commercial owned solar PV systems in the City totaling more than 12 MW of capacity. The City expects that by 2025, there will be between 15 and 18 MW of cumulative capacity installed in the City with approximately 25,000 to 30,000 MWh of solar generation from customers annually.

Exchange Agreement. On August 3, 2016, the City and Morgan Stanley entered into an energy exchange agreement from April 1, 2017 to March 31, 2022. Under the agreement, the City will receive 23,500 Portfolio Content Category ("**PCC**") 1 qualified renewable energy and associated RECs per year, 23,500 MWh of firm energy and PCC 2 qualified RECs per year, and 9,500 PCC 3 RECs per year. In exchange, the City will be obligated to deliver to Morgan Stanley approximately 131,400 MWh annually of firm energy at a rate of 15 MW per hour. On July 8, 2021, the City and Morgan Stanley entered into another energy exchange agreement from April 1, 2022 to June 30, 2025 for the same terms.

Fuel Supply

Fuel procurement for BWP's local generation units and the City's participation in the SCPPA Magnolia Power Project is addressed as part of its overall energy hedging strategy and undertaken in accordance with the BWP Energy Risk Management Policy. Fuel procurement instruments used include over the counter physical contracts, over the counter financial swap contracts, options, the SCPPA Natural Gas Reserves Project and the SCPPA Prepaid Natural Gas Project (described below), and biomethane contracts. Energy hedging decisions are continuously monitored and reviewed at the Risk Oversight Committee. See "Electric System Initiatives – Wholesale Margins" below for additional information about the Risk Oversight Committee. The CPUC is authorized to initiate a study on the impact of Aliso Canyon Storage on the reliability of the gas system and/or electric grid reliability. The study is ongoing, but preliminary findings indicate that an alternative will be needed to replace the products and services provided by Aliso Canyon and that replacement will need to be done in a phased approach. The City will continue to monitor the study and the potential impacts to the City and Electric System. Currently, the use of Aliso Canyon Storage has been limited but there are protocols that allowed for gas withdrawal to meet demand and ensure reliability of the electricity and natural gas systems.

Natural Gas Reserves Project. The City is a participant in SCPPA's Natural Gas Reserves Project. The Natural Gas Reserves Project includes SCPPA's leasehold interests in (i) certain natural gas resources, reserves, fields, wells and related facilities located near Pinedale, Wyoming and (ii) certain natural gas resources, reserves, fields, wells and related facilities in (or near) the Barnett Shale geological formation in Texas. The City has an interest in a portion of the production capacity of SCPPA's leasehold interests in the Natural Gas Reserves Project through a gas sales agreement with SCPPA, which agreement obligates the City to pay for its share of capital costs and costs related to operation and maintenance of the Natural Gas Reserves Project on a "take-or-pay" basis, as well as 100% of the debt service (on a several basis) on bonds issued by SCPPA to finance the City's share of the costs of development and acquisition of the Natural Gas Reserves Project.

Prepaid Natural Gas Project. The City and several members of SCPPA completed a prepaid natural gas financing to secure another source of long-term supply of gas to provide fuel for the Magnolia Power Project and other gas-fired generation stations. In connection with the prepaid natural gas financing, the City has entered into a natural gas supply agreement with SCPPA pursuant to which the City purchases on a "take-and-pay" basis natural gas acquired by SCPPA pursuant to the terms of a prepaid natural gas sales agreement between SCPPA and J. Aron & Company ("**J. Aron**") at a discount from the spot price over a term of the arrangement (as subsequently restructured) of approximately 27 years beginning on July 1, 2008.

Transmission Resources

Southern Transmission System. The Southern Transmission System is owned by IPA and is one of the major components of IPP. The City is a participant in SCPPA's Southern Transmission Project, which provides the City with a 4.498% (currently 108 MW) entitlement in the transfer capability of the STS. Among other things, the STS provides for the transmission of energy from the IPP Generating Station to the California transmission grid. The City has a transmission service contract with SCPPA which obligates the City to pay its share of debt service on bonds issued by SCPPA for the project on a "take-or-pay" basis, as well as capital costs and costs related to operation and maintenance. In connection with its entitlement to IPP, the City assigned its entitlement to capacity of the STS to SCPPA, in exchange for which SCPPA agreed to make payments-in-aid of construction of the STS and issued revenue bonds to finance the costs thereof. See "Power Supply-General – Non-Burbank Owned Resources – Intermountain Power Project" herein. The City is a participant in SCPPA's STS Renewal Project in connection with the IPP Repowering Project. Effective beginning mid-June 2027, the City's share of the STS will be 4.222%, or 101.33 MW.

Mead-Phoenix Transmission Project, Authority Interest (Multiple Members). The City is a participant in SCPPA's member-related interest in the Mead-Phoenix Transmission Project, a 256 mile, 500-kV AC transmission line that extends between a southern terminus at the existing Westwing Substation (in the vicinity of Phoenix, Arizona) and a northern terminus at Marketplace Substation, a substation located approximately 17 miles southwest of Boulder City, Nevada. The City has entered into a transmission service contract with SCPPA under which SCPPA has sold to the City, on a "take-or-pay" basis, its entitlement share of 15.4% (approximately 35 MW) of the Authority's member-related ownership interest in the Mead-Phoenix Transmission Project and which obligates the City to pay its share of capital costs and costs related to operation and maintenance.

Mead-Adelanto Transmission Project, Authority Interest (Multiple Members). In connection with the Mead-Phoenix Transmission Project, the City has an 11.5337% (approximately 101 MW) entitlement to SCPPA's member-related interest in the Mead-Adelanto Transmission Project, an approximately 202-mile, 500-kV AC transmission line that extends between a southwest terminus at the existing Adelanto Substation in southern California and a northeast terminus at Marketplace Substation, a substation located approximately 17 miles southwest of Boulder City, Nevada. The City has entered into a transmission service contract with SCPPA, under which SCPPA has sold to the City, on a "take-or-pay" basis, its entitlement of SCPPA's member-related ownership interest in the Mead-Adelanto Transmission Project. The City's transmission service contract with SCPPA obligates the City to pay its share of capital costs and costs related to operation and maintenance.

Pacific Northwest-Pacific Southwest 500 kV DC Transmission Line. The DC Intertie is an 850 mile ± 500 kV DC line rated 3,100 MW connecting the Pacific Northwest with the Los Angeles Basin. The line is operated by both LADWP and Bonneville Power Administration ("**BPA**"). LADWP operates the southern section and BPA operates the northern section. The City and the cities of Glendale and Pasadena participated in the Sylmar Expansion Project, which was completed in 1991 and which provided a 1,100 MW expansion (from 2,000 MW to 3,100 MW) of the DC Intertie's AC/DC terminal converter station located at Sylmar, California. The City has ownership in 119 MW of capacity at the Nevada-Oregon border. The City currently has excess capacity on this line.

Customers and Energy Sales

The following table sets forth the electric revenues derived by the City from sales by classification of services and peak demand during the five fiscal years shown.

Burbank Water and Power
Electric Revenues and Peak Demand
Fiscal Year Ended June 30,
($000's)

	2018	2019	2020	2021	2022
Electric Revenues from Sales:					
Residential	$45,387	$43,286	$43,495	$45,553	$43,974
Commercial[1]	48,837	44,485	42,238	39,435	42,876
Large Commercial[1]	74,360	69,916	66,381	58,345	60,875
Other Retail Revenues	7,866	4,699	5,910	6,513	6,578
Total Retail Revenues[2]	176,450	162,386	158,024	149,846	154,304
Wholesale	21,252	21,791	15,442	42,088[3]	21,486
Other Operating Revenues[4]	6,448	8,504	7,274	9,040	6,600
Total Revenues	$204,150	$192,681	$180,740	$200,974	$182,390
Peak Demand (MW)	320	302	283	292	246

(1) Declines in Fiscal Years ended June 30, 2020 and June 30, 2021 are due primarily to the effects of the COVID-19 pandemic.
(2) Effective July 1, 2018, instead of passing through the Electric Fund, the in-lieu transfer is accounted for directly in the General Fund.
(3) Increase in Wholesale in Fiscal Year ended June 30, 2021 is due to higher demand during extreme weather events during the year. Wholesale uses excess assets to move energy outside of the City's retail system. See "– Electric System Initiatives – Wholesale Margins."
(4) Other operating revenues include transmission, telecommunications, intergovernmental, and other miscellaneous revenues. Other operating revenues do not include aid-in-construction.
Source: BWP.

The following tables set forth the average number of retail customers and total retail energy sold during the five fiscal years shown.

Burbank Water and Power
Average Number Of Retail Customers
Fiscal Year Ended June 30,

	2018	2019	2020	2021	2022
Residential	46,140	46,294	46,098	46,152	46,290
Commercial	6,889	6,920	6,844	6,861	6,880
Large Commercial	81	84	88	84	82
TOTAL	53,110	53,298	53,030	53,097	53,252

Source: BWP.

Burbank Water and Power
Total Retail Energy Sold
(Millions of kWh)
Fiscal Year Ended June 30,

	2018	2019	2020	2021	2022
Residential	274	274	275	287	275
Commercial(1)	534	524	485	448	476
Large Commercial(1)	270	263	260	227	228
TOTAL	1,078	1,061	1,020	962	979

(1) Declines in Fiscal Years ended June 30, 2020 and June 30, 2021 are due primarily to the effects of the COVID-19 pandemic.
Source: BWP.

Major Customers

The City's five largest retail electric customers (excluding other City departments) accounted for approximately 15.4% of the City's energy sales for the Fiscal Year ended June 30, 2022.

The City's ten largest retail electric customers (excluding other City departments), comprised of large commercial customers, accounted for approximately 20.1% of the City's energy sales for the Fiscal Year ended June 30, 2022.

The City's 25 largest retail electric customers (excluding other City departments), comprised of large commercial customers, accounted for approximately 27.3% of the City's energy sales for the Fiscal Year ended June 30, 2022.

Electric Rates and Charges

Per Burbank Municipal Code, the utility must remain self-supporting from a financial standpoint and requires rates sufficient to maintain its financial health. Because costs can change suddenly and materially, a regular review and report on rates is necessary. BWP regularly evaluates such information needed to maintain adequate rates and uses such information in its assessment of its rates. Electric rates are established by the City Council and are not currently subject to regulation by the CPUC or by any other state agency. A 1.5% increase originally scheduled to take effect in July 2020 was postponed due to the COVID-19 pandemic. In May 2021, the City Council approved a total overall increase of 2.5%, spread out over two increases of 1.24% each effective October 1, 2021 and April 1, 2022. The rate increases were phased in to allow economic recovery from the COVID-19 pandemic for the community. In May 2022, the City Council approved a total overall increase of 6.0%, effective July 1, 2022.

Although its rates are not subject to approval by any federal agency, the City is subject to certain provisions of the federal Public Utility Regulatory Policies Act of 1978 ("**PURPA**"). PURPA requires state regulatory authorities and nonregulated electric utilities, including the City, to consider certain rate-making standards and to make certain determinations in connection therewith. The City believes that it is operating in compliance with PURPA.

The Electric System's base rates have been changed 10 times over the period beginning January 1, 2011. The City provides no free electric services. The following table sets forth the percentage change in overall system rates since 2011.

Burbank Water and Power
Percentage Change in Electric Rates[1]

Effective Date	Overall System
01/01/11	2.90%
07/01/12	1.75
07/01/13	1.75
07/01/14	2.90
07/01/15	2.10
07/01/16	2.10
07/01/19	1.00
10/01/21	1.24
04/01/22	1.24
07/01/22[2]	6.00

(1) Percentage change is based upon immediately preceding rate.
(2) The increase effective July 1, 2022 was higher than previous increases due to higher energy prices, investments in future sustainability, higher operating and maintenance expenses driven by inflation and supply chain issues, and a decrease in demand primarily driven by the COVID-19 pandemic.
Source: BWP.

The table below sets forth the weighted average billing price per kWh of the City's various retail customer classes for the past five fiscal years.

Burbank Water and Power
Weighted Average Retail Billing Price [1]
(Cents per kWh)
Fiscal Year Ended June 30, 2022

	2018	2019	2020	2021	2022
Residential	16.57	15.81	15.83	15.86	16.01
Commercial	16.76	15.89	16.07	16.02	16.21
Large Commercial	14.48	13.66	13.93	13.96	14.08
Weighted Average-All Classes Combined	16.14	15.32	15.46	15.49	15.66

(1) All weighted average rates exclude Street Lighting Charges. Effective Fiscal Year 2018-19, all weighted average rates no longer include in-lieu transfer. Effective July 1, 2018, instead of passing through the Electric Fund, the in-lieu transfer is accounted for directly in the General Fund. Prior to Fiscal Year 2018-19, this transfer was embedded in the rates. City voters passed Measure T in June 2018 to continue a direct transfer of not more than 7% of BWP's gross annual sales of electricity to pay for City's essential services.
Source: BWP.

The table below shows a comparison of BWP's average residential retail billing price per kWh against other electric utilities in the region.

Burbank Water and Power
Average Residential Retail Billing Price
Fiscal Year 2021-22

Utility	Average Retail Billing Price (cents per kWh)
BWP	16.01
Anaheim Public Utilities	18.28
Pasadena Water and Power	21.00
LA Dept. of Water and Power	22.20
Glendale Water and Power	22.39

Source: Annual operating data for each utility.

Transfers to Burbank's General Fund

In accordance with the City Charter, the City Council had a long-standing practice of authorizing annual transfers from the Electric Enterprise Fund to the City's General Fund in the form of an in-lieu transfer of 5.0% and a street lighting transfer of 1.5% of the City's gross sales of electricity (exclusive of wholesale sales to other public or privately-owned utilities).

The practice of transfer from the Electric Enterprise Fund to the General Fund was challenged by a plaintiff in a complaint filed in June 2016, *Christopher Matthew Spencer v. City of Burbank* (Case Number: BS162779). In June 2018, the voters of the City passed Measure T, a ballot measure that amended the City of Burbank Charter to continue this practice of annual transfers from BWP's gross annual sales of electricity, paid by retail electric ratepayers. On October 30, 2018, the plaintiff and the City entered into a settlement agreement in connection with their dispute over these transfers. Pursuant to the approval in Measure T, the City receives a 7% In-lieu of Taxes on electric retail revenues that is accounted for directly in the General Fund and is not reflected in the Electric Fund's financial statements. This amount for the year ended June 30, 2022 is Electric in-lieu of $8,485,000 and Street Lighting transfer of $2,314,000.

Historical Net Revenues and Statement of Net Position of the Electric System

The following two tables set forth, based on audited financial statements for the five Fiscal Years ended June 30, 2022 (i) summaries of net revenues of the Electric System, together with debt service coverage ratios with respect to BWP's Electric System revenue bonds and (ii) the statement of net position of BWP's Electric System.

Burbank Water and Power
Historical Net Revenues and Debt Service Coverage
Fiscal Year Ended June 30,
($000's)

	2018	2019	2020	2021	2022
Operating revenue:					
Retail	$176,450	$162,386	$158,024	$149,846	$154,304
Wholesale(1)	21,252	21,791	15,442	42,088	21,486
Other Operating Revenues(2)	6,448	8,504	7,274	9,040	6,600
Total Operating Revenue	$204,150	$192,681	$180,740	$200,974	$182,390
Operating expenses:					
Retail (Fuel, Purchased Power and Power Operations)(3)	$87,759	$97,292	$96,718	$93,250	$111,956
Wholesale(1)	19,045	20,273	14,126	34,197	18,845
Other (Distribution and Other O&M)	51,461	48,891	49,647	47,147	41,652
Optional advanced pension payment(4)	--	--	3,511	2,750	2,750
Total Operating Expenses(5)	$158,265	$166,456	$164,002	$177,344	175,203
Operating income/(loss)	$45,885	$26,225	$16,738	$23,630	$7,187
Other non-operating income(6)	1,049	2,573	2,800	2,375	2,508
Net Income Available for Debt Service (a)	$46,934	$28,798	$19,538	$26,005	$9,695
In-Lieu of Taxes (b)(7)	$8,821	$0	$0	$0	$0
Net Debt Service (c)(8)	$8,621	$7,534	$7,472	$3,403	$3,403
Rate Covenant Coverage					
(Prior to In-Lieu) (a)/(c)	5.44x	3.82x	2.61x	7.64x	2.85x
Revenues Available After Debt Service (a)-(b)-(c)	$29,492	$21,264	$12,066	$22,602	$6,293

(1) Increase in Wholesale in 2021 is due to higher demand during extreme weather events during the year. Wholesale uses excess assets to move energy outside of Burbank's retail system. See "– Electric System Initiatives – Wholesale Margins."
(2) Other operating revenues include transmission, telecommunications, intergovernmental income, and other miscellaneous revenues.
(3) Increase in Retail Operating Expenses in Fiscal Year 2021-22 is primarily due to higher energy prices, coal supply issues at Intermountain Power Project, and one-time repair for the Lake 1 generating unit.
(4) During the Fiscal Year 2020-21 audit, the amount of optional advanced payment to CalPERS to reduce the City's unfunded actuarial liability for Fiscal Year 2019-20 and Fiscal Year 2020-21 was reclassified from non-operating expense to operating expense.
(5) Operating expenses exclude depreciation, in lieu of taxes, and interest expense.
(6) Other non-operating income includes interest income and other non-operating revenues, less other non-operating expenses. Other non-operating income does not include capital contributions, Build America Bonds subsidy, and non-cash adjustments to record market value adjustment for investment per GASB 31 and market value adjustment for pension per GASB 68.
(7) Effective July 1, 2018, instead of passing through the Electric Fund, the in-lieu transfer is accounted for directly in the General Fund.
(8) Represents net debt service on outstanding Bonds. Annual debt service for Fiscal Years 2020-21 and 2021-22 were much lower due to early redemption of the 2010A Electric Revenue Bonds.
Source: BWP.

Burbank Water and Power
Statement of Net Position
Fiscal Year Ended June 30,
($000's)

	2018	2019	2020	2021	2022
ASSETS					
Current and regulatory assets:					
Cash and cash equivalents	$89,425	$77,320	$65,230	$85,228	$80,996
Accounts receivable, net	17,129	17,822	14,930	21,974	17,176
Inventories	6,300	7,538	7,102	8,747	9,097
Derivative instruments[1]	--	--	--	--	2,020
Deposits and prepaid expenses	31,341	31,243	31,830	17,104	16,164
Interest receivable	403	403	259	159	285
Regulatory costs to be recovered in one year	98	75	51	14	--
Restricted nonpooled investments	5,682	5,896	--	--	--
Total current and regulatory assets	150,378	140,297	119,402	133,226	125,738
Noncurrent and regulatory assets:					
Interfund receivable	--	--	6,450	6,450	--
Regulatory costs for future recovery	108	43	3	--	--
Leases receivables	--	--	--		4,557
OPEB assets[2]	--	--	--	--	2,450
Total noncurrent and regulatory assets	108	43	6,453	6,450	7,007
Capital assets:					
Land	--	--	2,734	2,734	2,734
Rights to purchase power	--	--	1,335	1,335	1,335
Utility plant and equipment	530,798	566,059	593,579	619,709	642,444
Construction in progress	43,225	41,898	34,020	29,527	36,323
Total utility plant and equipment	574,022	607,957	631,668	653,305	682,836
Less accumulated depreciation	(283,207)	(301,451)	(320,861)	(339,915)	(361,012)
Net utility plant and equipment	290,815	306,506	310,807	313,390	321,624
Deferred outflows of resources:					
Deferred amounts from pensions	21,779	14,603	13,795	14,001	10,925
Deferred amounts from OPEB	690	682	1,118	1,214	1,660
Total deferred from pensions and OPEB	22,469	15,285	14,913	15,215	12,585
Total assets & deferred outflows of resources	$463,740	$462,131	$451,575	$468,282	$466,954
LIABILITIES AND FUND EQUITY					
Current Liabilities:					
Accounts payable and accrued expenses	$10,088	$6,768	$7,624	$13,059	$12,629
Bond interest payable	361	344	284	279	275
Lease payable	--	--	--		245
Interfund payable	661	167	172	12	--
Customer deposits	9,302	11,481	4,095	8,535	16,427
Unearned revenue	6,440	--	--	--	548
Current portion of revenue bonds payable, net	4,280	4,485	1,090	1,145	--
Current portion of compensated absences	357	335	280	305	328
Total current liabilities	31,489	23,580	13,545	23,335	30,453
Noncurrent liabilities:					
Revenue bonds payable	70,340	65,470	53,665	52,497	52,499

Compensated absences	4,794	5,414	6,214	6,922	6,688
Regulatory credits	--	--	490	327	302
Lease liability	--	--	--	--	1,127
Net OPEB liability[(2)]	5,441	5,387	3,382	3,766	--
Net pension liability	78,580	73,226	74,938	75,580	33,366
Total non-current and regulatory liabilities	159,155	149,497	138,689	139,092	93,982
Deferred inflows of resources:					
Deferred amounts on pensions and OPEB[(2)]	5,610	5,557	5,864	2,864	36,229
Deferred amount from leases	--	--	--		4,859
Derivative Instruments[(1)]	--	--	--	--	2,020
Regulatory credits	1,927	584	--	--	--
Total deferred inflows of resources	7,537	6,141	5,864	2,864	43,108
Total liabilities and deferred inflows of resources	198,181	179,218	158,098	165,291	167,542
Fund equity:					
Total net position	265,559	282,913	293,476	302,991	299,412
Total liabilities and net assets	$463,740	$462,131	$451,575	$468,282	$466,964

(1) In Fiscal Year 2021-22, the City implemented GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" recording the fair value of the financial natural gas hedges.

(2) In Fiscal Year 2017-18, the City implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans."

Source: BWP.

Capital Improvements

The City has a capital improvement program designed to meet load requirements, repair and replace facilities as needed, and satisfy new safety and regulatory requirements. All capital improvements are normally considered and adopted as part of the City's annual budget process, although additional capital expenditures may be approved as needed. The City currently expects to finance such capital improvements through a combination of bond financing, governmental grants and a "pay-as-you-go" basis.

The following table is a summary of the City's current Five-Year Capital Improvement Program for the Electric System. The 2023 Bonds are expected to finance a portion of the capital improvements shown below. However, a portion of the 2023 Electric Project, consisting of two electrical substations, is not accounted for in the table below because the substations were presented to the BWP Board subsequent to current annual budget approval.

Burbank Water and Power
Five-Year Capital Improvement Program
(Fiscal Years Ending June 30)
($000s)

	2023 (Adopted)	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	Total Forecast
Power Supply Improvement Projects	$13,020	$1,290	$5,850	$5,340	$5,200	$30,700
Distribution Expansion Projects	3,636	1,992	2,699	5,124	4,375	17,827
Distribution Replacement Projects	33,803	11,125	18,685	13,167	13,026	89,806
New Customer Projects/AIC	7,213	11,434	11,830	7,015	7,183	44,675
Customer Service and others	5,266	1,904	1,768	5,917	1,757	16,611
Capital Outlay and other	3,548	7,526	6,261	4,657	4,165	26,156
Total CIP	$66,486	$35,271	$47,093	$41,220	$35,706	$225,775

Source: BWP.

Indebtedness; Joint Powers Agency Obligations

Electric System Revenue Bonds. As of June 30, 2022, the 2010B Bonds were outstanding in the principal amount of $52,665,000, and they are secured by and payable from Electric Net Revenues on a parity basis with the 2023 Bonds.

Joint Powers Agency Obligations. As described herein, the City contracts with IPA and SCPPA. Obligations of the City under the agreements with IPA and SCPPA constitute Electric Operating Expenses payable prior to any of the payments required to be made on the Bonds and any Parity Debt.

IPA and SCPPA have issued joint powers agency debt to finance the costs of certain projects on behalf of the respective project participants. Agreements between the City and IPA and the City and SCPPA (other than the agreement relating to SCPPA's Prepaid Natural Gas Project bonds) are on a "take-or-pay" basis, which requires payments to be made whether or not applicable projects are operating or operable, or whether the output from such projects is suspended, interfered with, reduced, curtailed or terminated in whole or in part. In addition, all of these agreements (other than the agreements relating to SCPPA's Prepaid Natural Gas Project bonds and the Natural Gas Reserves Project bonds) contain "step up" provisions obligating the City to pay its relevant share following a failure to pay by a defaulting participant.

The City's participation and share of principal obligations (without giving effect to interest due on the obligations or any "step up" provisions) for each of the joint powers agency projects in which it participates are shown in the following table.

Outstanding Debt of Joint Powers Agencies and Burbank's Share
(As of December 1, 2022)

	Principal Amount of Outstanding Debt	City's Participation (1)	City's Share of Principal Amount of Outstanding Debt (2)
Intermountain Power Agency			
Intermountain Power Project (IPP)(3)	$94,660,000	4.021%	$3,806,279
Renewal Project	792,620,000	3.334	26,425,951
Southern California Public Power Authority			
Southern Transmission System	179,360,000	4.498	8,067,613
Magnolia Power Project(4)	220,510,000	32.350	71,335,867
Milford Wind Corridor Phase I	86,215,000	5.000	4,310,750
Prepaid Natural Gas Project(5)	258,460,000	33.000	85,291,800
Natural Gas Project	10,960,000	100.000	10,960,000
Tieton Hydropower Project	32,025,000	50.000	16,012,500
Subtotal	787,530,000		195,978,530
Total	$1,674,810,000		$226,210,759

(1) Obligation is subject to increase upon default of another project participant (other than with respect to SCPPA's Prepaid Natural Gas Project bonds and the Natural Gas Project bonds).
(2) Excludes interest on the debt.
(3) Includes bonds, subordinate notes and line of credit. This does not includes the City's share of the IPP Excess Power Sales Agreement. Refer to "THE ELECTRIC SYSTEM – Non-Burbank Owned Resources – *Intermountain Power Project*" for further information.
(4) Excludes bonds relating solely to City of Cerritos.
(5) The Prepaid Natural Gas Project is a "take-and-pay" contract. Payments by the City are contingent upon the delivery of gas.
Source: BWP.

For the Fiscal Year ended June 30, 2022, the City's payments of debt service on its joint powers agency obligations aggregated approximately $14.6 million. Annual debt service on the City's joint powers agency obligations is expected to decrease from this level and decline to approximately $3.3 million in the Fiscal Year ended June 30, 2041. This projection assumes no future debt issuances. Unreimbursed draws under liquidity arrangements supporting joint powers agency variable rate debt obligations bear interest at a maximum rate substantially in excess of the assumed rates stated above and may be subject to repayment to the liquidity provider over a significantly shorter period than the originally scheduled payment of principal on the related bonds. Interest rate swap agreements entered into by joint powers agencies in connection with hedged variable rate joint powers agency obligations may be subject to early termination. In the event of early termination of a joint powers agency interest rate swap agreement, the joint powers agency could be obligated to make a substantial payment to the applicable swap provider a corresponding amount of which termination payment (proportionate to each project participants' participation share in the related project) could be due from the applicable project participants.

Electric System Initiatives

Competitiveness Transition Plan. In 1998, the BWP Board and the City Council adopted, and has subsequently from time to time updated, its "Competitiveness Transition Plan" (as updated, the "**Plan**") in response to the then anticipated impacts of deregulation in California. The City has never granted open access for City customers.

These goals have been adopted to fulfill the Plan:

- Maintain competitive and stable rates for all customer classes;
- Optimize use of assets, manage costs, and increase reserves;
- Maintain sound financial policies to ensure BWP's financial stability;
- Ensure that BWP is competitive with other Western utilities; and
- Uphold standards of customer service and reliability.

Power Supply Resources. The availability of local generation through existing facilities (the cost of which is more economic during periods of high cost in the power market) as well as the additional facilities utilizing state-of-the-art natural gas-fired technology (including the Lake 1 Unit and the Magnolia Power Project) are designed to allow the City to more efficiently dispatch local generation and to hedge against future market volatility in energy prices. In addition, utilizing local generation generally improves regional electric reliability because it does not depend on long-distance interstate transmission lines.

The City has taken the following actions to serve its customers and to mitigate the impact of recent changes in its power supply resource portfolio:

> <u>Integrated Resource Plan ("IRP")</u>. The City Council approved the most recent IRP, the 2019 IRP, on December 11, 2018, which focuses on decisions impacting coal fired generation and the addition of cost-effective renewable energy in an environment of reduced load growth. It also recognizes the need to plan for the continued reduction in greenhouse gases and outlines the strategy to meet the RPS requirement.

> <u>Forward Purchases and Energy Risk Management</u>***.*** BWP has developed short-term as well as long-term energy procurement strategies to reduce price risks and volatility. These strategies are monitored by BWP management utilizing the Energy Risk Management Policy originally adopted in 2003 and last amended in 2022.

> <u>Renewable Energy</u>***.*** As described under "– Renewable Energy Resources" above, the City Council has adopted a RPS policy consistent with State law. For the Fiscal Year ended June 30, 2022, the City is on track to meet the Renewables Portfolio Standard of 38.5% for calendar year 2022 and can carry forward an excess of 13% of renewable energy credits into future years. As the City expects that the cost of renewable energy, relative to other energy options, may be greater, the acquisition of addition renewable resources may result in increased costs to the City and may require future rate increases, which are subject to City Council review and approval.

Wholesale Margins. Wholesale margins for the Fiscal Year ended June 30, 2022 were $2,641,000. Wholesale margins continue to contribute to the City's financial performance by reducing the utility's overall power supply costs. Wholesale trading opportunities exist because the City is able to market BWP's excess capacity, energy or transmission. The City believes that wholesale transactions are low risk because they are short-term (e.g., mostly less than 30 days), and not open-ended transactions. The trading risks are also mitigated through the adoption of the Energy Risk Management Policy, the formation of the Risk Oversight Committee ("**ROC**") and oversight by the Financial Planning and Risk Manager. The ROC meets regularly to review counterparty credits and transactions. Voting members of the ROC include the General Manager, Chief Financial Officer, Assistant General Manager/Power Supply, Energy Control Center

Manager, Power Production Manager, Power Resource Manager, and Financial Planning and Risk Manager.

Financial Reserves. BWP management initially developed a financial reserve policy to maintain its long-term rate stability in May 2003. The financial reserve policy was lasted updated in 2017 and BWP expects to update the policy again in 2023. Financial reserves are established for general operating expenses, debt repayment and capital funding, fleet replacement and general plant replacement. Under the financial reserve policy, BWP's minimum financial reserve level is set at approximately $42.7 million and recommended financial reserve level is set at approximately $73.0 million. The City maintained unrestricted reserves and SCPPA deposits of $82.3 million and restricted reserves of $2.5 million as of June 30, 2022.

Customer Relations. As a community owned utility, BWP's relationship with its customers and community stakeholders continues to be an important focus. As the utility moves towards more renewable energy, which is intermittent in nature, and as customers continue to electrify their transportation and homes, BWP will educate, engage, and work with customers to adopt beneficial electrification and to manage and shape load.

In late 2020, BWP's marketing group began pursuing an omni-channel marketing strategy with an emphasis on digital and social media channels to broaden its reach. This has resulted in greater opportunities for engagement with both residential and commercial customers about key issues such as COVID-19 relief, water conservation, and new EV rebate programs. Seventy-six percent of customers in the latest residential survey rated outbound communications as highly satisfactory, and BWP recently won two national awards from the American Public Power Association ("**APPA**"). APPA recognized BWP in print/digital and web/social media categories with Awards of Excellence. The City has maintained an outstanding system-wide reliability statistic. For Fiscal Year 2021-22, the system average interruption was only 14.96 (SAIDI) minutes per customer. A low frequency of outages helped minimize the system average outage duration. The City outage frequency rate was approximately 0.3612 (SAIFI) outages per customer every year.

Local Economic Developments Affecting the Electric System. There have been increased development and service requests including large site developments, major housing developments, and accessory dwelling units during recent years and this trend is expected to continue in the years to come. In the last decade, BWP has energized about 400 new residential units. Based on the current proposed development, BWP is on the path to energize more than 2,000 new residential units in the next three to four years.

Environmental Regulation

Utilities such as the Electric System are subject to continuing environmental regulation. Federal, State and local standards and procedures which regulate the environmental impact of utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Electric System or any City facility or project will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental regulations have, and may in the future, create certain barriers to new facility development and require modification of existing facilities and may result in additional costs for affected resources. The

City cannot predict at this time whether any additional legislation or rules will be enacted which will affect the City's operations, including the Electric System managed by BWP, and if such laws or rules are enacted, what the costs to the City might be in the future because of such action. See "FACTORS AFFECTING THE ELECTRIC SYSTEM AND THE ELECTRIC UTILITY INDUSTRY" and "RISK FACTORS" below.

FACTORS AFFECTING THE ELECTRIC SYSTEM AND THE ELECTRIC UTILITY INDUSTRY

The following regulatory programs affect the Electric System and the electric utility industry and should be considered when evaluating an investment in the 2023 Bonds. The City cannot predict at this time whether any additional legislation or rules will be enacted which will affect the Electric System's operations, and if such laws or rules are enacted, what the costs to BWP might be in the future because of such action.

California Climate Change Policy Developments

State regulatory agencies such as the California Air Resources Board ("**CARB**") and the California Energy Commission ("**CEC**") are pursuing a number of regulatory programs designed to reduce Greenhouse Gas ("**GHG**") emissions and encourage or mandate renewable energy generation. The following is a summary of certain programs. See also "– Environmental Regulation and Permitting Factors."

GHG Regulations. The California Global Warming Solutions Act of 2006, Assembly Bill 32 ("**AB 32**"), which became effective on January 1, 2007, created a comprehensive, multi-year program to reduce GHG emissions in California. This law required a reduction in GHG emissions from within the State by 2020 in order to reduce such emissions back to 1990 levels, which represents a reduction of approximately 25% Statewide. In September 2016, then-Governor Brown signed into law an amendment to the Global Warming Solutions Act, SB 32, that consistent with Executive Order B-30-15, extended the goals of AB 32 and set a 2030 goal of reducing emissions by 40% from 2020 levels.

CARB implemented the Global Warming Solutions Act through regulations (the "**Cap-and-Trade Regulations**") that took effect in 2012 which imposed aggregate emissions limitations on the electricity generation industry in the State and allocates the aggregate emissions limit through the distribution of allowances, or emission credits.

The Cap-and-Trade Regulations require all regulated entities, including the City with respect to the Electric System, to obtain and submit to CARB allowances and/or offsets with respect to GHG emissions relating to its State generation activities, as well as for imported electricity from dedicated out-of-state resources such as the IPP. In addition, BWP may indirectly bear compliance costs for independent generators that must purchase allowances for their generation.

BWP, like other electric utilities, receives administrative allocations of allowances for some of their expected GHG emissions. Entities that emit GHGs at levels above those for which they receive administrative allocations, if any, must purchase the additional allowances they require at the CARB auctions or from other covered entities with surplus allowances. BWP believes that, if its administratively-granted free allowances were not sufficient to authorize all of BWP's generation and purchases of electricity from fossil fuel-fired sources, BWP could obtain any other required allowances by participating in the CARB auctions or the secondary market.

In July 2017, then-Governor Brown signed into law AB 398 to extend the State's Cap-and-Trade Regulations from 2021 to 2030. The bill cleared both houses with a 2/3 supermajority vote, which protects the legislation from certain legal challenges. Under AB 398, CARB is directed to address the following: establish a price ceiling, offer nontradeable allowances at two price containment points below the price ceiling, transfer current vintages unsold for more than 24 months to the allowance price containment reserve, evaluate and address allowance overallocation concerns, set industry assistance factors for allowance allocation, and establish allowance banking rules. AB 398 was passed in conjunction with two companion bills: AB 617, which strengthens the monitoring of criteria air pollutants and toxic air contaminants in local communities, and Assembly Constitutional Amendment No. 1 (ACA-1), which establishes the Greenhouse Gas Reduction Reserve Fund. In December 2018, CARB approved amendments to the Cap-and-Trade Regulations to make the cap-and-trade program consistent with AB 398 requirements. As of June 2022, BWP has sufficient allocated greenhouse gas allowances for its retail sales and is committed to comply with the amendments. BWP does not expect such amendments to have a material adverse effect on the operations or financial condition of the Electric System.

GHG Emissions Performance Standard and Financial Commitment Limits. Pursuant to SB 1368, which became effective as law on January 1, 2007, the CEC adopted a GHG emissions performance standard ("**EPS**") for electric generating facilities of 1,100 pounds of CO2 per MWh for "covered procurements" by publicly-owned electric utilities ("**POUs**"), such as BWP. SB 1368 also prohibits POUs from making any "long-term financial commitment" in connection with "baseload generation" that does not satisfy the EPS. Generally, a "long term financial commitment" is any new or renewed power purchase agreement with a term of five years or more, the purchase of an interest in a new power plant or any investment, other than routine maintenance, in an existing power plant that is designed and intended to extend the life of the plant by more than five years or results in an increase of 50 MW or more in its rated capacity. "Baseload generation" means a power plant that is intended to operate at an annualized capacity factor of 60 percent or more. The primary effect of SB 1368 on the Electric System has been the planned conversion at IPA from coal-fired power plants to combined cycle natural gas units by July 1, 2025. See "THE ELCTRIC SYSTEM – Non-Burbank Owned Resources – *Intermountain Power Project*."

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

On April 12, 2011, then-Governor Brown signed into law the California Renewable Energy Resources Act, or SBX 1-2: SBX 1-2 established procurement targets for three compliance periods to be implemented by the procurement plan: 20% of the utility's retail sales were to be procured from eligible renewable energy resources by December 31, 2013; 25% by December 31, 2016; and 33% by December 31, 2020. BWP was in compliance with its targets for each such compliance period.

In October 2015, then-Governor Brown signed into law SB 350, which requires retail sellers and POUs, such as BWP, to make reasonable progress each year to ensure it achieves 40% of retail sales from eligible renewable energy resources by December 31, 2024, 45% of retail sales from eligible renewable energy resources by December 31, 2027, and 50% of retail sales from eligible renewable energy resources by December 31, 2030.

In September 2018, then-Governor Brown signed into law SB 100, further increasing statewide RPS targets by requiring retail electric sellers and POUs, such as BWP, to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kWhs of those products sold to retail end-use customers achieve 44% of retail sales by December 31, 2024, 52% of retail sales by December 31, 2027, and 60% of retail sales by December 31, 2030. In addition, SB 100 establishes that it is the policy of the State that eligible renewable energy resources and "zero-carbon resources" supply 100% of retail sales of electricity to State end-use customers by December 31, 2045. Defining resources that constitute a "zero-carbon resources" will be subject to further regulatory proceedings of the CEC and CARB. The author of SB 100, Senator Kevin De Leon, signed a letter to the journal that was filed on August 31, 2018, indicating that the author's intent was to include existing resources that do not produce GHG emissions, such as large hydro and nuclear resources, besides renewables, in the definition of a "zero-carbon resources." The CEC has adopted updates to the RPS Enforcement Procedures for Publicly Owned Utilities which incorporate requirements set forth in SB 350 and SB 100, among other enacted bills. This includes implementing a major provision from SB 350 pertaining to long-term procurement of renewable resources, which requires, beginning January 1, 2021, that at least 65% of RPS procurement must be from contracts of 10 years or more in duration or in ownership or ownership agreements. The updated regulations were adopted by the CEC on December 22, 2020 and approved by the California Office of Administrative Law with an effective date of July 12, 2021. BWP continues to be on track to meet RPS compliance requirements. For calendar year 2021, BWP met the RPS of 35.75%. The Electric System is on track to meet the RPS of 38.5% for the calendar year 2022. BWP will continue to negotiate and secure contracts to meet the RPS requirements set by the State.

In September 2022, the legislature passed and Governor Newsom signed into law on September 16, 2022, SB 1020, the Clean Energy, Jobs, and Affordability Act of 2022, which revised State policy to instead require that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, 95% of all retail sales of electricity to California end-use customers by December 31, 2040, 100% of all retail sales of electricity to California end-use customers by December 31, 2045, and 100% of electricity procured to serve all State agencies by December 31, 2035.

Renewable Energy Policy Development. SB 1389, Bowen and Sher, Chapter 568, Statutes of 2002) requires the California Energy Commission to:

"[C]onduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices. The Energy Commission shall use these assessments and forecasts to develop energy policies that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety." (Pub. Res. Code § 25301(a)).

The CEC adopts an Integrated Energy Policy Report ("**IEPR**") every two years and an update every other year. The most recent update, the 2021 IEPR, built upon the goals and work responding to AB 758 (Skinner, Chapter 470, Statutes of 2009), SB 350 (De León, Chapter 547, Statutes of 2015), AB 3232 (Friedman, Chapter 373, Statutes of 2018), and the 2019 IEPR to further a comprehensive approach toward decarbonizing buildings in a cost-effective and equitable manner.

Legislation and Court Action Relating to Wildfires. In September 2016, then-Governor Brown signed into law SB 1028, which requires each POU, including BWP, each IOU and each electric cooperative in the State to construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. Effective January 1, 2017, SB 1028 required the governing board of each POU to make an initial determination of whether its overhead electric lines and equipment pose a significant risk of catastrophic wildfire based on historical fires and local conditions. POU governing boards must independently make this determination based on all relevant information, including the CPUC's Fire Threat Map which was adopted by the CPUC in January 2018. Historically, the overhead electrical lines and equipment have not posed a significant risk of causing a catastrophic wildfire. However, prior to the enactment of SB 1028, BWP had already employed proactive fire prevention measure since 2008, which includes construction standards, a vegetation management program, and an inspection and maintenance program.

SB 901, which was signed into law in September 2018, amends certain provisions of SB 1028. SB 901 requires, among other things, POUs, such as BWP, to prepare before January 1, 2020 and annually thereafter, a wildfire mitigation plan. SB 901 requires the POU to contract with a qualified independent evaluator to review and assess the comprehensiveness of its plan. The report of the independent evaluator is to be made available to the public and presented at a public meeting of the POU's governing board. BWP updates its wildfire mitigation plan on an annual basis, with comprehensive revisions and independent evaluator reviews occurring every three years. An independent evaluator presented its report of BWP's wildfire mitigation plan to the City Council on October 27, 2020 and concluded that BWP's wildfire mitigation plan is comprehensive, meets the statutory requirements listed in Public Utilities Code section 8387, and has elements that align with industry standards and practices. BWP most recently presented its wildfire mitigation plan including a summary of its independent evaluator's assessment to the City Council on June 7, 2022.

In 2017, the CPUC adopted a work plan for the development and adoption of the CPUC Fire-Threat Map. On the CPUC Fire-Threat Map, any area in a Tier 2 fire-threat area is depicted as an "elevated risk (including likelihood and potential impacts on people and property) from utility associated wildfires" and any area in a Tier 3 fire-threat area is depicted as an "extreme risk (including likelihood and potential impacts on people and property) from utility associated wildfires." BWP has service territory designated as Tier-2 fire threat area in the foothills of the Verdugo mountains, but it does not have any Tier-3 fire threat areas in its service area. Based on BWP's 2022 wildfire mitigation plan, approximately 5.4% of the BWP's overhead distribution power lines fall within a Tier 2 area. In the applicable Tier 2 area, BWP continues to construct, maintain, and operate its electric lines and equipment in a manner that reduces the risk of wildfire. Mitigation measures identified in BWP's wildfire mitigation plan address various components of its electrical equipment in the Tier 2 area including design and construction, inspection and maintenance, operational practices, and situational/conditional awareness. BWP has employed a robust vegetation management program and is also continuing to improve its distribution construction standards with plans to replace additional wooden pole assets with alternative material poles thereby equipping poles for high wind loads and fire damage resistance, install covered conductors where feasible, and replace conventional fuses with non-expulsive fuses to further mitigate wildfire risk exposure.

In April 2019, Governor Newsom released a report of findings of an appointed working group examining the State's wildfires and associated liability. The report provided recommendations for changes in State fire prevention and response and suggested an exploration of a new model for paying wildfire- related costs. AB 1054, which was signed into law by Governor Newsom in July 2019, codifies some of the recommendations of such report. AB 1054 requires POUs to submit their wildfire mitigation plans for annual review to a newly created California Wildfire Safety Advisory Board, with comprehensive revisions submitted every three years. BWP submitted its wildfire mitigation plan to the California Wildfire Safety Advisory Board on June 5, 2020 and submitted updates as necessary in 2021 and 2022. The California Wildfire Safety Advisory Board published its guidance advisory opinion for Publicly Owned Utilities on December 15, 2020 and found BWP's wildfire mitigation plan to be comprehensive with clear descriptions of its relevant programs. The California Wildfire Safety Advisory Board published its recommendations on the 2022 Wildfire Mitigation Plan Guidelines on February 23, 2022. BWP is required to provide its next comprehensive updates to BWP's wildfire mitigation plan for Wildfire Safety Advisory Board submittal by July 1, 2023.

AB 1054 also establishes a new wildfire fund for IOUs to pay for eligible claims arising from future covered wildfires. Participation in the wildfire fund is exclusive to IOUs. Governor Newsom's working group's report also identified the concept of changing the strict liability standard under the State's inverse condemnation law to a fault-based liability standard. BWP continues to monitor State level legislative activity for potential updates regarding strict liability. It is not yet known what impact any potential actions resulting from this report may have on the finances or operations of the Electric System.

A number of wildfires have occurred in the State in the last five years. Under the doctrine of inverse condemnation (a legal concept that entitles property owners to just compensation if their property is damaged by a public use), California courts have imposed liability on utilities in legal actions brought by property holders for damages caused by such utilities' infrastructure. Thus, if the facilities of a utility, such as its electric distribution and transmission lines, are determined to be the substantial cause of a fire, and the doctrine of inverse condemnation applies, the utility could be liable for damages without having been found negligent. In August 2019, in its decision in the case of *City of Oroville v. Superior Court of Butte County,* No. S243247 (Cal. Aug. 15, 2019) involving damages related to sewage overflows from a city sewer system, the California Supreme Court issued a rare but narrow decision regarding inverse condemnation liability. The residential property owner in that case failed to install a mandatory sewer backflow device, allowing the court to conclude the absence of that device was the substantial cause of the damages to the residence. The property owner was unable to prove the property damage was the probable result or necessary effect of an inherent risk associated with the design, construction or maintenance of the relevant public improvement. SB 1028, SB 901 and AB 1054 do not address existing legal doctrine relating to utilities' liability for wildfires. How any future legislation or judicial decisions address the State's inverse condemnation and liability issues for utilities in the context of wildfires in particular could be significant for the electric utility industry, including BWP.

Environmental Regulation and Permitting Factors

General. Numerous environmental laws and regulations affect the Electric System's facilities and operations. BWP monitors its compliance with laws and regulations and reviews its remediation obligations on an ongoing basis. The following topics highlight some of the major environmental compliance issues affecting the Electric System:

Air Quality-Nitrogen Oxide ("NOx") Emissions. BWP fully owns and operates two utility boiler units (Olive 1 and 2) and one simple cycle electric generating unit (Lake Gas Turbine). SCPPA owns the Magnolia Power Project, a combined cycle electrical power generating facility, operated by BWP. These four Los Angeles Basin power plants are subject to the Regional Clean Air Incentives Market ("**RECLAIM**") NOx regulations adopted by the Southern California Air

Quality Management District ("**SCAQMD**"). In accordance with these regulations, the SCAQMD established annual NOx allocations for stationary source facilities based on historical emissions with a declining emissions cap. These allocations are in the form of RECLAIM trading credits ("**RTCs**"). Facilities can comply with RECLAIM by purchasing RTCs from the RECLAIM market, installing emission controls, and/or reducing operations. BWP has installed emission control equipment at its power plants to reduce NOx emissions. The Los Angeles Basin Stations are all equipped with emission control equipment. As a result of the installation of NOx control equipment and the modernization of existing electric generating units, BWP has had sufficient RTCs to meet its native load requirements for normal operations under the NOx RECLAIM regulation.

In March 2017, the SCAQMD adopted the 2016 Air Quality Management Plan and included a control measure to achieve an additional five tons per day NOx reduction as soon as feasible but no later than 2025, and to transition the RECLAIM program to a command-and-control regulatory structure requiring Best Available Retrofit Control Technology ("**BARCT**") as soon as feasible. Once the RECLAIM program goes away, no RTCs will be required under the command-and-control regulatory structure. Although the command and control regulations have stricter NOx limits, BWP can meet it by retrofitting the Lake Unit. The Magnolia Power Project and the Olive Units already meet the command and control NOx limits.

In July 2017, then-Governor Brown approved AB 617 which addresses criteria pollutants (including NOx) and toxic air contaminants at stationary sources. RECLAIM facilities are subject to the BARCT requirements of AB 617.

BWP has been participating in RECLAIM working group meetings related to the transition from the market-based RECLAIM program to a command-and-control regulatory structure. The RECLAIM program was originally scheduled to end on December 31, 2023 but is now expected to extend past 2025 after the EPA's approval of the State Implementation Plan and the resolution of outstanding issues with the New Source Review ("**NSR**") Program. The Los Angeles Basin Stations will transition from RECLAIM to a source-specific NOx rule for electric generating units that will include NOx limits reflecting BARCT. SCAQMD Rule 1135, the "command-and-control" rule for electric generating units, was adopted on November 2, 2018. Instead of receiving an annual allocation of emission credits, electric generating units will be required to meet a NOx emission limit. The NOx emission limit for simple cycle gas turbines is 2.5 parts per million ("**ppm**") while the NOx emission limit for combined cycle gas turbines is 2.0 ppm. To comply with the new NOx limit of 2.5 ppm for simple cycle gas turbines, the existing selective catalytic reduction equipment for BWP's simple cycle combustion turbine (Lake Gas Turbine) is being replaced. The Magnolia Power Project and Olive generating units already meet the NOx limits. BWP does not expect the modifications to have a material adverse effect on the operations or financial condition of the Electric System. The upgrades are expected to be completed well before the Rule 1135 compliance date of December 31, 2023. Failure to meet the NOx limits by the compliance date will prohibit out-of-compliance generating units from operating. On January 7, 2022, Rule 1135 was amended to include additional startup and shutdown provisions.

Regulatory Actions Under the Clean Air Act. The United States Environmental Protection Agency (the "**EPA**") regulates GHG emissions under existing law by imposing monitoring and reporting requirements, and through its permitting programs. Like other air pollutants, GHGs are regulated under the Clean Air Act through the Prevention of Significant Deterioration ("**PSD**") Permit Program and the Title V Permit Program. A PSD permit is required before commencement of construction of new major stationary sources or major modifications of a major stationary source and requires best available control technologies ("**BACT**") to control emissions from the new or modified stationary source. Title V permits are operating permits for major sources that consolidate all Clean Air Act requirements (arising, for example, under the Acid Rain, New Source Performance Standards, National Emission Standards for Hazardous Air Pollutants, and/or PSD programs) into a single document and the permit process provides for review of the documents by the EPA, state agencies and the public. GHGs from major natural gas-fired facilities are regulated under both permitting programs through performance standards imposing efficiency and emissions standards.

On October 23, 2015, the EPA, under the Obama Administration, published the Clean Power Plan and final regulations for (1) carbon pollution standards for new, modified, and reconstructed power plans, and (2) carbon pollution emission guidelines for existing electricity utility generating units. The total national emissions reduction goal under the Clean Power Plan targeted an average of a 32 percent reduction from 2005 levels by 2030, with incremental interim goals for the years 2022 through 2029. The Clean Power Plan would have allowed states multiple options for measuring reductions and different established reduction goals depending upon the regulatory program set forth in the state plan. On July 8, 2019, the· EPA issued final new regulations entitled the "Affordable Clean Energy Rule" to replace the Clean Power Plan. On January 19, 2021, upon a challenge by a number of environmental advocates, state and municipal attorneys the D.C. Circuit vacated the Affordable Clean Energy Rule. Moreover, on October 29, 2021, the U.S. Supreme Court granted certiorari to hear challenges to EPA's authority to regulate GHGs emissions from power plants. On June 30, 2022, the U.S. Supreme Court denied the EPA the authority to create emission caps, stating that Congress must provide specific direction to the EPA, instead of a broad scope of power, for the agency to regulate GHGs emissions. BWP cannot predict the timing or content of any new law or regulations that may be proposed to replace the Affordable Clean Energy Rule. At this time, BWP does not expect any such regulations to have material effects on its operations.

Air Quality; Mercury. The Clean Air Act provides for a comprehensive program for the control of hazardous air pollutants ("**HAPs**"), including mercury. On February 16, 2012, EPA finalized a rule called the Mercury and Air Toxics Standards ("**MATS**") to reduce emissions of toxic air pollutants, including mercury, from coal- and oil-fired electric generating units, and subsequently amended the rule in 2013 and 2014. The MATS rule set technology-based emission limitation standards for mercury and other toxic air pollutants, based upon reductions available through the use of "maximum achievable control technology" at coal- and oil-fired electric generating units. The rule has minimal impact to IPP, the one remaining coal-fired plant that is a source of energy for BWP. IPP did not have to install control technology and EPA has deemed the IPP units as low-emitting units. IPP is subject to periodic testing, work practice standards and recordkeeping requirements.

In order to comply with the MATS rule, IPP replaced the ignitors to decelerate the destruction of baghouses, the upfront cost of which was $5.5 million. The cost of compliance with work practice standards is minimal, approximately $50,000 per year. IPP will not be required to install additional control technology to reduce its HAPs. IPP already utilizes wet scrubbers and fabric filters that significantly reduce HAPs. The State of Utah adopted minimum performance criteria for existing electric generating units and offset requirements for potential increases in mercury emissions from new or modified electric generating units. Utah's minimum performance criteria include a rule, effective January 1, 2012, that coal-fired power plants, such as IPP, meet a mercury emissions limit of 0.00000065 lb/MMBtu or have at least a 90% mercury removal efficiency. IPP complies with the Utah mercury standard.

SCAQMD Air Quality Management Plan. The SCAQMD periodically prepares an overall plan, known as an Air Quality Management Plan (the "**AQMP**"), which include control measures to meet federal air quality standards and incorporate the latest technical planning information. In March 2017, SCAQMD adopted its 2016 AQMP, which is a regional and multi-agency effort. The SCAQMD held stakeholder working group meetings in connection with its development of rules and rule amendments to implement the control measures included in the 2016 AQMP and submitted their control measure plan to EPA in December 2019. In 2021, BWP participated in the working group meetings dedicated to the development of the 2022 AQMP along with the proposed control measures that could potentially impact BWP's operations. In May 2022, SCAQMD released the draft 2022 AQMP, which aims for a 45% reduction in NOx emissions through this plan. BWP is currently reviewing the draft 2022 AQMP and evaluating how the proposed emission reduction measures could affect its power plants and fleets. Proposals of concern include those that would lower emissions or mandate replacement of permitted emergency standby engines, commercial water heaters and space heaters, and coatings, solvents, adhesives, and lubricants. Transitioning to electric equipment for heating and other purposes would increase the demand on the Electric System. In addition, if the affected power plants are not able to meet the new command and control NOx limits, they will not be able to continue to generate electricity.

Superfund. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, as well as State statutes, impose strict liability for cleanup costs upon those who generate or dispose of hazardous substances and hazardous wastes. BWP's past disposal practices may result in Superfund liability as previously approved disposal methods or sites become candidates for Superfund classification. In addition, under these statutes, BWP may be held liable for cleanup activities on property that it owns and operates, even if the conditions requiring cleanup existed before BWP's occupancy of a site. As a result, BWP may incur substantial, but presently unknown, costs as a participant in the cleanup of sites contaminated with hazardous substances or wastes.

Other Factors

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. In addition to the factors that are discussed above and in “RISK FACTORS” below, such factors include, among others: (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described herein; (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy; (c) effects on the integration and reliability of power supply from the increased usage of renewables; (d) changes resulting from a national energy policy; (e) effects of competition from other electric utilities (including increased competition resulting from a movement to allow direct access or from mergers, acquisitions and strategic alliances of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity; (f) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many investor-owned utilities; (g) increased competition from independent power producers and marketers, brokers and federal power marketing agencies; (h) self-generation or distributed generation (such as microturbines, fuel cells and solar installations) by industrial and commercial customers and others; (i) issues relating to the ability to issue tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with outstanding tax-exempt obligations; (j) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (k) changes from projected future load requirements; (l) increases in costs and uncertain availability of capital; (m) shifts in the availability and relative costs of different fuels (including the cost of natural gas and nuclear fuel); (n) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the past in California; (o) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity; (p) other legislative changes, voter initiatives, referenda and statewide propositions; (q) effects of the changes in the economy, population and demand of customers within a utility's service area; (r) effects of possible manipulation of the electric markets; (s) acts of terrorism or cyber-terrorism; (t) natural disasters or other physical calamities, including, but not limited to, earthquakes, floods and wildfires, and potential liabilities of electric utilities in connection therewith; (u) changes to the climate; and (v) adverse impacts to the market for insurance relating to recent wildfires and other calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risk. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

RISK FACTORS

The following factors, which represent certain risk factors, should be considered along with all other information in this Official Statement by potential investors in evaluating the 2023 Bonds. The following is not intended to be an exhaustive list and there can be no assurance made that other risk factors do not currently exist or will not become evident at any future time.

Revenues of the Electric System; Rate Covenant Not a Guarantee

The ability of the City to pay the principal of and interest on the 2023 Bonds depends on the ability of the City to generate Electric Net Revenues in the levels required by the Indenture. Although, as more particularly described herein, the City expects that sufficient revenues will be generated through the imposition and collection of service charges, impact fees, and other Electric Revenues described herein, there is no assurance that such imposition of service charges, impact fees, or other Electric Revenues will result in the generation of Electric Net Revenues in the amounts required by the Indenture. As a result, the City's covenant does not constitute a guarantee that sufficient Electric Net Revenues will be available to pay the principal of and interest on the 2023 Bonds when due.

Demand and Usage

There can be no assurance that the local demand for services provided by the Electric System will continue according to historical levels. In addition, voluntary or mandatory conservation measures could decrease usage of the services of the Electric System. Although a decline in demand would result in certain reduced expenses, such reductions would not be expected to be sufficient to fully offset the decline in revenues. Reduction in revenues resulting from a decline in demand could require an increase in rates or charges in order to produce Electric Net Revenues sufficient to comply with the City's rate covenant. See "THE ELECTRIC SYSTEM – Electric Rates and Charges." Rate increases could increase the likelihood of nonpayment.

Electric System Expenses

There can be no assurance that the City's expenses for the Electric System will be consistent with the descriptions in this Official Statement. Changes in technology, decreased development, increases in the cost of operation, increased regulation or other expenses could require increases in rates or charges in order to comply with the City's rate covenant in the Indenture. The City's costs of operation of the Electric System are affected by numerous factors, many of which are macroeconomic in nature or affect the broader energy industry and, as such, are beyond the City's control. Some such factors are rising inflation, supply chain disruptions, labor shortages and rising labor costs, and rising interest rates. Recently, these and other factors have led to increases in the prices of fuel and commodities that are integral to the Electric System operations.

Statutory and Regulatory Impact

The Electric System is subject to numerous State and federal laws and regulations. If the federal government or the State should impose more stringent standards upon the Electric System, for example by mandating a higher proportion of renewable energy, which may be more expensive than conventional energy sources, the Electric System's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses.

Although the City has covenanted in the Indenture to prescribe, revise and collect such charges for the services, facilities and electricity furnished by the Electric System during each fiscal year at specified levels, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the City to generate Electric Net Revenues in the amounts required by the Indenture and to pay the 2023 Bonds. Certain potential increasing regulatory standards could materially increase the cost to the City of providing electric services.

See "THE ELECTRIC SYSTEM" and "FACTORS AFFECTING THE ELECTRIC SYSTEM AND THE ELECTRIC UTILITY INDUSTRY" above.

Litigation

At any given time, there are certain claims and disputes, including those currently in litigation, that arise in the normal course of the City's Electric System enterprise activities. In the view of BWP management, there is no litigation, present or pending, which will, individually or in the aggregate, materially impair the City's ability to service its Electric System indebtedness or which will have a material adverse effect on the business operations of the Electric System. See "LITIGATION."

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "**Pandemic**") by the World Health Organization and is currently affecting many parts of the world, including the United States and California. The Electric System at present is experiencing decreased demand, which could persist for several months. Fiscal year to date energy usage through June 2022 was 7% below budget, with lower than planned retail sales as a result of the Pandemic. The Electric System has not experienced operational issues or significant supply chain problems attributable directly to the Pandemic but can give no assurance that such issues will not arise in the future. The Electric System's billing and collection functions have remained operational. The liquid reserves of the Electric System, as on June 30, 2022 include approximately 142 days of cash on hand.

The City has assisted customers through the Pandemic. The City proactively engages customers to reduce their arrears by encouraging payment arrangements to any customer it interacts with that has a 60-day or greater past due balance. The City has also received funds from the California Arrearage Payment Program ("**CAPP**") administered by the California's Department of Community Services and Development. The City received $2,236,319 through this program during Fiscal Year 2021-22, spent $1,688,603 of such amount, and will refund the balance. CAPP is designed to provide financial assistance to residential and commercial customer accounts that have delinquent utility balances of 60 days or more incurred during the Pandemic, specifically covering the period from March 4, 2020 through June 15, 2021.

In October 2020, the City Council approved the resumption of disconnections for non-payment of electric utility bills for medium, large, and extra-large commercial customers. Disconnections were then discontinued once CAPP was announced in May 2022. The City encouraged payment arrangements and resumed disconnection for non-payment for impacted customers as of July 6, 2022. Between July 6, 2022 and August 17, 2022, twenty-one commercial customers were subject to disconnection. Out of the twenty-one, six were disconnected and the remainder either paid or enrolled in a payment arrangement. The disconnected accounts do not represent a material amount of Electric Revenues.

In late June 2022, the City received a notification that the State legislature and Governor had approved a $239.4 million new round of funding for unpaid electric bills resulting from the Pandemic for POUs. This new program, known as CAPP 2.0 extends the COVID-19 relief period from June 16, 2021 to December 31, 2021 and will benefit residential customers. On August 23, 2022, the City Council voted to approve resuming power disconnections for small commercial customers starting September 1, 2022. The City received $637,838 through CAPP 2.0 in December 2022.

The Pandemic is ongoing and developments will continue. Given the evolving nature of the Pandemic, the City is unable to predict (i) the ultimate duration or extent of the COVID-19 outbreak; (ii) to what extent future developments related to the Pandemic may adversely affect the operations of the Electric System and the revenues of the Electric System; (iii) to what extent future developments related to the Pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain; (iv) whether or to what extent the City may provide additional deferrals, forbearances, adjustments or other relief to Electric System customers or changes to its billing and collection procedures; or (v) whether any of the foregoing may have a material adverse effect on the finances and operations of the Electric System. The restrictions and limitations related to COVID-19, and the effects on the national and global economies, may intensify and recovery may be prolonged, potentially adversely affecting Electric System revenues.

Earthquake, Flood, Wildfire or Other Natural Disasters

General. The occurrence of an earthquake, flood, fire, or other natural disaster which results in the temporary or permanent closure of major components of the Electric System or results in significantly increased costs could materially adversely affect the ability of the City to operate the Electric System or to generate Electric Net Revenues at the levels required by the Indenture.

Seismic. The City is located in a region of seismic activity. Damage from seismic activity could occur through surface fault rupture, ground shaking, liquefaction, and landslides. Surface fault rupture is an actual cracking or breaking of the ground along a fault during an earthquake. The City contains one active fault–the Verdugo Fault, located south of the Verdugo Mountains–but no Alquist-Priolo Earthquake Fault Zone has been designated in the City. In addition to the Verdugo Fault, several other active faults in the region have the potential to cause ground shaking that would affect the City. These faults are the San Fernando Fault (northwest of the City), Sierra Madre Fault (at the base of the San Gabriel Mountains east of the City), Hollywood Fault (south of the City), Newport-Inglewood Fault (12.5 miles southwest of the City), and the Raymond Fault (6 miles southeast of the City). The San Andreas Fault, a large fault that runs nearly the entire length of California, is located approximately 27 miles to the northwest of the City. Much of the City is located atop soils susceptible to liquefaction, particularly in areas west of Interstate 5. Liquefaction risk is higher in areas where the groundwater table lies within 50 feet of the surface. Most groundwater underlying the City is deeper than 100 feet below the surface. As long as groundwater continues to be extracted in the upper Los Angeles River area and annual rainfall remains at normal levels, the City expects that groundwater levels in the City will remain deeper than 50 feet, resulting in a low risk of liquefaction for most of the City. In the City, hazards from landslides and mudslides are limited to properties at the base of undeveloped or unimproved slopes in the Verdugo Mountains. Significant earthquakes that have occurred in recent years in the Los Angeles and Burbank area, including the Northridge earthquake in 1994, that resulted in only temporary electrical outages and, after inspection to determine the scope of any damage, only minor damage to the Electric System.

It is impossible to accurately predict the cost or effect of an earthquake on the Electric System or on BWP's ability to provide uninterrupted service to all parts of its service area. In the event of a severe earthquake, however, the amount of moneys available to pay debt service on the 2023 Bonds could be reduced significantly.

Flood. Based on flood risk evaluations prepared by the Federal Emergency Management Agency ("**FEMA**") for the City, effective September 26, 2008, most of the City is located in Zone X, which describes lands subject to the 0.2% annual (500-year) flood zone or that lie within the 100-year flood zone, but with flooding depths less than one foot. Areas of the City that are within the FEMA-mapped 100-year floodplain include: (i) a narrow area along the Lockheed Drain Channel in the vicinity of Empire Avenue and W. Vanowen Street from near the Burbank Airport eastwards towards Interstate 5, then southward in the vicinity of Victory Boulevard, (ii) a narrow area west of Victory Boulevard in the vicinity of South Main Street, and (iii) several small areas south of Highway 134 near the City's southern boundary. In addition, there is a large area in the northeastern portion of the City mapped as Zone D, which describes areas in which flood hazards are undetermined, but possible.

Wildfire. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Two portions of the City have been categorized by the California Department of Forestry and Fire Protection ("**CALFIRE**") as Very High Fire Hazard Severity Zones. These areas are a large area in the northeastern portion of the City, in and bordering the Verdugo Mountains, and a smaller portion at the southern end of the City that includes Warner Brothers Studios. Wildland and wildland/urban interface fires are relatively common in the Verdugo Mountains in the northeastern portion of the City and surrounding areas. In 2005, the Harvard Fire burned approximately 1,000 acres of brush within City limits before being contained, with no structures burned. In 2017, the La Tuna Fire burned in the Verdugo Mountains, including portions of the City, ultimately claiming approximately 7,200 acres and destroying 10 structures. Steep wildland and wildland/urban interface areas that have previously experienced fire damage are at higher risk of damage from mudslides.

Some believe that climate change will lead to even more frequent and damaging wildfires in the future. While the City and the Electric System have not suffered direct effects of wildfire, there can be no assurance that wildfires will not affect the City and the Electric System in the future, or the effects of any such wildfire, which could be material.

See "FACTORS AFFECTING THE ELECTRIC SYSTEM AND THE ELECTRIC UTILITY INDUSTRY" above, for information about the City's mitigation measures to address wildfire risk.

Drought Conditions

California is subject to droughts, which have occurred several times in the last several decades, including in the years 1976-77, 1987-1992, 2008-09 and 2012-16 (although drought conditions may vary significantly throughout different parts of the State). In April 2021, Governor Newsom declared a drought state of emergency in 41 of the State's 58 counties, primarily in the northern portion of the State and in the Central Valley. In July 2021, Governor Newsom issued an executive order expanding the drought state of emergency to 50 of the State's 58 counties (not including the County) and calling for Californians to voluntarily reduce water use by 15%. In October 2021, Governor Newsom expanded the executive order to include all counties in the State. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local water agencies can impose and enforce their own drought conservation rules. While hydropower is a small portion of the City's total power supply, the City cannot predict what effect drought conditions may have on operations or revenues of the Electric System, or whether or to what extent water reduction requirements or voluntary guidance may affect the Electric System.

Potential Impact of Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. In the City, the most pronounced effects of climate change are expected to be increased average temperature, more days of extreme heat, elevated drought risk, and possible air quality impacts from fires. The City cannot predict the impact of climate change on the Electric System, including impacts on demand, energy supply, and expenses.

Cybersecurity

The City, including the Electric System, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. United States government agencies have in the past issued warnings indicating that critical infrastructure sectors such as electric systems may be specific targets of cybersecurity threats.

The City has implemented industry best practices, engineering and procedures and has made the necessary investment to protect against and mitigate the adverse effects of cyberattacks, including steps to harden its cybersecurity and provide training for employees in cyber awareness and the use of the City's digital networks and systems. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or disrupt the operation of the Electric System. There have been no detected cyberattacks that have affected the Electric System.

Limited Obligations

The Bonds (including the 2023 Bonds) are special, limited obligations of the City payable from Electric Net Revenues. The 2023 Bonds shall not be deemed to constitute a debt or liability of the City, the State, or of any political subdivision thereof within the meaning of any constitutional or statutory limitation, or a pledge of the faith and credit of the City, the State, or of any political subdivision thereof, but shall be payable, except to the extent of certain moneys pledged therefor under the Indenture, solely from Electric Net Revenues. Neither the faith and credit nor the taxing power of the City, the State, or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the 2023 Bonds. The issuance of the 2023

Bonds shall not directly or indirectly or contingently obligate the City, the State, or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment.

Additional Bonds or Parity Debt

Upon the issuance of the 2023 Bonds, the 2010B Bonds will be the only other outstanding obligations payable from Electric Net Revenues on a parity with the 2023 Bonds. In addition, the City is permitted under the Indenture, subject to satisfaction of certain conditions, to incur future Parity Debt and additional Bonds. In the event Electric Net Revenues were insufficient to pay all of the City's obligations with respect to the Bonds (including the 2023 Bonds) and any Parity Debt when due, the City would be obligated to make payments on the Parity Debt and the Bonds (including the 2023 Bonds) on a pro rata basis.

Effect of Bankruptcy

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the 2023 Bonds and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2023 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights and may otherwise have material adverse consequences. The opinion of Bond Counsel notes that the rights of the owners of the 2023 Bonds and the enforceability of the 2023 Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Loss of Tax Exemption

The City has covenanted in the Indenture and the Tax Certificate that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the 2023 Bonds under section 103 of the Internal Revenue Code of 1986. In the event the City fails to comply with the foregoing tax covenant, interest on the 2023 Bonds may be includable in the gross income of the Owners thereof for federal tax purposes retroactive to the date of issuance of the 2023 Bonds. See "TAX MATTERS."

Secondary Market

There can be no guarantee that there will be a secondary market for the 2023 Bonds or, if a secondary market exists, that any 2023 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. No assurance can be given that the market price for the 2023 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2023 Bonds for audit or examination, or the course or result of any Internal Revenue Service audit or examination of the 2023 Bonds or obligations that present similar tax issues as the 2023 Bonds.

CONSTITUTIONAL LIMITATIONS ON GOVERNMENT SPENDING

Articles XIIIC and XIIID of the California Constitution

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters of the State on November 5, 1996. Proposition 218 added Articles XIIIC and XIIID to the State Constitution. Article XIIID creates additional requirements for the imposition by most local governments (including the City) of general taxes, special taxes, assessments and "property-related" fees and charges. Article XIIID explicitly exempts fees for the provision of electric service from the provisions of such article. Nevertheless, Proposition 218 could indirectly affect some California municipally-owned electric utilities. For example, to the extent Proposition 218 reduces a city's general fund revenues, that city could seek to increase the transfers from its electric utility to its general fund.

Article XIIIC expressly extends the people's initiative power to reduce or repeal previously-authorized local taxes, assessments, and fees and charges. The terms "fees and charges" are not defined in Article XIIIC, although the California Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006), that the initiative power described in Article XIIIC may apply to a broader category of fees and charges than the property-related fees and charges governed by Article XIIID. Moreover, in the case of *Bock v. City Council of Lompoc*, 109 Cal.App.3d 52 (1980), the Court of Appeal determined that electric rates are subject to the initiative power. Thus, even electric service charges (which are expressly exempted from the provisions of Article XIIID) might be subject to the initiative provision of Article XIIIC, thereby subjecting such fees and charges imposed by the City to reduction by the electorate. The City believes that even if the electric rates of the City are subject to the initiative power, under Article XIIIC or otherwise, the electorate of the City would be precluded from reducing electric rates and charges in a manner adversely affecting the payment of the 2023 Bonds by virtue of the "impairment of contracts clause" of the United States and California Constitutions.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIIIA and XIIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor.

Proposition 26 may, however, be interpreted to limit fees and charges for electric utility services charged by governmental entities such as the City to preclude future transfers of electric utility generated funds to a local government's general fund, if applicable, and/or to require stricter standards for the allocation of costs among customer classes. The City believes that its rates and charges do not exceed the reasonable cost of providing the Electric System services.

Future Initiatives

Articles XIIIC and XIIID were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, including presently, other initiatives have been, and could be, proposed, and if qualified for the ballot, could be adopted affecting BWP's revenues or operations. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by BWP.

TAX MATTERS

The Internal Revenue Code of 1986 (the "**Code**") imposes certain requirements that must be met subsequent to the issuance and delivery of the 2023 Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2023 Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue of the 2023 Bonds. The City has covenanted in the Indenture not to take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the exclusion of the interest on the 2023 Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under existing law interest on the 2023 Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the aforementioned covenants, interest on the 2023 Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is of the further opinion that interest on the 2023 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of ownership of the 2023 Bonds or the inclusion in certain computations of interest that is excluded from gross income. In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in the Tax Certificate, dated the date of delivery of the 2023 Bonds, pertaining to the use, expenditure, and investment of the proceeds of the 2023 Bonds.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent on the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the 2023 Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the 2023 Bonds.

The initial public offering price of certain of the 2023 Bonds (the "**Discount Bonds**") may be less than the amount payable on such 2023 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the 2023 Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, corporations subject to the alternative minimum tax on adjusted financial statement income, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

The purchase price of certain 2023 Bonds (the "**Premium Bonds**") paid by an owner may be greater than the amount payable on such 2023 Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable bond, the yield based on a call date that results in the lowest yield on the bond). Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the 2023 Bonds may affect the tax status of interest on the 2023 Bonds or the tax consequences of the ownership of the 2023 Bonds. No assurance can be given that pending or future legislation, or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not contain provisions that could directly or indirectly reduce the benefit of the exemption of interest on the 2023 Bonds from personal income taxation by the State of California or of the exclusion of the interest on the 2023 Bonds from the gross income of the owners thereof for federal income tax purposes. Furthermore, Bond Counsel will express no opinion as to the effect on the exclusion from gross income of interest on the 2023 Bonds of any action taken or not taken after the date of such opinion without the approval of Bond Counsel.

Except as described above, Bond Counsel will express no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2023 Bonds. Prospective purchasers of the 2023 Bonds should be aware that the ownership of tax-exempt obligations such as the 2023 Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, corporations subject to the alternative minimum tax on adjusted financial statement income, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "**Service**") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2023 Bonds is commenced, under current procedures the Service is likely to treat the City as the "taxpayer," and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2023 Bonds, the City may have different or conflicting interests from the owners of the 2023 Bonds. Public awareness of any future audit of the 2023 Bonds could adversely affect the value and liquidity of the 2023 Bonds during the pendency of the audit, regardless of the ultimate outcome.

Existing law may change so as to reduce or eliminate the benefit to holders of the 2023 Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the 2023 Bonds. Prospective purchasers of the 2023 Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

A copy of the form of opinion of Bond Counsel relating to the 2023 Bonds is included in APPENDIX D hereto.

LITIGATION

To the knowledge of the City, there is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance of the 2023 Bonds or the execution and delivery of the Indenture or in any way contesting or affecting the validity of the 2023 Bonds or any proceedings of the City taken with respect to the execution and delivery thereof.

APPROVAL OF LEGALITY

The 2023 Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the City by its Disclosure Counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, and Underwriter's Counsel is contingent upon issuance and sale of the 2023 Bonds.

FINANCIAL STATEMENTS

CliftonLarsonAllen LLP, Certified Public Accountants (the "**Auditor**"), audited the financial statements of the City's Water and Electric Utility Enterprise Funds for the Fiscal Year ended June 30, 2022. The Auditor's examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX B – Audited Financial Statements of the City of Burbank Water and Electric Utility Enterprise Funds for the Fiscal Year Ended June 30, 2022."

The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City and has not participated in the preparation of, or reviewed, this Official Statement.

RATINGS

S&P Global Ratings ("**S&P**") has assigned the 2023 Bonds the long-term rating of "AA-". Moody's Investors Services ("**Moody's**") has assigned the 2023 Bonds the long-term rating of "Aa3".

These ratings reflect only the views of S&P and Moody's, respectively, and any explanation of the significance of such ratings may be obtained only from S&P and Moody's. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by S&P or Moody's, if, in their judgment, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the 2023 Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2023 Bonds to provide certain financial information and operating data relating to the City by not later than 9 months after the end of each fiscal year of the City (currently June 30th), commencing with the report for the 2022-23 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. Such reports are required to be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("**EMMA**"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is described in "APPENDIX E – Form of Continuing Disclosure Agreement," attached to this Official Statement. These covenants have been made in order to assist the Underwriter of the 2023 Bonds in complying with Securities and Exchange Commission Rule 15c2-12.

The City has entered into a number of continuing disclosure undertakings in connection with City obligations, including obligations payable from the City's General Fund, as well as obligations payable from the revenues relating to the Electric System and the City's water utility, and the City has prepared continuing disclosure reports pursuant to these undertakings.

Within the past five years, the City and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness, by (i) making some filings 1-6 days late, (ii) failing to provide timely notice of a rating upgrade relating to a series of BWP's electric revenue bonds, which notice was provided 28 days after such rating upgrade, (iii) failing to provide timely notice of a rating upgrade relating to a series of the Successor Agency to the Redevelopment Agency of the City of Burbank's tax allocation bonds, which notice was provided 109 days after such rating upgrade, and (iv) with respect to two series of water revenue and electric revenue bonds, failing to file audited financial statements for Fiscal Year 2017-18 when available, although unaudited financial statements were timely filed and the audited financial statements have since been filed.

The City has adopted a disclosure policy intended to assure future compliance with the City's continuing disclosure requirements.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC (the "**Municipal Advisor**") has assisted the City with various matters relating to the planning, structuring and delivery of the 2023 Bonds. The Municipal Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Municipal Advisor will receive compensation from the City contingent upon the sale and delivery of the 2023 Bonds.

UNDERWRITING

The 2023 Bonds are being purchased by RBC Capital Markets, LLC (the "**Underwriter**"), at a purchase price of $131,095,574.07 (which represents the aggregate principal amount of the 2023 Bonds ($120,000,000.00), plus an original issue premium of $11,340,288.55, less an Underwriter's discount of $244,714.48).

The purchase agreement relating to the 2023 Bonds provides that the Underwriter will purchase all of the 2023 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2023 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

CERTAIN RELATIONSHIPS

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support, or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

EXECUTION AND DELIVERY

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

CITY OF BURBANK

By : /s/ Stela Kalomian
Stela Kalomian
Acting Chief Financial Officer,
Burbank Water and Power

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY

*The following information concerning the City of Burbank (the "**City**") and Los Angeles County (the "**County**") are included only for the purpose of supplying general information regarding the community. The 2023 Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor, except the City to the limited extent set forth in the Indenture.*

General Information

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the county is mountainous and some 14% is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27% of the total county. Approximately 16% of the land in the county was devoted to residential use and over two thirds of the land was open space and vacant.

***The City*.** On July 8, 1911, Burbank was incorporated as a city. Today, Burbank ranks as the fifteenth-largest city in Los Angeles County, with a population of over 105,000 residents. Presently, Burbank maintains its long-standing relationship with Warner Bros. and Disney and is now home to hundreds of media and related support companies such as ABC, Cartoon-Network Studios, Nickelodeon Animation, Yahoo!, Clear Channel, and other post production, film processing, special effects, equipment rental and related businesses. As such, Burbank is happily referred to as the "Media Capital of the World."

Population

The following table shows population estimates for the City, the County and the State of California for the past five years as of January 1, except as noted.

CITY OF BURBANK, LOS ANGELES COUNTY, STATE OF CALIFORNIA
Population Estimates

Area	2018	2019	2020*	2021	2022
City of Burbank	104,919	104,338	107,202	106,268	105,451
Los Angeles County	10,192,593	10,163,139	10,014,009	9,931,338	9,861,224
State of California	39,519,535	39,605,361	39,538,223	39,303,157	39,185,605

* As of April 1, 2020.
Source: State of California, Department of Finance.

Employment and Industry

The City is included in the Los Angeles-Long Beach-Glendale Metropolitan Division ("**MD**"), which includes all of the County. The seasonally adjusted unemployment rate in the County was unchanged over the month at 4.9% in November 2022, from a revised 4.9% in October 2022, and was below the rate of 6.9% one year ago. Civilian employment declined by 21,000 to 4,713,000 in November 2022, while unemployment increased by 1,000 to 243,000. The civilian labor force declined by 20,000 over the month to 4,956,000 in November 2022. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 4.5% in November 2022.

The California seasonally adjusted unemployment rate was 4.1% in November 2022, 4.0% in October 2022, and 5.8% a year ago in November 2021. The comparable estimates for the nation were 3.7% in November 2022, 3.7% in October 2022, and 4.2% a year ago.

The table below lists employment by industry group for the County for the past five years for which data is available. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

LOS ANGELES-LONG BEACH-GLENDALE MD
(Los Angeles County)
Annual Average Labor Force and Employment by Industry
Calendar Years 2017 through 2021
(March 2021 Benchmark)

	2017	**2018**	**2019**	**2020**	**2021**
Civilian Labor Force(1)	5,109,800	5,121,300	5,153,100	4,968,900	4,994,100
Employment	4,864,100	4,885,300	4,926,100	4,355,900	4,548,900
Unemployment	245,700	235,900	227,000	613,000	445,200
Unemployment Rate	4.8%	4.6%	4.4%	12.3%	8.9%
Wage and Salary Employment: (2)					
Agriculture	5,700	4,600	4,400	4,400	4,600
Mining and Logging	2,000	1,900	1,900	1,700	1,600
Construction	138,700	146,300	149,800	146,500	149,800
Manufacturing	350,400	342,600	340,700	315,100	311,700
Wholesale Trade	221,500	223,200	220,500	200,000	202,000
Retail Trade	425,900	424,600	417,700	380,200	401,400
Trans., Warehousing, Utilities	198,200	203,600	212,900	207,800	214,200
Information	214,000	214,700	215,300	191,000	213,200
Financial and Insurance	137,500	136,500	135,300	131,700	127,600
Real Estate, Rental & Leasing	84,100	86,700	88,200	80,800	83,200
Professional and Business Services	613,200	632,300	647,000	599,800	629,500
Educational and Health Services	797,400	817,900	839,900	820,300	839,600
Leisure and Hospitality	524,600	536,500	547,200	393,500	429,300
Other Services	155,700	158,800	158,400	128,700	134,100
Federal Government	48,000	47,300	47,300	50,200	47,600
State Government	92,500	91,700	86,500	89,000	89,200
Local Government	445,600	451,600	453,000	431,000	421,400
Total All Industries (3)	4,455,000	4,520,700	4,566,100	4,171,700	4,300,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the principal employers within the City, by number of employees, as of June 30, 2021.

CITY OF BURBANK
Principal Employers
As of June 30, 2021

Employer Name	Number of Employees
Warner Bros. Entertainment	4,000
The Walt Disney Company	3,800
Bob Hope Airport	2,250
Providence St. Joseph's Hospital	2,200
Burbank Unified School District	2,047
City of Burbank	1,500
ABC, Inc.	1,160
Deluxe Shared Services	627
Nickelodeon Animation	602
Entertainment Partners	587

Source: City of Burbank Annual Comprehensive Financial Report for fiscal year ended June 30, 2021.

Major Employers

The tables below lists the major employers in the County as of January 2023, in alphabetical order without regard to the number of employees. Major private employers in the County include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and County.

LOS ANGELES COUNTY
Major Employers- Listed Alphabetically
January 2023

Employer Name	Location	Industry
AHMC Healthcare Inc	Alhambra	Health Care Management
California State Univ NRTHRDG	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Health System	West Hollywood	Health Care Management
Infineon Technologies Americas	El Segundo	Semiconductor Devices (mfrs)
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
Lac & USC Medical Ctr	Los Angeles	Medical Centers
Live Nation	Los Angeles	Entertainment Bureaus
Long Beach City Hall	Long Beach	City Hall
Longshore Dispatch	Wilmington	Nonclassified Establishments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Intl Airport-Lax	Los Angeles	Airports
Los Angeles Medical Ctr	Los Angeles	Pathologists
Los Angeles Police Dept	Los Angeles	Police Departments
National Institutes of Health	Pasadena	Physicians & Surgeons
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags	Valencia	Amusement & Theme Parks
Sony Pictures Entrtn Inc	Culver City	Motion Picture Producers & Studios
Space Exploration Tech Corp	Hawthorne	Aerospace Industries (mfrs)
Twentieth Century Fox	Los Angeles	Motion Picture Producers & Studios
UCLA Community Based Learning	Los Angeles	Junior-Community College-Tech Institutes
University of Ca Los Angeles	Los Angeles	Schools-Universities & Colleges Academic
University of Ca Los Angeles	Los Angeles	University-College Dept/Facility/Office
Vision X	Los Angeles	Call Centers
Walt Disney Co	Burbank	Water Parks
Water Garden Management	Santa Monica	Office Buildings & Parks

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2023 1st Edition.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2022 in the City were reported to be $2,563,964,663, a 13.90% increase over the total taxable sales of $2,251,048,642 reported during the first three quarters of calendar year 2021.

CITY OF BURBANK
Taxable Transactions
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	2,555	$2,341,218	4,496	$2,971,228
2018	2,475	2,442,230	4,585	3,138,670
2019	2,510	2,501,428	4,711	3,407,289
2020	2,737	1,922,685	5,115	2,404,773
2021	2,638	2,366,357	4,934	3,112,069

Source: State Department of Tax and Fee Administration.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2022 in the County were reported to be $156,807,448,525, a 12.86% increase over the total taxable sales of $138,943,470,183 reported during the first quarter of calendar year 2021.

LOS ANGELES COUNTY
Taxable Transactions
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	197,452	$113,280,347	313,226	$159,259,356
2018	200,603	119,145,054	328,047	166,023,796
2019	206,732	122,137,664	342,359	171,776,327
2020	226,643	112,044,029	376,990	157,737,984
2021	208,412	138,932,925	349,061	192,273,178

Source: State Department of Tax and Fee Administration.

Building Activity

The tables below summarize building activity in the City and the County for the past five available years.

CITY OF BURBANK
Total Building Permit Valuations
(Valuations in Thousands)

	2017	2018	2019	2020	2021
Permit Valuation					
New Single-family	$3,743.2	$5,256.2	$7,409.5	$9,502.7	$19,536.9
New Multi-family	1,650.0	714.6	250.0	431.6	13,426.9
Res. Alterations/Additions	28,104.4	10,672.7	17,654.4	15,220.3	25,239.8
Total Residential	33,497.6	16,643.5	25,313.9	25,154.6	58,203.6
New Commercial	685.0	53,478.1	229,894.8	134,044.0	6,061.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	4,268.4	813.7	1,438.8	4,784.1	1,351.0
Com. Alterations/Additions	43,955.0	21,582.8	34,420.3	38,902.4	92,721.2
Total Nonresidential	48,908.4	75,874.6	265,753.9	177,730.5	100,133.2
New Dwelling Units					
Single Family	17	38	54	93	159
Multiple Family	6	6	2	2	52
TOTAL	23	44	56	95	211

Source: Construction Industry Research Board, Building Permit Summary.

LOS ANGELES COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2017	2018	2019	2020	2021
Permit Valuation					
New Single-family	$2,352,614.8	$2,277,101.5	$1,967,219.3	$1,874,304.5	$2,085,629.2
New Multi-family	3,257,833.4	3,222,530.3	2,961,257.4	2,789,673.9	3,026,725.8
Res. Alterations/Additions	1,757,904.1	1,941,369.5	1,625,839.3	1,014,422.1	908,148.2
Total Residential	7,368,352.3	7,441,001.3	6,554,316.0	5,678,400.5	6,020,503.2
New Commercial	2,196,089.2	2,844,173.0	2,675,678.8	1,885,027.0	577,756.7
New Industrial	134,534.3	101,201.3	63,727.8	32,196.2	27,844.8
New Other	563,679.3	952,347.7	446,182.7	354,758.2	311,726.3
Com. Alterations/Additions	3,143,200.2	2,796,375.3	3,404,012.4	1,241,068.1	946,020.7
Total Nonresidential	6,037,503.0	6,694,097.3	6,589,601.7	3,513,049.5	1,863,348.5
New Dwelling Units					
Single Family	5,456	6,070	5,738	6,198	7,327
Multiple Family	17,023	17,152	15,884	14,056	16,718
TOTAL	22,479	23,222	21,622	20,254	24,045

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of Los Angeles, the State and the United States for the period 2019 through 2023.

LOS ANGELES COUNTY
Effective Buying Income
2019 through 2023

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2019	City of Burbank	$3,668,729	$64,473
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Burbank	$3,807,795	$66,599
	Los Angeles County	281,835,290	60,174
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Burbank	$3,946,975	$68,289
	Los Angeles County	289,720,470	62,353
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Burbank	$4,439,867	$76,510
	Los Angeles County	327,445,237	71,404
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Burbank	$4,509,661	$76,913
	Los Angeles County	332,188,114	71,057
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326

Source: Claritas, LLC.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY OF BURBANK WATER AND ELECTRIC UTILITY ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

City Council Members
City of Burbank
Burbank, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Electric and Water Utility Funds of the City of Burbank (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric and Water Utility Enterprise Funds of the City of Burbank as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City of Burbank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1(C), the financial statements present only the Electric and Water Utility Enterprise Funds and do not purport to, and do not, present fairly the financial position of the City of Burbank as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 1(R) to the financial statements, effective July 1, 2021, the City adopted new accounting guidance, GASB No. 87, Leases. The guidance requires lessees to recognize right-to-use asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

City Council Members
City of Burbank

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Burbank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

City Council Members
City of Burbank

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios of the defined benefit plans, the schedules of contributions of the defined benefit plans, the schedule of changes in net OPEB liability and related ratios and the schedule of contributions of the OPEB plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and supplemental information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Partial Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statement for the year ended June 30, 2021 from which such partial information was derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
February 15, 2023

The management of the City of Burbank's Electric and Water Utility Enterprise Funds (Management) offers this Management Discussion and Analysis (MD&A) as an overview of the financial activities of utility operations for the fiscal year ending June 30, 2022 (fiscal year). The MD&A is intended to serve as an introduction to the Electric and Water Utility Enterprise Funds' (Utility) basic financial statements and is intended to provide an objective and easily understandable analysis of the financial activities based on current known facts, decisions, and conditions. Management encourages readers to utilize the information in the MD&A in conjunction with the accompanying basic financial statements and notes.

In addition, Management has elected to provide highlights to the basic financial statements, as well as vital statistics and other relevant information, concerning the Utility. All amounts in these documents, unless otherwise indicated, are expressed in thousands of dollars; and some of the totals may not foot due to rounding.

Overview of the Basic Financial Statements

For comparative purposes, this analysis includes the financial statements of the Utility for the two most recent fiscal years. Included as part of the financial statements are the following statements and notes:

The Statement of Net Position presents information on the Utility's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as total net position.

The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information on how the Utility's net position changed during the two most recent fiscal years. Financial results are recorded using the accrual basis of accounting. Under this method, all changes in net position are reported as soon as the underlying events occur, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement for some items may affect cash flows in future fiscal periods (examples include billed but uncollected revenues and employee earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital and related financing and investing activities.

The Notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in these financial statements.

Electric Utility Fund

Electric Utility Fund highlights:

- For the fiscal year, overall retail load was higher than the prior fiscal year by 1.7% due in part to a partial recovery from the COVID-19 pandemic. This recovery was primarily attributable to higher energy demand associated with increased business activity.

- The Electric Utility continued with its asset optimization strategy. A net wholesale margin of $2,641 was generated during high energy prices driven by the summer heat waves.

- For the fiscal year, the Electric Utility's availability rate was 99.997%. The system average interruption was only 14.96 minutes per customer served. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.36 outages per customer served every year.

- The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. In 2021, Burbank Water and Power was designated a Diamond Level utility, the highest RP3 designation. This designation is effective until April 2024.

- The Electric Utility met the California's Renewables Portfolio Standard (RPS) goal of 35.75% for the calendar year of 2021 and is on track to meet the RPS goal of 38.50% for the calendar year of 2022.

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Financial Analysis

Schedule of Revenues, Expenses, and Changes in Fund Net Position (*$ in thousands*)

	2022	2021	Incr. (Decr.)
Retail sales (in MWh)	978,966	962,319	16,647
Operating revenues:			
Retail	$ 154,304	$ 149,846	$ 4,458
Wholesale	21,486	42,088	(20,602)
Other revenues	6,600	8,946	(2,346)
Total operating revenues	182,390	200,880	(18,490)
Operating expenses:			
Power supply and fuel – retail	108,440	93,250	15,190
Purchased power and fuel – wholesale	18,845	34,197	(15,353)
Transmission expense	10,362	11,425	(1,064)
Distribution expense	4,795	11,158	(6,363)
Other operating expenses	20,544	24,869	(4,325)
Depreciation	21,719	19,163	2,555
Total operating expenses	184,705	194,062	(9,358)
Operating income	(2,315)	6,818	(9,133)
Nonoperating income (expenses):			
Interest income	(2,015)	733	(2,747)
Intergovernmental	1,783	94	1,689
Lease rentals	293		293
Lease interest expense	(13)		(13)
Interest expense	(3,348)	(3,403)	56
Gain on disposal of capital assets	109	106	3
Other income (expenses), net	(446)	2,200	(2,646)
Total nonoperating income (expenses)	(3,637)	(270)	(3,366)
Income before contributions	(5,952)	6,548	(12,501)
Capital contributions and transfers:			
Customer capital contributions	2,766	2,949	(183)
Transfers from the City	22	31	(9)
Transfers to the City	(416)	(13)	(403)
Total capital contributions and transfers	2,374	2,967	(593)
Change in net position	(3,579)	9,515	(13,086)
Net position, beginning of year	302,991	293,476	9,515
Net position, end of year	**$ 299,412**	**$ 302,991**	**$ (3,579)**

Retail (primarily sales to residential and commercial customers) and wholesale revenues were the primary revenue sources for the Electric Utility. These revenues made up 95.4% of the Electric Utility's operating revenues. Retail energy sales increased by 16,647 MWh, or 1.7%, compared to the prior fiscal year primarily attributable to partial recovery from the COVID-19 pandemic. Commercial load made up about 67.6% of the Electric Utility's retail load and it increased by 2.1% from the prior year; while residential load made up 28.7% of the Electric Utility's retail load and decreased by 1.9% from the prior year. Retail revenues were higher by $4,458, or 3.0%, resulting from higher demand and two rate increases of 1.24% in October 2021 and April 2022.

Wholesale trading opportunities exist because the Electric Utility is able to market excess capacity, energy, and transmission. Wholesale margins of $2,641 contributed to the Electric Utility's financial performance by increasing the Electric Utility's operating income. Prior fiscal year wholesale margin was 66.5% higher than the fiscal year primarily driven by two weather events: a summer heat wave and a snowstorm in Texas that caused natural gas and power prices to spike. During the weather events, the Electric Utility was able to dispatch resources at the lowest possible cost and monetize excess retail assets. The Electric Utility continued to utilize its asset optimization strategy during heat waves and cold snaps to benefit retail ratepayers.

Other revenues consist of ONE Burbank revenues, transmission, telecommunications, and other miscellaneous revenues. These revenues were $2,346, or 26.2%, lower than the prior fiscal year primarily due to lower revenues from selling the Low Carbon Fuel Standard (LCFS) Credits, offset in part by higher revenues from ONE Burbank.

The prior fiscal year also included an insurance reimbursement of $3 million from the Golden State Substation fire in April 2020. LCFS credits are generated from a program from the California Air Resources Board to reduce carbon intensity in transportation fuels as compared to conventional petroleum fuels, such as gasoline and diesel. The Electric Utility, on behalf of the City of Burbank, opted into the LCFS program in 2015, and began accumulating credits in the first quarter of 2016. The Electric Utility generates credits in two primary ways: providing electricity to residents through home electric vehicles (EV) charging and actual metered usage from workplace and public EV chargers. These charging ports meet three key community needs: workplace charging, public charging for Downtown Burbank visitors, and residents living within walking distance. For the fiscal year, the Electric Utility accumulated and monetized 549 less LCFS credits and the price per LCFS credit also decreased by $54 per LCFS.

ONE Burbank is a fiber optic-based infrastructure program that includes dark fiber, carrier-class internet, and high-speed managed services for local Burbank businesses. ONE Burbank generated revenues of $4,061 this fiscal year compared to $3,944 in the prior fiscal year.

Retail power supply and fuel expenses were $15,190, or 16.3%, higher than the prior fiscal year primarily due to higher energy prices, unplanned repair costs for the Lake One generation unit, and limited coal supply for the Intermountain Power Project (IPP). The higher expenses were offset by GASB Statement No. 68, Accounting and Financial Reporting for Pensions" (GASB 68) was valued higher by $2,992. GASB 68 pension value was $3,824 for the fiscal year compared to $832 in the prior fiscal year.

Transmission expenses were $1,064, or 9.3%, lower than the prior fiscal year primarily because of re-financing savings on transmission assets.

Distribution expenses were $6,363, or 57.0%, lower than the prior fiscal year primarily as a result of GASB 68 and an increase in capital work performed over the prior year, thereby resulting in less resources being used for operations and maintenance expenses. GASB 68 was valued higher by $3,490. GASB 68 pension value was $4,452 for the fiscal year compared to $962 in the prior fiscal year.

Other operating expenses were $4,325, or 17.4%, lower than the prior fiscal year, primarily due to GASB 68 and $1,689 CAPP grant expenses for the fiscal year were offset by the CAPP grants. See intergovernmental revenue. GASB 68 was valued higher by $2,399. GASB 68 pension value was $3,085 for the fiscal year compared to $687 in the prior fiscal year.

In addition to the annual required pension contribution, the Electric Utility also made an additional voluntary lump sum payment to CalPERS to reduce the City's unfunded actuarial liability during the fiscal year. The Electric Utility contributed $2,750 in the last two fiscal years. This is the third year of a four-year citywide funding plan to reduce future pension obligations. This additional payment is included in the distribution expense and other operating expenses.

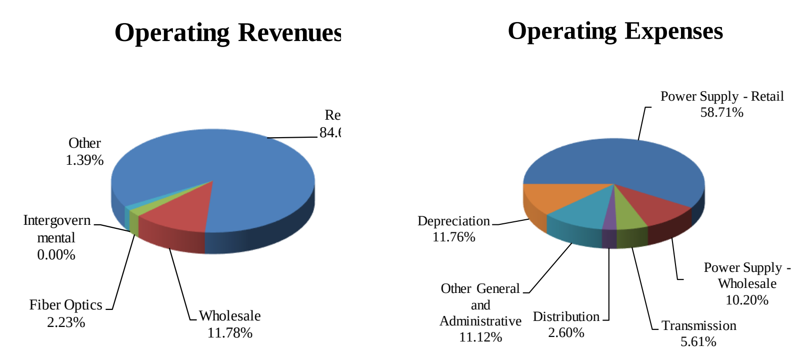
Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets. For the fiscal year, depreciation expense was higher by $2,555, or 13.3%, primarily as a result of completion of capital projects being put into services.

Interest income was ($2,747), or 375%, lower than the prior fiscal year primarily due to a $2,998 market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" compared to prior fiscal year. The GASB 31 value for the prior fiscal year was $426 compared to $3,424 for the fiscal year.

Intergovernmental revenue was $1,689 higher than prior fiscal year due to financial relief under the California Arrearage Payment Program (CAPP). The CAPP is a state program that provided financial relief for eligible customers who fell behind on their utility bill payments due to COVID-19.

As of June 30, 2022, the Electric Utility had $52,499 in outstanding revenue bonds. The bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities (see Debt Administration). The Electric Utility paid $3,348 in interest expense, compared to $3,403 in the prior fiscal year.

Customer capital contributions were $183, or 6.2%, lower compared to the prior fiscal year primarily due to more resources being devoted to Electric Utility's capital projects and infrastructures.



The Electric Utility Fund's net position as of June 30, 2022 and June 30, 2021 were as follows:

WATER AND POWER

Schedule of Net Position *($ in thousands)*

	2022	2021	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 125,739	$ 133,226	$ (7,486)
Noncurrent and regulatory assets	7,007	6,450	557
Capital assets, net of accumulated depreciation	321,624	313,391	8,233
Total assets	**454,370**	**453,067**	**1,303**
Deferred outflows of resources			
Deferred outflows of resources	12,585	15,215	(2,630)
Total deferred outflows of resources	**12,585**	**15,215**	**(2,630)**
Liabilities			
Current liabilities	30,453	23,335	7,119
Noncurrent and regulatory liabilities	93,982	139,092	(45,110)
Total liabilities	**124,435**	**162,427**	**(37,991)**
Deferred inflows of resources			
Deferred inflows of resources	43,108	2,864	40,244
Total deferred inflows of resources	**43,108**	**2,864**	**40,244**
Net position			
Net investment in capital assets	269,817	261,742	8,075
Restricted for public benefits	9,315	7,796	1,519
Unrestricted	20,280	33,453	(13,173)
Total net position	**$ 299,412**	**$ 302,991**	**$ (3,579)**

Changes in total net position may serve as useful indicators of the Electric Utility Fund's financial strength over time. The highlight of changes in the Schedule of Net Position are increases in the current and regulatory assets and Current liabilities. The primary driver of the decrease in the current and regulatory assets by $7,486 during the fiscal year is the decrease in general operating cash and accounts receivable, offset in part by an increase in derivative instruments and higher LCFS proceeds.

The increase in capital assets is due to new capital investment, net of depreciation and retirement during the fiscal year. The increase in current liabilities is from customer deposits and accounts payable, offset in part by a decrease in accrued expenses. Deferred inflows of resources as of June 30, 2022 increased by $40,244, or 1,405%, compared to the prior fiscal year primarily due to higher amounts deferred on pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Notes 13 and 14 to the basic financial statements. GASB Statement No. 68 requires governments to recognize their long-term obligation for pension benefits as a liability and to measure the annual costs of pension benefits more comprehensively and comparably. GASB Statement No. 75 requires the accounting and financial reporting of an OPEB liability to be reported on the face of the financial statements as it recognizes and measures liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

Total net position decreased by $3,579, or 1.2%, compared to the prior fiscal year due to unfavorable operating results (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion or 90.1% of the Electric Utility's total net position was in capital assets (see Capital Assets), followed by 3.1% restricted for public benefits and 6.8% unrestricted funds.

Capital Assets

As of June 30, 2022, the largest portion of the Electric Utility Fund's total assets, $321,624, or 70.8%, was invested in capital assets. The Electric Utility invested $28,126 in the acquisition and construction of capital assets funded from cash reserves and capital contribution from customers. The majority of these investments were for expansion and replacement of the distribution system. These investments have resulted in improved efficiency and reliability of the Electric Utility.

The Electric Utility, in alignment with the Electric Distribution Master Plan, continues to make strategic capital investments such as 4 kV to 12 kV conversions during the fiscal year to improve the robustness and reliability of the electric system. Converting 4 kV to 12 kV lines is a capital investment strategy that will help the Electric Utility manage its aging infrastructure by upgrading old 4 kV distribution equipment to new 12 kV standards, thereby enhancing system reliability, and reducing long term costs. The 12 kV conversions improve grid efficiency by transmitting electricity at a higher operating voltage which significantly reduce power losses and translates to cost reduction.

There has been increased development and service requests including large site developments, major housing developments, and accessory dwelling units during the fiscal year. This trend is expected to continue in the years to come. Approximately 750 service orders were issued in the fiscal year to install or upgrade small-to-medium commercial and residential services including solar installations and accessory dwelling units. Several thousands of feet of cable, conduit, and many manholes were also installed to serve larger developments and services including Avion Burbank, 1st Street Village, the Second Century Project at The Burbank Studios, and electric vehicle charging installations.

Due to an anticipated increase in electrical load growth to meet the City's housing and commercial demand, the Electric Utility will need more system capacity to serve future loads. To serve the Second Century Project at The Burbank Studios, the Electric Utility entered into an agreement with the developer of the project, authorizing the construction of a new 80 MVA, 69 kV to 12 kV electrical substation in the Media District. In addition to serving the project, this new electrical substation will help the Electric Utility to reduce long-term costs, reduce system losses, enhance system reliability, provide capacity for future development in the Media District and eliminate two older 34 kV to 4 kV substations.

Some of the major capital investments for the fiscal year include:

($ in thousands)		
4 kV to 12 kV Conversions	$	6,339
Overhead/Underground Distribution Lines		3,120
Build New Customer Transformer Stations, 750 kVA & Under		2,489
Build Facilities for Avion Burbank Development		2,125
Relocation of Facilities for Caltrans Burbank Bridge Replacement		1,689
Transmission Distribution Management System		1,218
Golden State Substation Rebuild		894
Fiber Optic Services to Customers City Wide		847
ONE Burbank Network Infrastructure Expansion		806
Media District		764
Build Service to Large Project Over 1 MVA		680
Electric SCADA Hardware Replacement		653
Electric Vehicle Charging Program		622
Service Replacements		527
Electric Substations Equipment Replacement		523
Replace Station High Voltage Oil Circuit Breakers		515
69 kV and 34.5 kV Line Replacements		492
Pacific Northwest DC Intertie		329
Total	**$**	**24,632**

The results of maintenance and pro-active capital investments are reflected in the exceptional system-wide reliability statistics. For the fiscal year, the Electric Utility's availability rate was 99.997%, or in other words the average Burbank resident could expect to experience only one electric service outage of just 41 minutes every 2.8 years. The system average interruption was only 14.96 minutes per customer. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.36 outages per customer every year.

The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. In 2021, Burbank Water and Power was designated a Diamond Level utility, the highest RP3 designation. The RP3 application is carefully evaluated every three years to ensure that the criteria are relevant, thorough and is keeping up with industry trends and best practices. The Diamond Level designation will be effective until April 2024.

Additional information on capital assets can be found in Note 6 to the basic financial statements.

Debt Administration

As of June 30, 2022, the Electric Utility had $52,499 in outstanding revenue bonds. There is no principal payment due within a year due to early redemption of the 2010A Electric Revenue. These bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities. The Electric Utility maintained an AA- rating from Standard & Poor's and Aa3 rating from Moody's.

Environmental, Supply, and Economic Factors

During the fiscal year, the Electric Utility received renewable energy from existing renewable contracts. Renewable resources included solar, wind, small hydropower, geothermal, and biomethane and landfill gases. These resources came from 6 different states ranging from in-state within California to Wyoming, Utah, Nevada, Washington, and Oregon.

The Electric Utility met the RPS goal of 35.75% for calendar year 2021 and is on track to meet RPS compliance goal of 38.5% for calendar year 2022. The Electric Utility staff continues to evaluate renewable resources for future compliance requirements.

A coal shortage has been a challenge at IPP and generation was curtailed due to this supply chain disruption. IPP participants agreed to limit output of the IPP units, but to maintain a minimum megawatt supply to preserve the integrity of the Southern Transmission System while meeting the participants' minimal needs during lower energy prices and demand periods. This operational change will save the coal supply for use during higher energy period. The coal shortage is expected to continue into next fiscal year.

Los Angeles Department of Water and Power (LADWP), the Electric Utility and City of Glendale are participants in the IPP Repowered Project. The project is evaluating and working toward green hydrogen production, storage, and power generation by July 2025, when the repowered project is scheduled to come on-line.

Inflation rate climbed as high as 8.6% during the fiscal year. The Electric Utility is seeing increases across the board such as natural gas prices, materials, equipment, and construction costs. Some inflation costs for equipment and materials are higher, such as 125% for plastic conduits, 71% for renewable energy plus storage projects, 35.5% for metals, 25% for Lake One emission control system upgrade, 12.8% precast concrete products and 9.9% for concrete.

Natural gas in Southern California is an on-going concern. The Electric Utility continues to experience natural gas reliability and affordability challenges due to supply and demand mismatches. The Electric Utility gas need is served by Southern California Gas Company (SoCal Gas). SoCal Gas's system capacity and supply are primarily a function of two components: (1) transmission pipelines, which bring gas into and then distribute it throughout the system; and (2) underground natural gas storage connected to its transmission pipelines. The transmission pipelines operation has reductions and outages, and operating constraints from the California Public Utilities Commission restricting the use of the Aliso Canyon Storage Facility (Aliso Canyon). The current Aliso Canyon withdrawal protocol can occur under less acute circumstances and less restrictive than the previous protocol where withdrawal was only allowed when curtailment was imminent.

In June 2022, the California Legislature approved a new round of funding for unpaid electric bills for COVID-19 relief. There will be $239.4 million made available for publicly owned utilities. This program, known informally as CAPP 2.0, will operate similarly as CAPP. CAPP 2.0 will be for eligible residential customers with a relief period from June 16, 2021 to December 31, 2021. CAPP 2.0 will not be applied to commercial customers. The Electric Utility received $638 in December 2022 under CAPP 2.0 and resumed disconnections for commercial customers in fiscal year 2023. Residential customer disconnection will start in April 2023.

The Electric Utility is a proposing up to $120 million of bond issuance with maximum maturities of 30-year fixed rate tax-exempt bonds to fund increased capital expenditures over the next few years in fiscal year 2023.

Water Utility Fund

Water Utility Fund highlights:

- Total water sales decreased by 4% compared to prior fiscal year, primarily driven by the state mandate to voluntarily reduce water use by 15% to 2020 levels. Residential water sales decreased by 7%, offset by a 10% increase in commercial water sales.
- Total net position was higher by $2,661 than the prior fiscal year due to favorable operating results.
- Burbank's water rates are amongst some of the lowest in the region.
- In October 2021, S&P Global Ratings assigned its 'AAA' long -term rating to the 2021 water revenue bonds and re-affirmed its 'AAA' long-term rating on the City's existing water revenue bonds.
- In January 2021, Fitch Ratings affirmed the 'AAA' rating for the Water Revenue Bonds, Series 2010B.

Financial Analysis

Schedule of Revenues, Expenses, and Changes in Fund Net Position *($ in thousands)*

	2022	2021	Incr. (Decr.)
Potable water (in AF)	14,857	15,457	(600)
Recycled water (in AF)	3,134	2,995	138
Operating revenues:			
Potable water sales	$ 28,593	$ 29,037	$ (444)
Recycled water sales	4,283	3,924	359
Other revenues	1,083	1,064	19
Total operating revenues	33,959	34,025	(66)
Operating expenses:			
Water supply expenses	12,362	12,102	260
Operations, maintenance and administration	10,565	13,195	(2,630)
Other operating expenses	2,190	1,750	440
Depreciation	4,119	4,208	(89)
Total operating expenses	29,236	31,256	(2,020)
Operating income	4,723	2,769	1,953
Nonoperating income (expenses):			
Interest income	(392)	106	(497)
Intergovernmental	378	-	378
Lease rentals	21	-	21
Bond interest expense	(2,267)	(1,568)	(699)
Loan interest expense	(69)	(251)	182
Gain (loss) on disposal of capital assets	(176)	-	(176)
Other income (expenses), net	(34)	942	(976)
Total nonoperating income (expenses)	(2,539)	(770)	(1,769)
Income before contributions	2,184	1,999	186
Capital contributions and transfers:			
Customer capital contributions	477	1,325	(847)
Transfers to the City	-	-	-
Total capital contributions and transfers	477	1,325	(847)
Change in net position	2,661	3,323	(663)
Net position, beginning of year	68,048	64,725	3,322
Net position, end of year	**$ 70,709**	**$ 68,048**	**$ 2,661**

CITY OF BURBANK WATER AND POWER

Potable water sales were the primary source of revenue for the Water Utility. Potable water revenue made up 83.2% of the total Water Utility operating revenues. Potable water sales volume decreased by 600-acre feet (AF), or 3.9%, compared to the prior fiscal year. A decrease in residential sales has been primarily driven by conservation in response to the Governor's call for all Californians to voluntarily reduce water use by 15% to 2020 levels. Potable water revenues were lower by $444, or 1.5%, compared to the prior fiscal year due to lower sales offset by three rate increases of 1.96% in October 2021, January 2022, and April 2022.

Recycled water sales made up 17.4% of total water sales. The increasing use of recycled water for landscaping and industrial or commercial cooling towers help support Burbank's sustainability goals. During the fiscal year, 6 new customer connections were added or converted from the potable to the recycled water system. Recycled water sales volume increased by 138 AF, or 4.8% due to an increase in customer connections and Magnolia Power Plant was operational all year while it was down for maintenance in the prior fiscal year. Recycled water revenues were higher by $359, or 9.2%, compared to the prior fiscal year due to higher sales volume and three rate increases of 1.96% in October 2021, January 2022, and April 2022.

Water supply expenses were higher by $260, or 2.1%, compared to the prior fiscal year primarily driven by rate increases for imported water from the Metropolitan Water District (MWD), offset in part by higher use of lower-cost water produced by the Burbank Operable Unit (BOU) and lower potable water sales volume. The BOU supplied approximately 78.5% of the City's potable water supply for the fiscal year compared to approximately 73.2% in the prior fiscal year. The increase in BOU local production during the last two fiscal years is due to technological and operational changes; although the ability to operate at this higher level of production is subject to a variety of factors, including review and approval by the Environmental Protection Agency and the California Division of Drinking Water. Water produced at the BOU costs less than the imported treated MWD water, resulting in cost savings.

Operations, maintenance, and administration were $2,630, or 19.9%, lower than the prior fiscal year, primarily due to GASB 68 valued higher by $1,459. GASB 68 pension value was $1,855 for the fiscal year compared to $386 in the prior fiscal year.

Other operating expenses were $440, or 25.1%, higher compared to the prior fiscal year. The higher expenses were largely attributed to higher cost of shared services with the City, such as legal, purchasing, and human resource services.

In addition to the annual required contribution, the Water Utility also made an additional voluntary lump sum payment to CalPERS to reduce the City's unfunded actuarial liability during the fiscal year. The Water Utility contributed $440 in the last two fiscal years. This is the third year of a four-year citywide funding plan to reduce future pension obligations. This additional payment is included in the operations, maintenance, and administration expenses and other operating expenses.

Interest income was ($497), or 471% lower than the prior fiscal year primarily due to $534 decrease in market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" compared to prior fiscal year. The GASB 31 value prior fiscal year was $76 compared to $610 for the fiscal year.

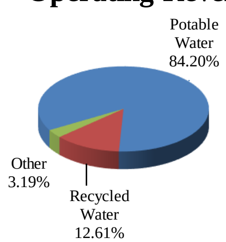
Intergovernmental revenue was $378 higher than prior fiscal year primarily due to the California Water and Wastewater Arrearage Payment Program (CWWAPP). The State Water Board created CWWAPP to provide relief to community for water and wastewater systems for unpaid bills related to the pandemic. Similar to the CAPP, the CWWAPP is a state program to provide financial relief to eligible customers who fell behind on their water utility bill payments due to COVID-19. The funding covered water debt from residential and commercial customers accrued between March 4, 2020 and June 15, 2021. CWWAPP prioritized drinking water residential and commercial arrearages. The Water Utility received $340 as part of the CWWAPP program in the fiscal year.

Bond interest expense was $699, or 44.6% higher due to interest expense with the addition of the 2021 Bonds.

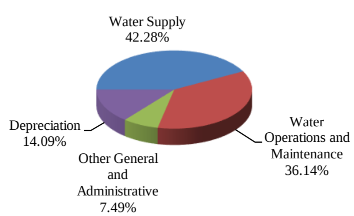
As of June 30, 2022, the Water Utility had $56,705 in outstanding revenue bonds. The SWRCB loans (see Debt Administration) of $5,530 were paid off with the 2021 Bonds and cash reserves. The Water Utility paid $2,188 in bond interest expense, compared to $1,568 in the prior fiscal year, and paid $69 in loan interest expense, compared to $251 in the prior fiscal year.

Customer capital contributions were $847, or 64.0%, lower compared to the prior fiscal year, primarily from the Los Angeles-Burbank ground water interconnection project and few other customer driven projects in prior year.

Operating Revenues



Operating Expenses



The Water Utility Fund's net positions as of June 30, 2022, and June 30, 2021, were as follows:

Schedule of Net Position *($ in thousands)*

	2022	2021	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 47,498	$ 29,972	$ 17,526
Noncurrent and regulatory assets	177	23	154
Capital assets, net of accumulated depreciation	93,507	92,681	825
Total assets	**141,182**	**122,676**	**18,506**
Deferred outflows of resources			
Deferred outflows of resources	1,968	2,341	(373)
Total deferred outflows of resources	**1,968**	**2,341**	**(373)**
Liabilities			
Current liabilities	4,993	3,335	1,658
Noncurrent and regulatory liabilities	62,091	53,134	8,958
Total liabilities	**67,084**	**56,469**	**10,615**
Deferred inflows of resources			
Deferred inflows of resources	5,357	500	4,857
Total deferred inflows of resources	**5,357**	**500**	**4,857**
Net position			
Net investment in capital assets	59,708	59,154	554
Unrestricted	11,001	8,894	2,107
Total net position	**$ 70,709**	**$ 68,048**	**$ 2,661**

Changes in total net position may serve as useful indicators of the Water Utility Fund's financial strength over time.

Total net position was higher by $2,661, or 3.9%, compared to the prior fiscal year (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion or 84.4% of the Water Utility's total net position was in net investment in capital assets, followed by 15.6% in the unrestricted funds.

As of June 30, 2022, total assets increased by $18,506, or 15.1%, primarily from the 2021 bond proceeds, an increase in general operating cash driven by favorable operating results, and an increase in capital investment, offset by decrease in deposits and prepaid expenses. The decrease in accounts receivable is partially due to the April 2, 2020 California Executive Order N-42-20. The Water Utility received $340 from CWWAPP for this fiscal year, the federal funding allocated by the California legislature for eligible customers who fell behind on their water utility bill payments due to COVID-19.

Total liabilities as of June 30, 2022 increased by $10,615, or 18.8%, compared to the prior fiscal year. This increase was primarily due to the 2021 Bonds issuance, an increase in current liabilities driven by an increase in accounts payable, and a decrease in customer deposits. Deferred inflows of resources as of June 30, 2022 increased by $4,857, or 972%, compared to the prior fiscal year primarily due to lower amounts deferred on pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Notes 13 and 14 to the basic financial statements.

Capital Assets

As of June 30, 2022, the Water Utility Fund invested $93,507, or 66.2%, of its total assets in capital improvements. Capital improvement programs are designed to upgrade, replace and expand the water system infrastructure, ensure reliability, and provide safe drinking water and services at competitive rates.

For the fiscal year, the Water Utility invested $5,143 in the acquisition and construction of capital assets funded from cash reserves and AIC funds. Most of the investments were for the replacement and upgrade of distribution water mains, service expansions and meter replacements.

The Water Utility has on-going capital improvement programs, such as main and service and meter replacement programs, which are designed to upgrade, replace and expand the water system infrastructure to ensure reliability, and to provide safe and accurately measured water consumption. The water production facilities and systems were very reliable with the Water Utility's losses of approximately 20.8 per service connection per day (GPD), compared to the national average of 66 GPD and the state average of 42 GPD. The Water Utility is using acoustic, nondestructive condition assessments, combined with satellite imagery to determine risk of failure for the Water Utility's pipelines and prioritize the investment in asset management. These ongoing and pro-active investments reflect the Water Utility's goal of delivering competitive rates and safe drinking water with reliable production and distribution facilities.

Some of the major capital investments for the fiscal year include:

($ in thousands)		
Potable Small Water Mains	$	1,235
Potable Large Water Mains		849
Potable System Expansion		766
Potable Boosters		657
Potable Miscellaneous Facilities		387
Potable Meter Replacements		324
Potable Valve Replacements		178
Potable Hydrants Replacement		122
Recycled System Expansion		108
Potable Storage - Reservoirs and Tanks		101
Total	**$**	**4,728**

Additional information on capital assets can be found in Note 6 to the basic financial statements.

CITY OF BURBANK WATER AND POWER

Debt Administration

As of June 30, 2022, the Water Utility had $56,705 in outstanding revenue bonds, of which $1,410 will be due within a year.

The Water Utility maintained a AAA rating from Standard & Poor's and Fitch. In October 2021, S&P Global Ratings assigned its 'AAA' long-term rating to the 2021 Bonds and re-affirmed its 'AAA' long-term rating on the Water Utility's existing water revenue bonds. In January 2021, Fitch Ratings affirmed the 'AAA' rating for the Water Revenue Bonds, Series 2010B, primarily due to the Water Utility's strong debt profile coupled with strong revenue profile and low operating risks.

The Water Utility received a total of $9,254 in loans from the State Water Resources Control Board (SWRCB) for three recycled water transmission main extensions and a water pumping station beginning fiscal year 2011-12. The $5,530 outstanding SWRCB loans were paid off with the 2021 Bonds and cash reserves in November 2021 for interest savings.

The Water Utility issued $24,825 of tax-exempt revenue bonds in November 2021 to pay off the SWRCB outstanding loans and to finance the water system capital investments such as upgrading the City's main pumping station and a reservoir, accelerate pipeline replacements, and other upgrades to the water system. The Water Utility's history and record of being predictive and proactive in capital and maintenance spending has proven to be a very cost-effective and rate friendly strategy. These projects will provide long-term benefits to ratepayers and future generations. For many years, Burbank's water quality, rates and reliability have been some of the best in the region. The Water Utility continues to lean on a strategy of predictive and preventative capital replacement and maintenance as a key part of this success.

Environmental, Supply, and Economic Factors

Drought. The State has a history of experiencing periods of drought, including most recently in 2012-2016. In April 2021, Governor Newsom declared a drought state of emergency in 41 of the State's 58 counties, primarily in the northern portion of the State and in the Central Valley. In July 2021, Governor Newsom issued an executive order expanding the drought state of emergency to 50 of the State's 58 counties and calling for Californians to voluntarily reduce water use by 15%. By October 2021, Governor Newsom issued an executive order expanding the drought state of emergency to all 58 counties within California. The State Water Project (SWP), which is one source of water for MWD, is a state water management project that collects water from rivers in the northern part of the State and through a network of aqueducts and pumping stations and redistributes it to the southern part of the State. Water allocation from the SWP varies according to factors including reservoir storage, weather projections, and projected runoff into streams, reservoirs, and aquifers. These factors are impacted by precipitation that usually occurs from December through April, when California historically receives more than 90% of its snow and rain. In March 2021, due to ongoing dry conditions, the SWP allocation to MWD was reduced from 10% to 5%. The Water Utility achieved 2.7% reduction compared to June 2020.

On August 16, 2021 the historic Colorado River Shortage Declaration was made by the Bureau of Reclamation declaring an official shortage condition due to the lowering of Lake Mead's water level behind Hoover Dam to below 1,075 feet. The next day, on August 17, 2021, MWD declared a Water Supply Alert signaling an urgent need throughout the region to do more to reduce water use, and asked water agencies to look within their respective water shortage contingency plans to implement appropriate local actions to achieve conservation through the current drought conditions. On September 14, 2021, the Burbank City Council authorized the move to Stage II and defined conditions to move to Stage III of the Sustainable Water Use Ordinance. Stage I of the Sustainable Water Use Ordinance has been in effect since the last drought and has become the new normal in Burbank. Stage I allows landscape watering for no more than 15 minutes per station three days each week (Tuesdays, Thursdays, and Saturdays) year-round. Attended hand-watering is allowed any day of the week. By activating Stage II, all existing Stage I restrictions remain in place, plus the additional restrictions are (i) watering of outdoor landscaped areas during the months of November through March is limited to fifteen (15) minutes per station, one (1) day per week (Saturday) and (ii) the filling or refilling of an artificial or ornamental body of water that does not use recycled water is prohibited.

On June 27, 2022, the City of Burbank moved to Stage III of the Sustainable Water Use Ordinance. Stage III allows landscape watering for only one day a week on Saturday from November to March before 9 AM or after 6 PM. Attended hand-watering is allowed before 9 AM and after 6 PM. By activating Stage III, all existing Stage I and Stage II restrictions remain in place, plus the additional restrictions are (i) watering of outdoor landscaped areas during the months of November through March is limited to fifteen (15) minutes per station, one (1) day per week (Saturday) and (ii) the filling or refilling of an artificial or ornamental body of water that does not use recycled water is prohibited.

On June 10, 2022, the State Water Resources Control Board adopted an emergency water conservation regulation in response to the current drought. The regulation bans the use of potable water on decorative or non-functional grass at commercial, industrial, institutional properties, and common areas managed by homeowners' associations throughout California. Businesses that use recycled water are not subject to this regulation. The new regulation defines non-functional turf as a ground cover surface of mowed grass that is solely ornamental and not otherwise used for human recreation purposes. In addition to not applying to residences, non-functional turf does not include school fields, sports fields, and areas regularly used for civic or community events.

Water Supply Availability and Treatment. In 2017, MWD created a Cyclic Storage Program to store water supply that was in excess of MWD's demand and storage capacity. The program allows MWD to deliver water in advance of demand to Member Agencies for storage in groundwater basins. Member agencies participating in the program are charged MWD's rate for full service untreated water in effect at the time the stored water is withdrawn, and the water taken without affecting the capacity charge that would otherwise be in place. In December of 2018, the Water Utility made an advanced payment for 5,719 AF at a cost of $3,970 of Cyclic Storage Water ("CSW") under this program, funded by a loan of $3,950 from the Electric Fund. During Fiscal Year 2019-20, the Water Utility made another advance payment for 5,609 AF at a cost of $4,100, partially funded by a loan of $2,500 from the Electric Utility. During the fiscal year, the Water Utility blended 11,283 AF of CSW with 299 AF of untreated water and paid off the loans from the Electric Fund. The use of CSW coincided with upgrade work at the Pacoima Spreading Grounds that began in September 2021 and possibly may run through July 2024, during which annual water spreading will be limited. Burbank ratepayers benefit from these advance purchases by avoiding MWD's planned rate increases.

During 2020 fiscal year, the construction of the "temporary interconnection" (LAIX) under an agreement between the Water Utility and Los Angeles Department of Water and Power (LADWP) was completed. This temporary interconnection uses excess capacity at the BOU to benefit Burbank ratepayers when Burbank's demand is lower than BOU capacity. The transfer agreement stipulates that LADWP will directly pay MWD for the treated surface water used to blend with the treated ground water and will reimburse the Water Utility for their volumetric portion of the costs to operate, maintain, distribute, and pump the water. The LAIX began normal operation in October 2019 and continues to date. During the fiscal year, 581 AF was delivered to LADWP through LAIX.

Inflation. Inflation rate climbed as high as 8.6% during the fiscal year. Inflation and supply chain disruption has been seen in chemical prices as well as equipment and materials. Since June 2021, the cost of chlorine has increased by more than 98%. Other increases include 35.5% for metals, 25% for water meter boxes, 12.8% for precast concrete products and 9.9% for concrete.

Requests for Information

This financial report is designed to provide a general overview of the Electric and Water Utility Enterprise Funds. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to Stela Kalomian, Acting Chief Financial Officer, Burbank Water and Power, 164 W. Magnolia Blvd., Burbank, CA 91502.

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CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position (unaudited)
June 30, 2022
(With partial comparative financial information for the year ended June 30, 2021)
(in thousands)

		Electric		Water	
Assets		**2022**	**2021**	**2022**	**2021**
Current and regulatory assets:					
Cash and cash equivalents					
General operating	$	61,966	66,714	11,400	10,970
Capital and debt reduction		10,000	10,000	2,220	2,220
Restricted nonpooled cash and cash equivalents		2,487	2,505	23,501	89
General plant		800	800	-	-
Fleet replacement		2,210	2,210	-	-
Greenhouse gas credits' proceeds		69	-	-	-
Lower carbon fuel credits' proceeds		3,464	2,999	-	-
Distribution mains		-	-	1,100	1,100
Total cash and cash equivalents		80,996	85,228	38,221	14,379
Accounts receivable, net		16,875	21,974	3,772	4,032
Inventories		8,813	8,747	756	605
Derivative instruments		2,020	-	-	-
Leases receivable		302	-	22	-
Due from the City of Burbank		284	-	-	-
Deposits and prepaid expenses		16,164	17,104	4,679	10,758
Interest receivable		285	159	48	29
Regulatory costs to be recovered in one year		-	14	-	169
Total current and regulatory assets		125,739	133,226	47,498	29,972
Noncurrent and regulatory assets:					
Leases receivable		4,557	-	177	-
Interfund receivable		-	6,450	-	-
OPEB assets		2,450	-	-	-
Regulatory costs for future recovery		-	-	-	23
Total noncurrent and regulatory assets		7,007	6,450	177	23
Capital assets :					
Land		2,734	2,734	309	309
Rights to purchase power		1,335	1,335	-	-
Utility plant and buildings		561,708	541,437	166,931	163,339
Machinery and equipment		78,957	78,273	8,190	7,891
Lease assets		1,779	-	-	-
Construction in progress		36,323	29,527	2,796	2,577
Total utility plant and equipment		682,836	653,306	178,226	174,116
Less accumulated depreciation		(361,212)	(339,915)	(84,719)	(81,435)
Total capital assets, net		321,624	313,391	93,507	92,681
Total noncurrent and regulatory assets		328,631	319,841	93,684	92,704
Total assets		454,370	453,067	141,182	122,676
Deferred outflows of resources:					
Deferred amounts from pensions		10,925	14,001	1,766	2,263
Deferred amounts from OPEB		1,660	1,214	202	78
Total deferred outflows of resources		12,585	15,215	1,968	2,341
Statem Total assets and deferred outflows of resources	$	466,955	468,282	143,150	125,017

See accompanying notes to basic financial statements. (Continued)

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position (unaudited)
June 30, 2022
(With partial comparative financial information for the year ended June 30, 2021)
(in thousands)

	Electric		Water	
Liabilities	**2022**	**2021**	**2022**	**2021**
Current liabilities:				
Accounts payable	$ 12,330	8,887	2,242	1,316
Accrued expenses	300	4,172	-	5
Bond interest payable	275	279	216	135
Unearned revenues	548	-	45	-
Leases payable	245	-	-	-
Due to the City of Burbank	-	12	-	-
Customer deposits	16,427	8,535	1,022	1,369
Current portion of revenue bonds payable, net	-	1,145	1,410	-
Current portion of loan payable	-	-	-	454
Current portion of compensated absences	328	305	58	56
Total current liabilities	30,453	23,335	4,993	3,335
Noncurrent liabilities:				
Revenue bonds payable, net	52,499	52,497	55,295	27,866
Loan payable	-	-	-	5,076
Interfund payable	-	-	-	6,450
Compensated absences	6,688	6,922	1,040	1,073
Regulatory credits	302	327	-	-
Leases payable	1,127	-	-	-
Net OPEB liability	-	3,766	362	451
Net pension liability	33,366	75,580	5,394	12,218
Total noncurrent and regulatory liabilities	93,982	139,092	62,091	53,134
Total liabilities	124,435	162,427	67,084	56,469
Deferred inflows of resources:				
Deferred amounts on pensions	28,905	1,013	4,673	164
Deferred amounts on OPEB	7,324	1,851	485	336
Deferred amounts from leases	4,859	-	199	-
Deferred amounts from derivative instruments	2,020	-	-	-
Total deferred inflows of resources	43,108	2,864	5,357	500
Net Position				
Net position:				
Net investment in capital assets	269,817	261,742	59,708	59,154
Restricted for public benefits	9,315	7,796	-	-
Unrestricted	20,280	33,453	11,001	8,894
Total net position	$ 299,412	302,991	70,709	68,048

See accompanying notes to basic financial statements.

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position (unaudited)
June 30, 2022
(With partial comparative financial information for the year ended June 30, 2021)
(in thousands)

	Electric		Water	
	2022	2021	2022	2021
Operating revenues:				
Sale of power-retail	$ 154,304	149,846	-	-
Sale of power and fuel-wholesale	21,486	42,088	-	-
Sale of water	-	-	32,876	32,961
Other revenues	6,600	8,946	1,083	1,064
Total operating revenues	182,390	200,880	33,959	34,025
Operating expenses:				
Power supply expenses-retail	108,440	93,250	-	-
Purchased power and fuel expenses-wholesale	18,845	34,197	-	-
Water supply expenses	-	-	12,362	12,102
Water maintenance and operation expenses	-	-	10,565	13,195
Transmission expenses	10,362	11,425	-	-
Distribution expenses	4,795	11,158	-	-
Other operating expenses	20,544	24,869	2,190	1,750
Depreciation	21,719	19,163	4,119	4,208
Total operating expenses	184,705	194,062	29,236	31,256
Operating income	(2,315)	6,818	4,723	2,769
Nonoperating income (expenses):				
Interest income	(2,015)	733	(392)	106
Intergovernmental	1,783	94	378	-
Lease rentals	293	-	21	-
Bond interest expense	(3,348)	(3,403)	(2,267)	(1,568)
Lease interest expense	(13)			
Loan interest expense	-	-	(69)	(251)
Gain (loss) on disposal of capital assets	109	106	(176)	-
Other income (expenses), net	(446)	2,200	(34)	942
Total nonoperating income (expenses)	(3,637)	(270)	(2,539)	(770)
Income before contributions	(5,952)	6,548	2,184	1,999
Capital contributions	2,766	2,949	477	1,325
Transfers from the City	24	31	-	-
Transfers to the City	(416)	(13)	-	-
Total capital contributions and transfers	2,374	2,967	477	1,325
Change in net position	(3,579)	9,515	2,661	3,323
Net position, July 1	302,991	293,476	68,048	64,725
Net position, June 30	$ 299,412	302,991	70,709	68,048

See accompanying notes to basic financial statements

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position (unaudited)
June 30, 2022
(With partial comparative financial information for the year ended June 30, 2021)
(in thousands)

	Electric 2022	Electric 2021	Water 2022	Water 2021
Cash flows from operating activities:				
Cash received from customers	$ 187,771	193,899	34,218	33,827
Cash paid to suppliers	(146,604)	(127,341)	(15,196)	(19,312)
Cash paid to employees	(22,210)	(26,448)	(5,722)	(7,445)
Other income (expense)	1,281	2,200	335	546
Net cash provided by operating activities	20,238	42,310	13,635	7,616
Cash flows from noncapital financing activities:				
Loans to other funds	(284)	-	-	-
Proceeds from other governmental agencies	1,783	94	378	-
Lease income	293	-	-	-
Payments on leases	(407)	-	-	-
Interfund loan	-	-	(6,450)	-
Proceeds from other funds	6,450	31	-	-
Transfers to / from other funds	(416)	(13)	-	-
Net cash provided by (used in) noncapital financing activities	7,419	112	(6,072)	-
Cash flows from capital and related financing activities:				
Proceeds from debt issuance	-	-	29,873	-
Principal payments - bond	(1,145)	(1,090)	(855)	-
Interest paid	(3,352)	(3,381)	(2,132)	(1,813)
Contributed capital	2,766	2,949	477	1,325
Acquisition and construction of assets	(28,126)	(21,747)	(5,143)	(3,130)
Proceeds from sales of capital assets	109	106	-	-
Principal payments - loan payable	-	-	(5,530)	(443)
Net cash used in capital and related financing activities	(29,748)	(23,163)	16,690	(4,061)
Cash flows from investing activities:				
Interest received	1,282	1,259	198	193
Change in fair value	(3,423)	(426)	(609)	(76)
Net cash provided by investing activities	(2,141)	833	(411)	117
Net increase (decrease) in cash and cash equivalents	(4,232)	20,092	23,842	3,672
Cash and cash equivalents - July 1	85,228	65,230	14,379	10,707
Cash and cash equivalents - June 30	$ 80,996	85,228	38,221	14,379

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Cash Flows (unaudited)
June 30, 2022
(With partial comparative financial information for the year ended June 30, 2021)
(in thousands)

		Electric		Water	
		2022	2021	2022	2021
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :					
Operating income (loss)	$	(2,315)	6,912	4,723	3,165
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation		21,719	19,163	4,119	4,208
GASB 68 and 75 pension adjustments			-		-
Other income		1,281	2,200	335	546
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable		5,099	(7,044)	260	(198)
(Increase) decrease in inventories		(66)	(1,645)	(151)	18
(Increase) decrease in prepaid items		940	14,726	6,079	1,223
(Increase) decrease in deferred outflows		2,630	(302)	373	(18)
(Increase) decrease in deferred charges		14	-	192	-
Change in reporting of operating income & other income/(expense), net		(1,717)	-	(631)	-
(Increase) decrease in deferred bond issuance costs		-	40	-	18
Increase (decrease) in accounts payable and accrued expenses		(441)	5,274	729	(709)
Increase (decrease) in net pension and OPEB liability		(48,429)	1,026	(6,913)	100
Increase (decrease) in deferred inflows		33,365	(3,000)	4,857	(467)
Increase (decrease) in compensated absences		(257)	683	(35)	201
Increase (decrease) in deferred / unearned revenue		523	-	45	(118)
Increase (decrease) in customer deposits		7,892	4,440	(347)	(353)
Increase (decrease) in deferred revenue		-	(163)	-	-
Total adjustments		22,553	35,398	8,911	4,451
Net cash provided by operating activities	$	20,238	42,310	13,635	7,616
Noncash investing, capital, and financing activities:					
Increase (decrease) in fair value of investments	$	(3,423)	(426)	(609)	(76)

See accompanying notes to basic financial statements

NOTE 1: Summary of Significant Accounting Policies

(A) Accounting Methods

The reporting model includes financial statements prepared using full accrual accounting for the Electric and Water Utility Funds' (Utility Funds) activities of the City of Burbank (City). This approach includes not just current assets and liabilities, but also capital and other long-term assets, as well as long-term liabilities and deferred outflows / inflows of resources. Accrual accounting also reports all of the revenues and costs of providing services each fiscal year, not just those received or paid in the current fiscal year or soon thereafter.

The basic financial statements include the following:

Statement of Net Position – The statement of net position is designed to display the financial status of the reporting entity. The net position of the Electric and Water Utility Funds are separated into three categories – 1) net investment in capital assets, 2) restricted for debt service, and 3) unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position are those in which use is restricted through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of entities with jurisdiction, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position that do not meet the definition of restricted or net investment in capital assets.

Statement of Revenues, Expenses and Changes in Fund Net Position – The statement of revenues, expenses and changes in fund net position reports revenues by major source and distinguishes between operating and nonoperating revenues and expenses.

Statement of Cash Flows – For the purposes of the statement of cash flows, the Electric and Water Utility Funds include their portion of the City's pooled cash and investments and restricted investments with an original maturity of three months or less as cash equivalents. The Utility Funds consider the pooled cash and investments to be a demand deposit account whereby monies may be withdrawn or deposited at any time without prior notice or penalty.

(B) Basis of Presentation

The Utility Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be recovered primarily through user charges or (b) where the City Council has decided that periodic determination of revenues earned, expenses incurred and/ or net income is appropriate for capital expenditures, public policy, management control, accountability and other purposes.

(C) Reporting Entity

The Utility Funds' operations were established by the City in 1913. Burbank Water and Power (BWP) manages the generation, purchase, transmission, distribution, and sale of water and electric energy. The activities of BWP are overseen by the City Council.

The Electric and Water Utility Enterprise Funds are used to account for the operation, maintenance, and construction of the City-owned electric and water utility. The City considers the Utility Funds to be Enterprise Funds (a proprietary fund type) as for the operation, maintenance, and construction of the City-owned electric and water utility. The City considers the Utility Funds to be Enterprise Funds (a proprietary fund type) as defined under accounting principles generally accepted in the United States of America. As an integral part of the City's overall operations, the Utility Funds' operations are also included in the City's Annual Comprehensive Financial Report (ACFR).

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

The Utility Funds follow the regulatory accounting criteria set forth per the GASB (Government Accounting Standards Board) Codification, where the effects of the ratemaking process are recorded in the financial statements. As a result, certain revenues and expenses have been recorded in the Electric and Water Utility Enterprise Funds in order to not impact future electric and water rates to customers.

Only the funds of the Electric and Water Utility are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Burbank, California.

(D) Self-Insurance

The Utility Funds are part of the City's self-insurance programs, which provide coverage for general liability and workers' compensation claims. See NOTE 15 Self-Insurance, for additional information on the City's self-insurance programs.

(E) Capital Assets

Capital assets are recorded at cost or, in the case of gifts or contributed assets, at acquisition value at the date of donation. The threshold for capitalizing assets is $5 or greater, except for betterments which could be less. When items are sold or retired, related gains or immaterial losses are included in nonoperating income (expenses). Material losses on retirements are reported as regulatory assets, as provided by GASB Statement No. 62, to be collected from future ratepayers. There are no material losses on retirements as of June 30, 2022. Maintenance and repairs that do not add value to or materially extend useful lives of assets are expensed as incurred. Improvements to plant and equipment are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Electric transformers and meters are capitalized when purchased. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows (see NOTES 6 and 7):

Boiler Plant	20 to 30 years
Buildings and Improvements	25 to 40 years
Distribution Stations	20 to 40 years
Electric Meters	10 to 15 years
Gas Turbine	25 to 30 years
Machinery and Equipment (except vehicles)	5 to 40 years
Office Equipment	5 years
Poles, Towers, and Fixtures	30 to 40 years
Production Plant	20 to 40 years
Reservoirs and Tanks	40 years
Transformers	30 years
Transmission Equipment	40 years
Transmission Structures	40 years
Vehicles	5 to 12 years
Water Meters	20 years
Water Services	30 years
Water Wells and Springs	40 years

(F) Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable includes billed and unbilled utility customer accounts, wholesale power sales, and miscellaneous charges unpaid as of June 30, 2022, offset by estimates for uncollectible accounts. Estimated allowances for uncollectible accounts are adjusted to the 91 days and over receivables' balances (see NOTE 3 for changes related to COVID-19).

(G) Inventories

Inventories consist of materials and supplies held for future consumption and are priced at average cost.

(H) Deposits and Prepaid Expenses

The Utility Funds, in the normal course of operations place deposits and reserves with other governmental agencies, power providers and vendors, and record them as such. The Utility Funds also prepay certain expenses, recording them as prepaid, which are then recognized as expense as benefits are received (see NOTE 4).

(I) Restricted Nonpooled Investments

The Utility Funds have restricted nonpooled investments, in the form of debt service and parity reserves, to comply with the covenants contained in the various debt indentures requiring the establishment of certain specific accounts (see NOTES 2 and 8).

(J) Compensated Absences

The cost of employees' vested compensated absences, such as vacation and sick pay benefits, are accrued as they are earned by the employees (see NOTE 8).

(K) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(L) Revenue Recognition

Revenues are recorded in the period in which they are earned. The Utility Funds accrue estimated unbilled revenue for energy and water sold but not billed at the end of the fiscal period (see NOTE 3). All residential and commercial accounts are billed monthly. Operating revenues consist of retail and wholesale sales of electricity, and sales of potable and recycled water. Nonoperating income consists of charges for electric and water related Work performed for customers such as aid-in-construction (AIC), subsidies/rebates, work performed for others, and other uses of utility property.

The Electric Utility Fund's revenues include grant reimbursements from the California Energy Commission (CEC) for systems modernization projects and new electric vehicle charging stations. The CEC total grants of $1,000 allows for 100% prorated reimbursement for approved expenditures.

(M) Operating Expenses

Purchased power and fuel expenses include all open market purchases of energy and fuel, firm contracts for the purchase of energy and fuel, energy production costs, and the costs of entitlements for energy and transmission as discussed in NOTE 10.

Water supply expenses include purchased water, electricity used to pump water, and chemicals used in water treatment.

Other operating expenses include all costs associated with the Utility Funds' operations and maintenance of general plant and equipment, administration, customer service, telecom and internet services, public benefits programs, warehousing, security, technology operations, work for others and transfers to the City for cost allocations (see NOTE 9).

The annual adjustments to pension and OPEB expenses are reported as operating expenses for each operating unit and in other operating expenses. These adjustments can be material and result in significant increases or decreases from fiscal year to fiscal year, and this should be considered when reviewing the Utility Funds' financial statements.

(N) Bond Premiums and Discounts, and Debt Issuance Costs

Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bond issuance costs, including underwriters' discount, are reported as bond issuance costs (see NOTE 5). Amortization of bond premiums and discounts are included in interest expense (see NOTE 8).

(O) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Utility Funds' prior year financial statements, from which this selected data was derived. Some prior year data may be classified differently for proper reporting and comparison purposes.

(P) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Q) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB's plan and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

(R) Adoption of New Accounting Standards - GASB 87 Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Lease assets (see NOTE 7), which include buildings, structures, and equipment, follow the same capitalization threshold of $5 as capital assets. Lease assets are reported in the applicable governmental and business-type activities columns in the government-wide and respective proprietary fund financial statements. Lease assets are recorded at the amount of the initial measurement of the lease term, less any lease incentive received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the asset into service. Lease assets are depreciated using straight-line depreciation over the useful life of the underlying asset.

Leases payable (see NOTE 7) represents the City's obligation to make lease payments arising from the lease. A lease payable is recognized at the commencement date based on the present value of expected lease payments over the lease term, less any incentives. Interest expense is recognized ratably over the contract term.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Lessor:

The Utility Funds adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Lessee:

The Utility Funds adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2: Cash and Investments

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

	Electric	Water	Total
Unrestricted cash and investments	$ 78,509	14,720	$ **93,229**
Restricted investments	2,487	23,501	**25,988**
Total	**$ 80,996**	**38,221**	**$ 119,217**
Cash on hand	$ 13	-	**$ 13**
Held by fiscal agent	2,487	23,501	**25,988**
Equity in City investment pool	78,496	14,720	**93,216**
Total	**$ 80,996**	**38,221**	**$ 119,217**

The City combines the cash and investments of all funds into two pools (the City pool, and the Housing Authority pool), except for funds required to be held by outside fiscal agents under the provisions of bond indentures. The Utility Funds have investments of debt proceeds held by bond trustee that are classified as current restricted nonpooled investments.

Each fund's portion of the pooled cash and investments are displayed on the statement of net position. Cash and investments restricted for a specific purpose by either bond resolution, funding agency or an outside third party are classified as restricted assets.

BWP has no separate bank accounts or investments other than investments held by bond trustee and BWP's equity in the cash and investment pool managed by the City. BWP is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council. BWP has not adopted a formal investment policy separate from that of the City. GASB Statement No. 72 establishes disclosure requirements for fair value measurements related to investments. The information related to authorized investments, credit risk, etc. is available in the ACFR of the City. The Utility Funds' equity in the City's investment pool is not subject to fair value hierarchy.

The City is responsible for all investments on behalf of the Utility Funds.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Investments held by fiscal agents consists mostly of money market mutual funds, which are due in less than one year.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The amount of deposits are covered by FDIC (Federal Insurance Deposit Corporation) insurance or collateralized under California law.

The Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements

The City's investments are reported at fair value. The City categorizes its fair values measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are quoted prices of similar assets in active markets and Level 3 inputs are significant unobservable inputs. Investments held by fiscal agent are not subject to fair value hierarchy.

NOTE 3: Accounts Receivable

Accounts receivable for the Utility Funds as of June 30, 2022 are:

	Electric 2022	Water 2022
Billed accounts receivable	$ 10,414	$ 2,465
Unbilled accounts receivable	7,355	1,659
Allowance	(895)	(353)
Total	**$ 16,875**	**3,772**

The CPUC's decision to extend the moratorium on suspension of electric services, and the April 2, 2020 California Executive Order N -42-20 to indefinitely restricting the shut off of water services to residential and qualifying small business customers continued during the fiscal year.

On April 21, 2020, the Burbank City Council authorized the suspension of water and power disconnections and late fees. This suspension continued to be in effect for electric residential customers and small businesses, and for water residential customers and commercial businesses.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

During the fiscal year, the Electric and Water Funds were awarded grants of $2,236 and $385, respectively, from the California Arrearage Payment Program (CAPP) within the Department of Community Services and Development, and the California Water and Wastewater Arrearage Payment Program (CWWAPP). These grants were to assist eligible residential and commercial customers to pay past due utility bills aged over 60 days. During the fiscal year, the Electric and Water Utility Funds applied a total of $1,689 for unpaid electric services and $340 for unpaid water services.

The allowance for uncollectibles calculation deterred from Policy due to COVID-19. The allowance for uncollectibles was calculated by factoring residential customers eligible for CAPP and CWWAPP funding at fiscal year end by the rate of residential customers ineligible for service shut-offs.

NOTE 4: Deposits and Prepaid Expenses

The Electric Utility Fund shows a total of $16,164 in deposits and prepaid expenses. The composition of these deposits and prepaid expenses includes a $8,682 prepayment to the Southern California Public Power Authority (SCPPA) Natural Gas Reserve for future gas deliveries, a $3,794 deposit with SCPPA for future use in projects, a $2,901 deposit with SCPPA as a fuel reserve for the Magnolia Power Project (MPP), $690 in operating and administrative prepaid expenses, and $97 in renewables. In addition, in June 2000, the City prepaid a lease payment of $1,500 for the use of land to locate a new switching station. The terms of the agreement were an advance payment of $1,500 for a twenty-year lease term, with the City's right to renew for ten years at an annual base payment of $50 in year 21, with a 3% increase in years 22-30. The twenty-year lease began in January 2002. The Electric Fund amortized $38 on this prepaid lease, which has been fully amortized. The agreement was renewed in January 2022.

The Water Utility Fund shows a total of $4,679 in deposits and prepaid expenses. The composition of these prepaid expenses include $4,610 for untreated groundwater and $69 for other administrative prepaid expenses. During the fiscal year the Water Utility Fund made significantly lower groundwater purchases of 299.9 AF, compared to previous annual purchases of approximately 6,000 AF. The average cost of the fiscal year's purchases was $788.11. During the fiscal year, the Water Utility used its blended water inventory of 12,449.9 AF at an average cost of $509.65 per AF.

NOTE 5: Regulatory Assets (Costs)

Utility regulatory assets were previously reported for unamortized bond issuance costs. These assets were classified as current and noncurrent. During the fiscal year the Electric and Water Utility Funds expensed the unamortized balances of its bond issuance costs of $16 and $175, respectively, and have reported these costs as other income (expenses), net. The Water Utility issued revenue bonds in November 2021, and expensed $207 in bond issuance costs that are reported as operating expense.

NOTE 6: Capital Assets

Electric Fund	Balance July 1, 2021 as restated	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated :				
Land	$ 2,734	-	-	$ 2,734
Construction in progress	29,527	27,377	(20,581)	36,323
Total capital assets not being depreciated	32,261	27,377	(20,581)	39,057
Capital assets being depreciated :				
Rights to purchased power	1,335	-	-	1,335
Accumulated depreciation	(950)	(44)	-	(994)
Buildings & Improvements	541,437	20,949	(678)	561,708
Accumulated depreciation	(274,469)	(16,591)	665	(290,395)
Machinery & other	78,243	1,482	(768)	78,957
Accumulated depreciation	(64,466)	(5,158)	-	(69,624)
Lease assets	1,779	-	-	1,779
Accumulated depreciation	-	(199)	-	(199)
Total capital assets being depreciated, net	282,909	439	(781)	282,567
Total net capital assets - Electric utility	$ 315,170	27,816	(21,362)	$ 321,624

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Water Fund	Balance July 1, 2021 as restated	Additions	Deletions	Balance Balance June 30, 2022
Capital assets not being depreciated :				
Land	$ 309	-	-	$ 309
Construction in progress	2,577	5,004	(4,785)	2,796
Total capital assets not being depreciated	2,886	5,004	(4,785)	3,105
Capital assets being depreciated :				
Buildings & Improvements	163,339	4,918	(1,326)	166,931
Accumulated depreciation	(75,502)	(3,636)	832	(78,306)
Machinery & other	7,891	299	-	8,190
Accumulated depreciation	(5,933)	(480)	-	(6,413)
Total capital assets being depreciated, net	89,795	1,101	(494)	90,402
Total net capital assets - Water utility	$ 92,681	6,105	(5,279)	$ 93,507

Pacific DC Intertie

The City is a participant in an agreement with the City of Los Angeles, Southern California Edison, the City of Glendale, and the City of Pasadena for an unrestricted 3.846% interest in the Pacific DC Intertie. The City's voting right in the project is directly in proportion to its percentage interest.

The Electric Utility invested $955 in betterments for its share of the Intertie; and capitalized assets of $9,933, with accumulated depreciation and depreciation expense of $297. These capital improvements are expected to continue until 2024.

NOTE 7: Leases

(a) Assets

The Electric Fund's lease assets as of June 30, 2022, are $1,779, with accumulated amortization of $200. These lease assets include land, machinery and equipment, and telecommunications space colocation and other services. The lease asset events during the current fiscal year include the following:

Electric Utility Fund Lease Assets

		Electric 2022
Lease Assets:		
Land	$	628
Machinery and equipment		694
Telcommunications		457
Total lease assets		1,779
Accumulated amortization		(200)
Total lease assets, net	**$**	**1,579**

(b) Payable

The Electric Utility Fund's leases payable as of June 30, 2022, is $1,372, with $245 and $1,1,27 reported as current and long-term liabilities, respectively. The lease events resulting in a liability during the current fiscal year include the following:

Electric Utility Fund Leases Payable, Current and Long-Term

		Electric 2022
Leases Payable:		
Current -		
Ground lease for substation	$	39
Right-to-use lease for a gas turbine		111
Colocation space and services		95
Total current		245
Noncurrent -		
Ground lease for substation		417
Right-to-use lease for a gas turbine		370
Colocation space and services		340
Total noncurrent		1,127
Total Lease Liability	**$**	**1,372**

WATER AND POWER

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

The Electric Utility is a lessee for:

- Land: the Electric Utility is leasing a portion of a private entity's grounds (land) located in Burbank for a substation.
- Machinery and equipment: the Electric Utility's power supply division is leasing a right-to-use gas turbine for its Lake One power generating unit.
- Telecommunications: the Electric Utility is leasing space for colocation of computer and communications equipment.

(c) Lessor Receivables

Below is a schedule of lessor receivables for the Electric Utility:

Electric Fund Lessor Receivable	Principal	Interest
2023	$ 302	129
2024	310	121
2025	319	112
2026	327	104
2027	337	94
2028-2032	1,828	327
2033 and thereafter	1,437	72
Total minimum lease payments	**$ 4,859**	**959**

The Electric Utility is a lessor for a site lease on its property for the Magnolia Power Plant.

Following is a schedule of lessor receivable for the Water Utility:

Water Fund Lessor Receivable	Principal	Interest
2023	$ 22	5
2024	22	5
2025	23	4
2026	24	3
2027	24	3
2028-2032	84	4
Total minimum lease payments	**$ 199**	**24**

The Water Utility is a lessor for a site lease on its property for mobile communications equipment.

(d) Lessee Payable

Below is a schedule of lessee payables due for the Electric Utility:

Electric Fund Lessee Liability	Principal	Interest
2023	$ 245	37
2024	255	30
2025	266	23
2026	277	16
2027	126	9
2028-2032	204	16
Total minimum lease payments	**$ 1,372**	**131**

NOTE 8: Long-Term Liabilities, including Loan Payable, Revenue Bonds Payable, and Leases Payable

(A) Loans Payable

In November 2021, the Water Utility Fund issued revenue bonds, Series of 2021 with total bond proceeds of $29,873. A portion of these proceeds were used to payoff the outstanding balances of four State Water Resources Control Board (SWRCB) loans totaling $5,530, with accrued interest of $59. The

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Water Utility Fund no longer has any loans or loan interest due to the SWRCB.

(B) Revenue Bonds Payable

All the revenue bonds issued by the Electric or Water Utility Funds are secured by a pledge of a lien upon the net revenues of the Electric or Water Utility Funds, depending on the purpose of the debt, as well as all amounts on deposit in the funds and accounts established under the indenture, including the reserve account. Net reserves include all revenues received by the Electric or Water Utility Funds, less amounts required for payment of operating expenses. During the fiscal year, the Electric 2012A Series bonds were paid in full. In addition, in November 2021, the Water Utility Fund issued revenue bonds, Series of 2021 with a revenue bond payable balance of $23,410 as of June 30, 2022 .

	Electric 2022
2010B Series Bonds:	
These bonds were issued to finance a portion of the costs of certain improvements to the Electric System, including the conversion of certain residential and commercial distribution circuits, to fund a deposit in the Parity Reserve Fund and to pay the costs of issuance. Payable in installments ranging from $2,210 to $4,195. Interest rates range from 3.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	$ 52,665
Less:	
Current portion	-
Original issue discount/premium	(166)
Long-term Bonds Series B of 2010	**$ 52,499**

	Water 2022
2010B Series Bonds:	
These bonds were issued to finance the costs of the 2010 Water Project and to pay the costs of issuance of the Series 2010B Bonds. Payable in installments ranging from $850 to $2,275. Interest rates range from 4.89% to 5.79%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The City expects to receive a direct cash subsidy from the United States Department of Treasury equal to 35% of the interest on the Series 2010B Bonds.	$ 27,945
Less:	
Current portion	(850)
Original issue discount/premium	(72)
Long-term Bonds Series B of 2010	**$ 27,023**

	Water 2022
2021 Series Bonds:	
These bonds were issued to finance a portion of the costs of the 2021 Water Project, to pay the costs of issuance of the Series 2021 Bonds, and to prepay the SWRCB loans. Payable in installments ranging from $430 to $1,245. Interest rates range from 4.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2051. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	$ 23,970
Less:	
Current portion	(560)
Original issue discount/premium	4,862
Long-term Bonds Series 2021	**$ 28,272**
Total Water long-term revenue bonds payable	**$ 55,295**

WATER AND POWER

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

The Electric and Water Funds are in compliance with the covenants contained in the various debt indentures, which require the establishment of certain specific accounts for the revenue and revenue/refunding bonds.

A schedule of aggregate maturities on bonds payable subsequent to June 30, 2022 is as follows:

	Electric		Water		
	Principal	Interest	Principal	Interest	Total
2023	-	2,142	1,410	2,587	**6,139**
2024	2,210	2,142	1,480	2,518	**8,350**
2025	2,295	2,054	1,555	2,445	**8,349**
2026	2,390	1,963	1,630	2,368	**8,351**
2027	2,485	1,867	1,720	2,280	**8,352**
2028-2032	14,025	7,767	10,090	9,894	**41,776**
2033-2037	17,165	4,659	13,080	6,900	**41,804**
2038-2042	12,095	1,007	11,325	3,258	**27,685**
2043-2047	-	-	4,930	1,546	**6,476**
2048-2051	-	-	4,695	479	**5,174**
Total	**$ 52,665**	**$ 23,600** (1)	**51,915**	**34,275**	**$ 162,456**

(1) Electric Series 2010B Bonds are Build America Bonds. $25,744 of the Electric interest shown is gross of the expected receipt of Federal Subsidy equal to 35% of the interest payment due.

C) Pledged Revenue

The Electric and Water Utility Funds have debt issuances outstanding that are collateralized by the pledging of utility net revenues. The amount and term of the remainder of these commitments are indicated in the Revenue Bonds Payable tables in Section (B). Utility net revenues are pledged to secure the payment of the principal and redemption premium, if any, and interest on the bonds outstanding, and any parity debt. All remaining utility net revenues, after making the aforementioned secured payments, will be available to the Electric and Water Funds for all lawful utility purposes. The pledge of utility net revenues shall be irrevocable until all of the bonds and parity debt are no longer outstanding.

	FY 21-22 Net Revenue Pledged	Total Bond Principal Debt	Total Bond Interest Debt	Principal Paid this Fiscal Year	Interest Paid this Fiscal Year	
Electric Utility	$ 19,406	52,665	23,600	1,145	3,348	(1)
Water Utility	$ 8,842	51,915	34,275	855	2,267	(1), (2)

(1) Net of 2012B Series Build America Bonds (BAB) Federal subsidy rebates.
(2) Includes interest only payments of $1,568 for 2010B Series Bonds.

(D) Utility Funds' Long-Term Liabilities

The following is a summary of changes in the Electric Utility Fund's long-term liabilities as of June 30, 2022:

Electric	July 1, 2021	Additions	Retirements	July 1, 2022	Due within 1 Year
Revenue Bonds Payable:					
2010 Series B Bonds	52,665	-	-	52,665	-
2012 Series A Bonds	1,145	-	(1,145)	-	-
Compensated Absences	7,227	3,148	(3,359)	7,016	328
	$ 61,037	**3,148**	**(4,504)**	**59,681**	**$ 328**
Less current portion	(1,450)			(328)	
Less unamortized bond premium (discount)	(168)			(166)	
Total	**$ 59,419**			**$ 59,187**	

A summary of changes in the Water Utility Fund's long-term liabilities as of June 30, 2022:

CITY OF BURBANK WATER AND POWER

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Water	July 1, 2021	Additions	Retirements	July 1, 2022	Due within 1 Year
Loans and Revenue Bonds Payable:					
Intergovernmental Loan Payable	$ 304		(304)	$ -	
Intergovernmental Loan Payable	2,130		(2,130)	$ -	
Intergovernmental Loan Payable	1,938		(1,938)	$ -	
Intergovernmental Loan Payable	1,158		(1,158)	$ -	
2010 Series B Bonds	27,945		-	27,945	850
2021 Series Bonds	-	24,825	(855)	23,970	560
Compensated Absences	1,129	643	(674)	1,098	58
	$ 34,604	25,468	(7,059)	53,013	$ 1,468
Less current portion	(510)			(1,468)	
Less unamortized bond premium (discounts)	(79)			4,790	
Total	$ 34,017			$ 56,335	

NOTE 9: Related Party Transactions

The City allocates certain administrative and overhead costs to the Electric and Water Utility Funds in the other operating expenses category. These costs for the year ended June 30, 2022 is as follows:

		Electric 2022	Water 2022
Administrative and overhead costs	$	6,191	1,720
Total	**$**	**6,191**	**1,720**

The City receives a 7% Utility Users Tax on electric revenues that is not reflected in the Electric Utility Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2022 is $10,128.

In addition, the City receives a 7% In-lieu of Taxes on electric retail revenues that is not reflected in the Electric Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2022 is Electric in-lieu of $8,485 and Street Lighting in-lieu of $2,314.

In fiscal year 2019-2020, the Water Utility borrowed $2,500 from the City for the purchase of cyclic storage water from MWD. The interest rate for this loan is the City's pooled investment return rate with a term not to exceed four years. The interest paid was $28. In fiscal year 2018-19, the Water Utility borrowed $3,950 from the City, also for the purchase of cyclic storage water from MWD. The interest rate for this loan is at the City's pooled investment return rate with payment terms not to exceed August 2027. The interest paid was $45. The loan payable balance was paid in full in April 2022.

NOTE 10: Power Supply and Fuel Expenses - Retail

A) Retail Energy Supply

The City receives electricity through firm contracts, local generation and market purchases. The majority of electricity is delivered through firm contracts, which include "take or pay", "take and pay" and term purchases. Local generation and market purchases supplement firm contracts to meet the City's retail load requirements.

B) Joint Powers Agency Contracts

The City, through its Electric Utility Fund, has entered into several "take or pay" contracts and "take and pay" contracts through its participation in two joint power agencies, the Intermountain Power Agency (IPA) and the SCPPA in order to meet the electric needs of its customers. These contracts are not considered joint ventures since the City has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer.

Under the "take or pay" contract, the City is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. The City is only obligated to pay its share of the indebtedness upon delivery of energy under the "take and pay" contracts. However, in the opinion of

Management the City does not have a financial responsibility for purposes of GASB Statement No. 14, "Financial Reporting Entity", because the IPA and SCPPA do not depend on revenue from the City to continue in existence.

These contracts constitute an obligation of the Electric Utility Fund to make debt service payments from its operating revenues. The Electric Utility Fund's share of debt service is not recorded as an obligation on the accompanying basic financial statements; however, it is included as a component of its power supply expenses.

During the fiscal years ended June 30, 2022 and 2021, the Electric Fund made payments totaling $47,313 and $54,613 for "take or pay" contracts, respectively, and $21,498 and $17,878 for the "take and pay" contract, respectively.

(a) Intermountain Power Agency (IPA)

In 1980, the City, along with the California Cities of Los Angeles, Anaheim, Glendale, Pasadena and Riverside, entered into a power sales contract with IPA, which obligates each purchaser to purchase, on a "take or pay" basis, a percentage share of capacity and energy generated by the Intermountain Power Project (IPP) in Utah. The City, through contract, is entitled to 60 MW or 3.371% of the 1,800 MW of generation at the plant. In addition, the City entered into an Excess Power Sales Agreement, also on a "take or pay" contract, with Utah municipal and cooperative IPP purchasers, which provides for the City to obtain up to an additional 0.797% (14 MW) when not used by the Utah municipal or cooperative IPP purchasers.

(b) Southern California Public Power Authority (SCPPA)

SCPPA membership consists of 11 Southern California cities and one public irrigation district of the State of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the State of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint power agreement has a term of 50 years.

Southern Transmission System Project (STS)

Pursuant to an agreement dated May 1, 1983 with the IPA, SCPPA made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the STS, which provides for the transmission of energy from the Intermountain Generating Station in Utah to Southern California. STS commenced commercial operations in July 1986. The Department of Water and Power of the City of Los Angeles (LADWP), a member of SCPPA, serves as project manager and operating agent of IPP. The STS consists of a 488 mile transmission line and the associated converter station on each end. The 500 kV DC bi-pole transmission lines are currently rated at 2,400 megawatts (MW) as a result of an upgrade completed in December 2010. The City's ownership share of this project is 4.498%.

Magnolia Power Project (MPP)

In March 2003, the City, along with the Cities of Anaheim, Cerritos, Colton, Glendale and Pasadena, entered into a power sales agreement with SCPPA for MPP. MPP commenced commercial operations in Burbank, California in September 2005. MPP is a combined-cycle natural gas-fired generation plant with a nominal rate net base capacity of 242 MW, but can boost its output to 310 MW, if needed. The City has entitlement up to 97.6 MW or 30.992% of its output. The City's share of outstanding debt is 32.350% which excludes debt relating solely to the City of Cerritos. The City is also MPP's operating agent.

Prepaid Natural Gas Project (PNGP)

The PNGP primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas, which subsequently was reduced to approximately 90 billion cubic feet as a result of restructuring to accelerate a portion of the long-term savings, reduce the remaining volumes of gas to be delivered, and shorten the overall duration of five prepaid agreements (with the City, and the Cities of Anaheim, Colton, Glendale and Pasadena).

The City's natural gas supply agreement with SCPPA is expected to provide approximately one-fourth of the City's gas requirements for MPP. The City has no obligation under the natural gas supply agreement to pay for gas not delivered.

Milford I Wind Project (M1WP)

M1WP is located near Milford, Utah and began commercial operations in November 2009. The facility is a 200 MW nameplate capacity wind farm comprised of 97 wind turbine generators, delivered by a 90 mile transmission line, 345 kV, extending from the generation site to the IPP switchyard in Delta, Utah. This plant generates enough capacity to supply electricity to power more than 60,000 homes and offset over 366,000 tons per year of carbon dioxide that would otherwise be emitted from a coal-powered plant. SCPPA (on behalf of project participants LADWP, the City and the City of Pasadena, California) acquired 100.000% of this facility and issued bonds in 2010 to finance the purchase by prepayment of a specified quantity of energy from this facility over the 20-year delivery term, with a guaranteed annual quantity in each year. The City's share of this project is 5.000% of the total capacity of 10 MW, energy, and environmental attribute rights produced at this facility.

Mead-Adelanto Project (MA)

SCPPA also entered into an agreement dated December 17, 1991 to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The City's ownership share of MA is 11.534%.

Tieton Hydro Project (THP)

This facility was acquired by SCPPA in November 2009 with 100.000% of entitlement shares. Each of the two project participants, the City and the City of Glendale, California, have an equal 50.000% entitlement share of this project. THP is a run of the reservoir hydroelectric facility, comprised of a powerhouse constructed at the base of the United States Bureau of Reclamation (USBR) Tieton Dam on the Tieton River in the State of Washington, on a 21 mile, 115 kV transmission line from the plant substation to the interconnection of the electrical grid. The powerhouse has a maximum capacity of 20 MW, with a nameplate capacity of 13.6 MW. USBR owns and operates the dam and controls the flows into the Tieton River from the Rimrock Lake reservoir, which was created by the dam. Average annual generation from this plant is approximately 48,000 megawatt hours (MWh). The City is also Tieton's operating agent.

Mead-Phoenix Project (MP)

SCPPA entered into an agreement dated December 17, 1991 to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The City's ownership share of MP is 15.400%.

Natural Gas Project (NGP)

The NGP was acquired by SCPPA in 2005 and 2006 and is being developed for the primary purpose of providing the participants with stable long-term supplies of gas for the purpose of fueling their electric generation needs. SCPPA issued 2008 Bonds to provide monies for the refinancing of the City's share of the costs of acquisition and development of the NGP through the redemption of a portion of SCPPA's draw down bonds previously issued for the NGP. SCPPA has sold entitlements to 100.000% of the production capacity of the NGP pursuant to separate gas sales agreements with the five participants - the City, and the Cities of Anaheim, Colton, Glendale and Pasadena. The participants are obligated to pay for such production capacity, including amounts required to pay debt service on bonds issued to finance their respective share of the NGP, on a "take or pay" basis. The City has 14.286% of entitlement shares in the Pinedale, Wyoming Subproject (2005 purchase), and 27.273% of entitlement shares in the Barnett, Texas Subproject (2006 purchase).

Ameresco/Chiquita Landfill Gas Project

Ameresco/Chiquita Landfill Gas Project is located in Valencia, California near Lake Castaic and began commercial operations in November 2010. The renewable energy is generated using landfill gas produced at the Chiquita Canyon Landfill. This plant has a total generating capacity of 10 MW and SCPPA members receive 100.000% of the project output. The project participants are the City and the City of Pasadena. The City contracted to purchase approximately 16.700% or 1.7 MW.

Don A Campbell Geothermal (aka Wild Rose)

In November 2013, the City began to receive geothermal energy output from the Wild Rose Geothermal (aka Don A. Campbell) Project, located in Mineral County, Nevada. The term of this agreement is 20 years. This is a geothermal power generating facility with a generating nameplate capacity of 25 MW and a projected capacity of 16.2 MW. The City and the City of Los Angeles are project participants. The City contracted to purchase approximately 15.380% (3.845 MW).

Pebble Springs Wind Project

Pebble Springs is located in Gilliam County, Oregon, near the town of Arlington and began commercial operations in early 2009. The term of this agreement is 18 years. The City, and the Cities of Los Angeles and Glendale receive the entire energy output of 99 MW. The City contracted to purchase approximately 10.000% (10 MW).

Copper Mountain 3 Solar Project

Copper Mountain 3 Solar Project is located near Boulder City, Nevada, approximately 25 miles southeast of Las Vegas, Nevada.

The facility is the third phase of one of the largest photovoltaic solar facilities in the U.S. situated on about 1,400 acres of land. The City and the City of Los Angeles entered into a 20-year power sales agreement through SCPPA. The City's share of this project is 16.000% (40 MW) of the total capacity of 250 MW. In May 2014, ahead of schedule, the City began to receive solar energy output from Copper Mountain 3. The plant went from partial commercial operations to full commercial operations in 2015.

Desert Harvest II Solar Project

The Desert Harvest II Solar Project is a 70 MW solar project located in Riverside County, California. It achieved commercial operations on December 17, 2020. Desert Harvest II

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Solar Project supplies energy and renewable attributes to SCPPA under a twenty-five year Renewable Energy Credit (REC) + Index structure contract. The City and the Cities of Anaheim and Vernon are the participants. The City contracted to purchase approximately 31.34%.

A summary of the City's contracts and related projects and its commitments at June 30, 2022 are as follows:

	City of Burbank portion*	City of Burbank share of bonds	City of Burbank obligation relating to total debt service
Intermountain Power Project[(1)]	3.371%	$ 3,559	$ 6,085
Intermountain Power Project Renewal Contract[(2)]	3.334%	$ 26,592	$ 43,818
SCPPA: [(3)]			
Southern Transmission System	4.498%	8,068	9,116
Magnolia Power Project (Project A)	32.350%	71,336	94,927
Prepaid Natural Gas Project #1	33.000%	85,292	118,487
Milford I Wind Project	5.000%	4,311	5,215
Tieton Hydropower Project	50.000%	16,013	23,688
Natural Gas Project - Barnett	100.000%	8,285	10,882
Natural Gas Project - Pinedale	100.000%	2,675	3,513
SCPPA Total		195,979	265,828
Total		$226,130	$315,731

* Burbank shares in % and amounts are estimated based on weighted average.

(1) Based on the IPA Subordinated notes.

(2) Based on the 2022 Series A and B IPA outstanding bonds. It excludes Burbank's share of the transitional project indebtedness (transitional debt) related to the STS construction and capitalized interest through 2025. As of June 30, 2022, total transitional debt was $0. The IPA expects to issue long-term bonds to replace this transitional debt.

(3) All SCPPA listed obligations are "take or pay" contracts except the Prepaid Natural Gas Project #1, a "take and pay" contract, and the Milford I Wind Project, a prepaid purchase power agreement.

The following schedule details the amount of principal and interest that is due and payable by the City as part of the joint power agency contracts, by project, in the fiscal year indicated (year ending June 30).

	2022/23 Principal	Interest	2023/24 Principal	Interest	2024/25 Principal	Interest
Intermountain Power Project	$ 3,559	1,199	-	1,326	-	1,312
SCPPA:						
Southern Transmission System	2,826	398	1,217	256	1,277	196
Magnolia Power Project (Project A)	3,352	2,687	3,529	2,566	3,711	2,437
Prepaid Natural Gas Project #1	3,712	4,330	4,240	4,135	4,886	3,912
Milford I Wind Project	530	216	556	189	584	161
Tieton Hydropower Project	613	788	650	752	1,458	715
Natural Gas Project - Barnett	983	490	930	435	888	384
Natural Gas Project - Pinedale	317	158	300	141	287	124
Total	$ 15,891	10,265	11,422	9,801	13,090	9,241

	2025/26 Principal	Interest	2026/27 Principal	Interest	2027/32 Principal	Interest
Intermountain Power Project	$ 813	1,312	853	1,272	4,934	5,692
SCPPA:						
Southern Transmission System	1,341	133	1,407	66		
Magnolia Power Project (Project A)	3,905	2,301	4,110	2,157	24,009	8,328
Prepaid Natural Gas Project #1	5,166	3,656	5,858	3,385	39,498	11,776
Milford I Wind Project	613	132	644	101	1,386	105
Tieton Hydropower Project	618	630	650	599	3,760	2,476
Natural Gas Project - Barnett	854	331	824	279	3,806	677
Natural Gas Project - Pinedale	276	107	266	90	1,229	219
Total	$ 13,585	8,601	14,612	7,950	78,622	29,272

	2032/37 Principal	Interest	2037/42 Principal	Interest	2042/47 Principal	Interest
Intermountain Power Project	$ 6,266	4,361	7,940	2,687	5,785	590
SCPPA:						
Southern Transmission System	-	-	-	-	-	-
Magnolia Power Project (Project A)	28,721	3,116	-	-	-	-
Prepaid Natural Gas Project #1	21,932	2,001	-	-	-	-
Milford I Wind Project	-	-	-	-	-	-
Tieton Hydropower Project	4,803	1,436	3,463	281	-	-
Natural Gas Project - Barnett	-	-	-	-	-	-
Natural Gas Project - Pinedale	-	-	-	-	-	-
Total	$ 61,721	10,914	11,402	2,968	5,785	590

	Total Principal	Interest
Intermountain Power Project	$ 30,151	19,752
SCPPA:		
Southern Transmission System	8,068	1,049
Magnolia Power Project (Project A)	71,336	23,591
Prepaid Natural Gas Project #1	85,292	33,195
Milford I Wind Project	4,311	904
Tieton Hydropower Project	16,013	7,676
Natural Gas Project - Barnett	8,285	2,596
Natural Gas Project - Pinedale	2,675	838
Total	$ 226,130	89,601

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

For further information regarding SCPPA, please visit www.scppa.org.

Hedge Policies and Outstanding Hedge Contracts

The Electric Utility Fund utilizes natural gas hedging as outlined in its Energy Risk Management Policy. The purpose of hedging is to protect against fluctuating prices and deliver stable and competitive rates to its retail customers.

Greenhouse Gas Cap-and-Trade Program

The State of California has implemented a greenhouse gas cap-and-trade program, under California Assembly Bill 32 (the California Global Warming Solutions Act of 2006), to reduce greenhouse gas emissions. At June 30, 2022, the City of Burbank has sufficient allocated greenhouse gas allowances for its retail sales.

NOTE 11: Purchased Power and Fuel Expenses - Wholesale

The Electric Utility Fund has been involved in the wholesale market for many years. Since 2000, the Electric Utility Fund's strategy has been one of primarily optimizing revenues from temporarily underutilized electric assets to develop wholesale net margins that reduce its power supply expenses.

The Electric Utility continues using the wholesale margin as an offset to its overall power supply expenses. Wholesale margins for the year ended June 30, 2022 are as follows:

	2022
Wholesale Revenues	$ 21,486
Wholesale Costs	18,845
Wholesale Margin	$ **2,641**

NOTE 12: Deferred Inflows of Resources / Unearned Revenue

On January 22, 2013 the Electric Utility was awarded a grant of $1,000 from the California Energy Commission (CEC) in support of the Department of Energy's systems' modernization capital projects funded during fiscal years 2010-11 through 2014-15. The Electric Utility is deferring payments received for these capital assets to match corresponding depreciation expense over their useful lives, as allowed by Accounting Standards Codification (ASC) 980 rules under GASB Statement No. 62. The Electric Utility recognized revenue and depreciation expense of $94. The deferred CEC payments were reported as regulatory credits in deferred inflows of resources and were $233.

During the fiscal year, the Electric and Water Funds were awarded grants from the State of California and the SWRCB of $2,236 and $385, respectively, known as CAPP and CWWAPP, respectively. The Utility Funds applied a total of $1,689 for unpaid electric services and $340 for unpaid water services. As of June 30, 2022, the remaining CAPP and CWWAPP balances for these grants were $548 and $45, respectively. Unused grant funds were refunded in full in July 2022 (CWWAPP) and October 2022 (CAPP). Grant revenues and related expenses are reported as nonoperating income (expenses).

During fiscal year 2014-15, the Electric Utility sold greenhouse gas allowance credits at auction, resulting in proceeds of $69. These proceeds were reported as deferred inflows of resources. During the prior fiscal year, the Electric Utility used these proceeds to fund PCC (Product Content Category)-3 renewable energy credits, and also recognized the initial sales as revenue. The Electric Utility was informed by the California Air Resources Board (CARB) that the use of these proceeds for the PDD-3 renewable energy credits was disqualified. As a result, the Electric Utility reversed the recognized revenue, and has again recorded the sales proceeds as deferred inflows of resources.

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NOTE 13: Retirement Plan

A) Pension Plans

The Utility Funds participate in the City's Miscellaneous Employee Defined Benefit Plans and the Utility Funds' share of net pension liability is reported as a cost sharing plan in these financial statements.

1. Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous (Non-Safety) Employee Pension Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

2. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily defined benefits. For employees hired into the plan with the 2.5% at 55 formula, eligibility for service retirement is age 50 with at least 5 years of service. PEPRA (Public Employees' Pension Reform Act) miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at the June 30, 2021 measurement date, are summarized as follows:

	Miscellaneous	
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	10.555%	10.380%
Payment of unfunded liability	$18,720,919	-

3. Contributions Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

contribute the difference between the actuarially determined rate and the contribution rate of employees. City employer contributions to CalPERS for the fiscal year were $28,922. City Contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

(B) Net Pension Liability

As of June 30, 2022, the Utility Funds reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

Proportionate Share of Net Pension Liability

	June 30, 2022	June 30, 2021
Electric Utility Fund	$ 33,366	$ 75,580
Water Utility Fund	5,394	12,218

The Utility Funds' net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Utility Funds' proportionate share of net pension liability was based on a projection of the Utility Funds' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Electric and Water Utility's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2021 measurement was as follows:

	Electric Utility	Water Utility
Proportion - June 30, 2021	34.27%	5.54%

(C) Pension Expenses and Deferred Outflows /Inflows of Resources Related to Pensions

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Utility has the following pension outflow that qualifies for reporting in this category:

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.

- Deferred outflows from pensions resulting from differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

- Deferred inflows related to pensions for differences between projected and actual earnings on investments of the pensions plan fiduciary net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

For the year ended June 30, 2022, the City recognized pension expense for the Electric and Water Funds of ($1,027) and ($166), respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Electric	Water	Electric	Water
Pension contributions subsequent to measurement date	$ 10,220	1,652	-	-
Differences between actual and expected experience	$ 705	114	(210)	(34)
Net differences between projected and actual earnings on plan investments	-	-	(28,695)	(4,639)
Total	**$ 10,925**	**1,766**	**(28,905)**	**(4,673)**

For the Electric and Water Utility Funds, $10,220 and 1,652, respectively, were reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending	Electric Utility	Water Utility
2023	(7,068)	(1,143)
2024	(6,420)	(1,038)
2025	(6,809)	(1,101)
2026	(7,903)	(1,278)
Total Deferred Inflows of Resources	**$ (28,200)**	**$ (4,794)**

1. Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Plan
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.500%
Payroll Growth	2.750%
Projected Salary Increase	3.2% - 12.2% (1)
Mortality (2)	
Post Retirement Benefit Increase (3)	

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA (Cost -of-Living Adjustment) or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

a. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS AFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% was used for this period.
(c) An expected inflation of 2.92% was used for this period.

b. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Utility for the Miscellaneous Plan, calculated using the discount rate, as well as what the Utility’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (actual amounts):

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

		Utility
1% Decrease		6.15%
Net Pension Liability	$	89,613
Current Discount Rate		7.15%
Net Pension Liability	$	38,760
1% Increase		8.15%
Net Pension Liability	$	(3,303)

2. *Pension Plan Fiduciary Net Position*

Detailed information about the Miscellaneous pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2022, the City reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 14: Post-Retirement Health Care Benefits

PEMHCA

The CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA) plan under the authority of section 22750 to 22948 of the State of California's government code, is an agent multiple employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous employees retiring directly from the City who enroll in a CalPERS medical plan. The 2022 PEMHCA minimum contribution amount is $149.00 per month. In addition, the City pays retiree health contribution amounts of $100.00 per month for 14 management retirees, and $188.00 per month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of $149.00 is paid in addition to the retiree health contribution amounts. The allocated proportionate share to the retiree health contribution amounts to the Utility is 12.79% to the Electric Fund and 2.32% to the Water Fund. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

BERMT

The Burbank Employees Retiree Medical Trust (BERMT) is a single employer, defined benefit plan. The BERMT was established in April 2003 by the city's employee associations to provide post retirement medical benefits to all non-safety employees, including elected and appointed officials. BERMT members represented by a bargaining group are required to contribute $50.00 per pay period, and the City contributes $50.00 per pay period for these members. BERMT members unrepresented by a bargaining group are not able to make employee contributions, and the City contributes $100.00 per pay period for these members.

BERMT plan provisions and contribution requirements are established by and may be amended by the BERMT board.

The trust is controlled by the seven voting members from the various employee associations appointed to three year terms. The City appoints an eighth member to the board, but that member is non-voting. Investments are determined by the BERMT plan trustees, and are governed by the Employee Retirement Income Security Act of 1974 (ERISA) provisions.

Eligibility for benefits require that members are retired from the City, and have reached age 58 with a minimum of 5 years of contributions into the plan. The benefit ranges from

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

$150.00 to $630.00 in reimbursements per month based on number of contributions for eligible medical expenses. For the fiscal year 2021-22, the City contributed $1,373 to BERMT. BERMT is not subject to GASB 75 reporting.

Utility Retiree Medical Trust (URMT)

The URMT is an agent multiple employer plan, established during the 2008-09 fiscal year for IBEW members and 12 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is $1,200.00/month for individuals age 50 to age 64 and $750.00/month for those age 65 and above, with the exception that for qualifying employees who retire after December 16, 2015 and who have not contributed to Medicare while employed at Burbank and who are also not otherwise eligible for premium-free Medicare Part A at age 65 and older, the maximum amount at age 65 and older shall be $975.00/ month, including payments from BERMT, PEMHCA minimum and URMT. For the fiscal year 2021-22 the City contributed $229.

Funding Policy

The City has pre-funded the PEMHCA and URMT Plans through CalPERS OPEB Trust (CERBT) and has a policy of contributing 100% of the City's Actuarially Determined Contribution (ADC) each year. For the fiscal year 2021-22 (measurement period of June 30, 2021), the City contributed $1,821, consisting of $1,717 in implied subsidy payment contributions netted against $107 in benefit payments and administrative expense.

The CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45.

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the City, not individualized, but in aggregate with the other CERBT participating agencies.

This report may be obtained at the following address:

PEMHCA, CERBT—State of California, 400 Q Street, Sacramento, CA 95811

The Utility Retiree Medical Trust does not issue a separate financial statement.

Employees Covered

As of June 30, 2021 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:

Net OPEB Liability	URMT
Inactive employees or beneficiaries currently receiving benefits	64
Active employees	145
Total	**209**

Contributions

The URMT and PEMHCA contribution requirements are established by City policy and may be amended. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, the City's total contributions of $1,821 consist of payments to the trust of $1,821 ($1,592 to PEMHCA; $229 to URMT). The proportionate share of the PEMHCA payments of $204 and $37 were allocated to the Electric and Water Utility Funds, respectively; the URMT payments were allocated to the Electric Utility Fund.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below:

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Miscellaneous Plan	PEMHCA	URMT
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.25%	6.25%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	2.75%	2.75%
Expected long term investment rate of return	6.75%	6.75%
Healthcare cost trends (PEMHCA)	4.6% Medicare (Kaiser), 5.65% Medicare (non-Kaiser), 6.5% Non-Medicare, decreasing to 4% in 2076 and later	
Benefit Increase trend rates (URMT)	0% to 2023, then 3.5% after	
Pre-retirement turnover Mortality [1]	Derived from CalPERS pension plan	

[1] The probabilities of mortality are derived using CalPERS membership data for all funds. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 1997-2015 experience study report.

The actuarial assumptions used in the June 30, 2021 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	New Strategic Allocation	Expected Real Return
Global Equity	59.00%	4.56%
Global Fixed Income	25.00%	0.78%
TIPS (Treasury Inflation-Protected Security)	5.00%	0.08%
Real Estate	8.00%	4.06%
Commodities	3.00%	1.22%
	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change of Discount Rate

The discount rate used in the June 30, 2021 valuation was 6.25%, a decrease from the June 30, 2019 valuation discount rate of 6.75%. The discount rate changed due to newer capital market assumptions and inflation being lowered.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Changes in Assumptions

Changes in assumptions since the measurement period June 30, 2020, consisted of updating the discount rate based on newer capital market assumptions, lowering inflation, which also affected discount rate, medical trend and PEMCHA minimum increases, and the mortality improvement scale was updated to Scale MP-2021. Age factors for estimating age-based claims were updated for PEMCHA, usage assumption was added for URMT, and the benefit cap increase rate was lowered for URMT.

Changes in the NET OPEB Liability

Changes in the net OPEB liability - URMT

		Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement date)	$	12,546	11,266	1,280
Changes in the year:				
Service cost		351	-	351
Interest on the total OPEB liability		862	-	862
Differences between actual and expected experience		(1,134)	-	(1,134)
Changes in assumptions		(2,197)	-	(2,197)
Contributions - employer		-	228	(228)
Contributions - employee		-	230	(230)
Net investment income		-	3,154	(3,154)
Benefit payments		(254)	(254)	-
Administrative expenses		-	(4)	4
Net Changes		(2,372)	3,354	(5,726)
Balance at June 30, 2021 (Measurement date)	**$**	**10,174**	**14,620**	**(4,446)**

As of June 30, 2022 the Utility Funds reported net OPEB liability for its proportionate share of the net OPEB liability of the PEMHCA plan as follows:

Net OPEB Liability - PEMHCA Plan		**June 30, 2022**
Electric Utility	$	1,996
Water Utility	$	362

a. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Utility, as well as what the Utility's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

		PEMHCA		URMT
1% Decrease		5.25%		5.25%
Net OPEB Liability	$	3,637	$	(2,613)
Current Discount Rate		6.25%		6.25%
Net OPEB Liability	$	2,358	$	(4,446)
1% Increase		7.25%		7.25%
Net OPEB Liability	$	1,303	$	(5,900)

b. Sensitivity of the net OPEB liability to changes in healthcare cost trend rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or higher than the current healthcare cost trend rates:

		PEMHCA		URMT
1% Decrease (Asset)				
Net OPEB Liability	$	1,218	$	(6,931)
Current Trend				
Net OPEB Liability	$	2,358	$	(4,446)
1% Increase				
Net OPEB Liability	$	3,757	$	(1,283)

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

OPEB expense and deferred outflows/inflows of resources related to OPEB:

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Utility has the following OPEB outflow that qualifies for reporting in this category:

- Deferred outflow related to OPEB equal to employer contributions made after the measurement date of the net pension liability.

- Deferred outflows related to OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the plans.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

  Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the Plan.

- Deferred inflows related to OPEB for differences between projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

For the fiscal year ended June 30, 2022 the Utility recognized OPEB expense of ($175) and ($609) for PEMHCA and URMT, respectively.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as follows:

	PEMHCA	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date:		
Electric Fund	$ 204	$ -
Water Fund	$ 37	$ -
Differences between actual and expected experience:		
Electric Fund	-	705
Water Fund	$ -	$ 128
Change in assumptions:		
Electric Fund	912	1,259
Water Fund	165	228
Differences between projected and actual earnings:		
Electric Fund	-	709
Water Fund	-	129
Total	**$ 1,318**	**$ 3,158**

WATER AND POWER

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Electric Fund	URMT			
		Deferred Outflows of Resources		Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$	229	$	-
Differences between actual and expected experience		203		997
Change in assumptions		112		1,932
Differences between projected and actual earnings		-		1,721
Total	**$**	**544**	**$**	**4,650**

$241 and $229 reported as deferred outflows of resources related to contributions subsequent to the measurement date for PEMHCA and URMT respectively, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,		PEMHCA	URMT
2,023		(559)	(767)
2,024		(547)	(747)
2,025		(548)	(751)
2,026		(582)	(820)
2,027		36	(341)
Thereafter		119	(909)
Total Deferred Inflows of Resources	**$**	**(2,081)**	**$ (4,335)**

Payable to the OPEB Plan

At June 30, 2022, the Utility reported a payable of $44 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE 15: Self-Insurance

The Electric and Water Funds are in the City's self-insurance program as part of its policy to self-insure certain levels of risk within separate lines of coverage to maximize cost savings. The City is a member in ACCEL (Authority for California Cities Excess Liability), which is a risk sharing pool for municipal excess liability.

Each individual member self-insures all general liability losses for the first $1,000 and the members of the pool share losses between $1,000 and $10,000. The members jointly purchase additional layers of coverage beyond the pooled layer, with Burbank purchasing an additional $45,000 of excess coverage, for total coverage of $55,000. The layers of coverage above $10,000 are not pooled, but rather jointly purchased.

The City's worker's compensation program is self-insured for the first $2,000 of each loss, and the City purchases excess insurance coverage for losses to the statutory limits. The City charges the Utility Funds a premium based upon the proportional payroll cost, job classification, and claim history. There have been no significant settlements or reductions in insurance coverage for the past three years.

Additional information regarding all the City's self-insurance programs can be found in the City's ACFR.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

NOTE 16: Hedging Derivative Instruments

In accordance with GASB Statement No. 53, the Electric Fund recorded the fair values of its financial natural gas hedges on the statement of net position. As of June 30, 2022, the fair values of the financial natural gas hedges were approximately $2,020 and were recorded as current assets and deferred inflows of resources on the Statement of Net Position.

The Electric Fund entered into natural gas hedging contracts in order to stabilize the cost of gas needed to produce electricity to serve its customers. It is designed to cap gas prices over a portion of the forecasted gas requirements. The Electric Utility Fund does not speculate when entering into financial transactions. Financial hedges are variable to fixed-price swaps, and hedge transactions are layered in to achieve dollar cost averaging. As of June 30, 2022, the Electric Fund's financial natural gas hedges are as follows:

Gas hedging contract	Contract quantity	Contract price	First effective date	Last effective date	Fair value
FY22-23	1,095,000 MMBtu*	$5.26 to $ 9.86	7/1/2022	6/30/2023	($2,020)

*1 million British Thermal Unit

The fair value of the natural gas hedges were affected by an increase in the contracted natural gas prices during the year. All fair values were estimated using a third party forward curve subscription by the Intl FCStone Financial Inc.

NOTE 17: Contingencies

Potential Litigation

BWP is presently involved in certain matters of litigation that have arisen in the normal course of conducting electric and water operations. Management believes, based on consultation with the City Attorney, that these cases in the aggregate are not expected to result in a material adverse financial impact on either the Electric or Water Funds.

NOTE 18: Insurance Proceeds

In the prior fiscal year, the City received an advance of $3,000 on its settlement with its insurance carrier concerning damaged property and equipment relating to the Golden State Substation fire. No further insurance proceeds were received during the fiscal year. Once the repairs are completed on the Golden State Substation, the Electric Utility Fund expects to submit a final claim for the remainder of its repair costs.

NOTE 19: Subsequent Events

The Electric Utility is proposing for fiscal year 2022-23 up to $120 million of bond issuance with maximum maturities of 30-year fixed rate tax-exempt bonds to fund increased capital expenditures over the next few years in fiscal year 2023.

The State of California released a second round of CAPP funding and extended the pandemic period from March 4, 2020, through December 31, 2021. The Electric Utility Fund applied for this funding on October 25, 2022, for $638, on behalf of 1,393 active residential accounts. On December 6, 2022, the Electric Utility received a check to apply the funds to eligible residential customers' overdue balances. Credits on accounts were applied in December 2022.

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF NET PENSION LIABILITY INFORMATION AND RATIOS
Last 10 Fiscal Years *

ELECTRIC FUND

Fiscal Year Ended	2022	2021	2020	2019	2018	2017	2016
Measurement Period	2021	2020	2019	2018	2017	2016	2015
Plan's Proportionate Share of Net Pension Liability in %	34.27%	34.27%	34.27%	34.96%	34.96%	34.96%	34.96%
Plan's Proportionate Share of Net Pension Liability in $	$ 33,366	$ 75,580	$ 74,938	$ 73,226	$ 78,580	$ 71,305	$ 58,442
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.18%	76.99%	76.49%	76.63%	74.40%	74.83%	78.81%
Covered-Employee Payroll	27,711	27,500	27,908	$ 27,615	$ 27,587	$ 27,521	$ 27,719
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	120.41%	274.83%	268.52%	265.17%	284.85%	259.09%	210.84%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 11,621	$ 11,867	$ 7,321	$ 6,663	$ 5,864	$ 5,355	$ 4,788

WATER FUND

Fiscal Year Ended	2022	2021	2020	2019	2018	2017	2016
Measurement Period	2021	2020	2019	2018	2017	2016	2015
Plan's Proportionate Share of Net Pension Liability in %	5.54%	5.54%	5.54%	5.49%	5.49%	5.49%	5.49%
Plan's Proportionate Share of Net Pension Liability in $	$ 5,394	$ 12,218	$ 12,114	$ 11,499	$ 12,340	$ 11,198	$ 9,178
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.18%	76.99%	76.49%	76.63%	74.40%	74.83%	78.81%
Covered-Employee Payroll	$ 4,480	$ 4,446	$ 4,512	$ 4,337	$ 4,332	$ 4,322	$ 4,353
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	120.41%	274.83%	268.52%	265.17%	284.85%	259.09%	210.84%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 1,879	$ 1,918	$ 1,183	$ 1,046	$ 921	$ 841	$ 752

* - Fiscal year 2015 was the 1st year of implementation.
Additional information regarding this Schedule can be found in the City's Annual Financial Report.

CITY OF BURBANK WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Miscellaneous Plan Pension Contributions - 2022

ELECTRIC FUND

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 7,478	$ 8,880	$ 8,438	$ 7,463	$ 6,657	$ 5,355	$ 4,788	$ 4,258
Contributions in Relation to the Actuarially Determined Contribution	(10,220)	(11,622)	(11,865)	(7,463)	(6,657)	(5,355)	(4,788)	(4,258)
Contribution Deficiency (Excess)	$ (2,742)	$ (2,742)	$ (3,427)	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 29,153	$ 27,711	$ 27,500	$ 28,470	$ 27,615	$ 27,587	$ 27,521	$ 27,719
Contributions as a Percentage of Covered-Employee Payroll	35.06%	41.94%	43.15%	26.21%	24.11%	19.41%	17.40%	15.36%

WATER FUND

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 1,209	$ 1,436	$ 1,364	$ 1,172	$ 1,045	$ 841	$ 752	$ 669
Contributions in Relation to the Actuarially Determined Contribution	(1,652)	(1,879)	(1,918)	(1,172)	(1,045)	(841)	(752)	(669)
Contribution Deficiency (Excess)	$ (443)	$ (443)	-$554	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 4,713	$ 4,480	$ 4,446	$ 4,471	$ 4,337	$ 4,332	$ 4,322	$ 4,353
Contributions as a Percentage of Covered-Employee Payroll	35.06%	41.94%	43.15%	26.21%	24.11%	19.41%	17.40%	15.36%
Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

CITY OF BURBANK WATER AND POWER

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years[(1)]

In Thousands

UTILITY FUNDS	PEMHCA 6/30/2022	PEMHCA 6/30/2021	PEMHCA 6/30/2020	PEMHCA 6/30/2019	PEMHCA 6/30/2018
Actuarially determined contribution	$ 423	$ 410	$ 621	$ 608	$ 598
Contributions in relation to the actuarially determined contribution	(241)	(423)	(603)	(608)	(598)
Contribution deficiency (excess)	$ 182	$ (13)	$ 18	$0	$0
Covered payroll	$ 16,880	$ 17,282	$ 18,828	$ 16,928	$ 16,671
Contributions as a percentage of covered-employee payroll	1.43%	2.45%	3.20%	3.59%	3.59%

Notes to Schedule

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years[(1)]

In Thousands

UTILITY FUNDS	PEMHCA 6/30/2022	PEMHCA 6/30/2021	PEMHCA 6/30/2020	PEMHCA 6/30/2019	PEMHCA 6/30/2018	URMT 6/30/2022
Actuarially determined contribution	$ 423	$ 410	$ 621	$ 608	$ 598	$ 231
Contributions in relation to the actuarially determined contribution	(241)	(423)	(603)	(608)	(598)	(229)
Contribution deficiency (excess)	$ 182	$ (13)	$ 18	$0	$0	$ 2
Covered payroll	$ 16,880	$ 17,282	$ 18,828	$ 16,928	$ 16,671	$ 17,448
Contributions as a percentage of covered-employee payroll	1.43%	2.45%	3.20%	3.59%	3.59%	1.31%
Notes to Schedule						
Valuation date	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017	6/30/2021

Methods and assumptions used to determine contribution rates with valuation date 6/30/2019:

* Agent multiple employers	Entry age normal
* Amortization method	Level percentage of payroll
* Asset valuation method	Investment gains and losses spread over 5-year rolling period
* Inflation	2.75%
* Investment rate of return	6.75%
* Mortality	CalPERS 1997-2015 experience study

(1) Fiscal year 2018 was the first year of implementation; therefore, five years are shown.

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF CHANGES IN THE NET URMT LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

In Thousands

Fiscal year end	2022	2021	2020	2019	2018
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Service cost	$ 351	$ 340	$ 299	$ 291	$ 283
Interest on the total pension liability	862	802	715	668	623
Actual vs. expected experience	(1,134)	-	320	-	-
Assumption changes	(2,197)	-	178	-	-
Benefit payments	(254)	(266)	(285)	(256)	(222)
Net Change in Total OPEB liability	(2,372)	876	1,227	703	684
Total OPEB Liability - Beginning of Year	12,546	11,670	10,443	9,740	9,056
Total OPEB Liability - End of Year (a)	10,174	12,546	11,670	10,443	9,740
Plan Fiduciary Net Position:					
Contributions - employer	228	170	167	154	148
Contributions - employee	230	168	167	154	148
Net investment income	3,154	405	657	717	889
Administrative expenses	(4)	(5)	(2)	(17)	(5)
Benefit payments	(254)	(266)	(285)	(256)	(222)
Net Change in Plan Fiduciary Net Position	3,354	472	704	752	958
Plan Fiduciary Net Position - Beginning of Year	11,266	10,794	10,090	9,338	8,380
Plan Fiduciary Net Position - End of Year (b)	14,620	11,266	10,794	10,090	9,338
Net OPEB liability - Ending (a) - (b)	$ (4,446)	$ 1,280	$ 876	$ 353	$ 402
Plan fiduciary net position as a percentage of the total OPEB liability	143.70%	89.80%	92.49%	96.62%	95.87%
Covered payroll	$ 17,448	$ 19,521	$ 17,698	$ 17,084	$ 18,086
Net OPEB liability as a percentage of covered payroll	-25.48%	6.56%	4.95%	2.07%	2.22%

Notes to Schedule

1. There were no changes in benefits.

* Fiscal year ended June 30, 2018, was the first year of implementation; therefore, only five years are shown.

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF NET PEMHCA LIABILITY INFORMATION AND RATIOS

Last 10 Fiscal Years * In Thousands

ELECTRIC FUND

Fiscal Year Ended June 30, Measurement Date	2022 6/30/2021	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Plan's Proportionate Share of Net PEMCHA Liability in %	12.79%	12.79%	12.79%	12.79%	12.79%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 1,996	$ 2,486	$ 2,506	$ 5,034	$ 5,039
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	74.72%	64.75%	63.03%	43.22%	40.30%
Covered-Employee Payroll	$ 14,629	$ 15,937	$ 14,329	$ 14,111	$ 14,004
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	13.64%	15.60%	17.49%	35.68%	35.98%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 358	$ 506	$ 504	$ 506	$ 405

WATER FUND

Fiscal Year Ended June 30, Measurement Date	2022 6/30/2021	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Plan's Proportionate Share of Net PEMCHA Liability in %	2.32%	2.32%	2.32%	2.32%	2.32%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 362	$ 451	$ 455	$ 913	$ 914
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	74.72%	64.75%	63.03%	43.22%	40.30%
Covered-Employee Payroll	$ 2,654	$ 2,891	$ 2,599	$ 2,560	$ 2,540
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	13.64%	15.60%	17.49%	35.68%	35.98%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 65	$ 92	$ 91	$ 92	$ 73

* Fiscal year 2018 was the 1st year of implementation; therefore, only five years are shown.
Additional information regarding this Schedule can be found in the City's Annual Financial Report.

* SUPPLEMENTAL INFORMATION * (unaudited)

Schedule 1

ANNUAL ELECTRIC SUPPLY Fiscal Year ended June 30, 2022		
Resource	**MWh**	**Percentage**
Renewables[(1)]	363,370	34.7%
Intermountain Power Project	152,150	14.5%
Magnolia Power Project	247,730	23.6%
Spot Purchases	191,680	18.3%
Palo Verde Nuclear	50,320	4.8%
On-Site Generation	24,840	2.4%
Hoover Uprating	18,340	1.7%
Total[(2)]	**1,048,430**	**100.0%**

[1]Renewable resources include the Southwest Wyoming Pleasant Valley Facility Wind Contract, Milford Phase I Wind Project, Tieton Hydropower Project, Pebble Springs Wind Project, Ameresco Chiquita Canyon Landfill Gas Project, Copper Mountain Solar Project, Don A. Campbell Geothermal Project, Desert Harvest II Solar Project, Renewable Certificate, local generation from BWP Valley Pumping Plant, bio-methane gas, customer and utility solar installations, and an exchange agreement. For the Fiscal Year ended June 30, 2021, renewable energy resources made up approximately 41.5% of Burbank's total retail sales. This number differs from the official Renewable Portfolio Standard (RPS) calculation and compliance period, which are based on retail sales and calendar year.

[2]Does not equal total sales to customers throughout the City due to distribution losses and timing differences in billing cycle.

Schedule 2

CUSTOMERS, SALES, ELECTRIC REVENUES AND DEMAND Fiscal Years ended June 30					
	2018	**2019**	**2020**	**2021**	**2022**
Number of Retail Service:					
Residential	46,140	46,294	46,098	46,152	46,290
Commercial[1]	6,889	6,920	6,844	6,861	6,880
Large Commercial[1]	81	84	88	84	82
Total	**53,110**	**53,298**	**53,030**	**53,097**	**53,252**
Retail Kilowatt-hour Sales (millions)					
Residential	274	274	275	287	275
Commercial [2]	534	524	485	448	477
Large Commercial [2]	270	263	260	227	228
Total	**1,078**	**1,061**	**1,019**	**962**	**979**
Electric Revenues ($ in thousands):					
Retail[3]	$ 176,450	$ 162,386	$ 158,024	$ 149,846	$ 154,304
Wholesale	$ 21,252	$ 21,791	$ 15,442	$ 42,088	$ 21,486
Other[4]	$ 6,448	$ 8,504	$ 7,274	$ 9,040	$ 8,428
Total	**$ 204,150**	**$ 192,681**	**$ 180,740**	**$ 200,974**	**$ 184,218**
Peak Demand (MW)	320	302	283	292	246

[1]Meter counts include all billed meters.

[2] Retail sales for Commerical and Large Commercial customers were lower in FY 2020-21 because of closing of businesses within Burbank due to the pandemic orders beginning on March 19th, 2020.

[3]Effective July 1, 2018, instead of passing through the Electric Fund, the in-lieu transfer is accounted for directly in the General Fund.

[4]Other miscellaneous revenues include transmission, telecommunications, intergovernmental, and other miscellaneous revenues. Other miscellaneous revenues do not include aid-in-construction.

CITY OF BURBANK WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

* SUPPLEMENTAL INFORMATION * (unaudited)

Schedule 3

SYSTEM WEIGHTED AVERAGE BILLING PRICE – ELECTRIC (1) (2) (Cents per Kilowatt-hour)					
	2018	2019	2020	2021	2022
Residential	16.57	15.81	15.83	15.86	16.01
Commercial	16.76	15.89	16.07	16.02	16.21
Large Commercial	14.48	13.66	13.93	13.96	14.08
System Weighted Average Electric Rate	16.14	15.32	15.46	15.49	15.66

[1] All weighted average rates exclude Street Lighting charges.

[2] Effective FY 2019, all weighted average rates no longer include in-lieu transfer. Prior to 2019, this transfer was embedded in the rates. Burbank voters passed Measure T in June 2018 to continue a direct transfer of not more than 7% of Burbank Water and Power's gross annual sales of electricity to pay for City's essential services.

Schedule 4

ANNUAL WATER SUPPLY Fiscal Year ended June 30, 2022		
Resource	Acre Feet (AF)	Percentage
Metropolitan Water District	3,419	21.5%
Local Production – BOU	12,450	78.5%
Total	**15,869**	**100.0%**

CITY OF BURBANK WATER AND POWER

* SUPPLEMENTAL INFORMATION * (unaudited)

Schedule 5

CUSTOMERS, WATER SALES, WATER REVENUES					
Fiscal Years ended June 30					
	2018	**2019**	**2020**	**2021**	**2022**
Number of Water Service:					
Potable					
Residential[1]	22,216	22,173	22,161	22,188	22,216
Commercial[2]	3,213	3,235	3,205	3,212	3,211
Other[3]	1,145	1,160	1,171	1,184	1,195
Recycled	234	236	240	250	256
Total	**26,808**	**26,804**	**26,777**	**26,834**	**26,878**
AF Sales Per Year:					
Potable					
Residential[1]	11,887	11,331	11,671	12,642	11,713
Commercial[2]	3,455	3,340	3,155	2,645	2,943
Other[3]	225	199	183	170	200
Recycled	3,281	2,824	3,032	2,927	3,134
Total in AF	**18,848**	**17,694**	**18,041**	**18,384**	**17,990**
Water Revenues ($ in thousands):					
Retail[4]	$ 30,565	$ 30,578	$ 32,394	$ 32,961	$ 32,876
Other[5]	$ 3,518	$ 702	$ 955	$ 1,064	$ 1,495
Total	**$ 34,083**	**$ 31,280**	**$ 33,349**	**$ 34,025**	**$ 34,371**
	2018	2019	2020	2021	2021
Maximum Demand Day (AF)	63.5	63.1	62.8	57.1	60.1

[1]Residential includes multi-family dwellings.

[2]Commercial includes Large Commercial.

[3]Other includes city department water, school, fire protection, and miscellaneous users

[4]Potable and Recycled.

[5]Other operating revenues include connection fees, recycled water credits and other miscellaneous revenues.

WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

* SUPPLEMENTAL INFORMATION * (unaudited)

Sched 6

WEIGHTED AVERAGE BILLING PRICE – POTABLE WATER ($ per CCF[1])					
	2018	**2019**	**2020**	**2021**	**2022**
Residential[2]	3.82	4.04	4.21	4.18	4.33
Commercial[3]	3.66	3.87	4.17	4.29	4.25
Weighted Average Water Rate	3.78	4.00	4.20	4.20	4.31

[1]CCF is one hundred of cubic feet; one AF is equal to approximately 435.6 CCF.

[2]Residential includes multi-family dwellings.

[3]Commercial includes Large Commercial.

CITY OF BURBANK WATER AND POWER

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Certain provisions of the Indenture are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

Definitions

"**Accreted Value**" means, with respect to any Capital Appreciation Indebtedness, the principal amount thereof plus the interest accrued thereon, compounded at the interest rate thereon on each date as specified therein.

"**Accrued Aggregate Debt Service**" means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series of Bonds, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Outstanding Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) principal due and unpaid and that portion of the principal for such Series next due which would have accrued if deemed to accrue to the end of such calendar month if such principal were deemed to accrue daily in equal amounts from the next preceding principal payment date for such Series (or, if there shall be no such preceding principal payment date, from a date one (1) year preceding the due date of such principal installment or from the date of issuance of the Bonds of such Series, whichever period is shorter).

"**Adjusted Electric Net Revenues**" means the Electric Net Revenues plus, for purposes of determining compliance with the rate covenant contained in the Indenture only, other lawfully available funds of the City budgeted by the City for the payment of Electric Operating Expenses or Debt Service on the Bonds and/or any Parity Debt during such Fiscal Year.

"**Annual Debt Service**" means, for any Fiscal Year, the aggregate amount of principal and interest on all Bonds and Parity Debt becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Debt Service.

"**Assumed Debt Service**" means, for any Fiscal Year, the aggregate amount of principal and interest which would be payable on all Bonds and Parity Debt if each Excluded Principal Payment were amortized for a period specified by the City (but no longer than thirty (30) years from the date of the issuance of the Bonds or Parity Debt to which such Excluded Principal Payment relates) on a substantially level debt service basis, calculated based on a fixed interest rate equal to the rate at which the City could borrow for such period, as certified by a certificate of a financial advisor or investment banker delivered to the Trustee, who may rely conclusively on such certificate, within thirty (30) days of the date of calculation.

"**Average Annual Debt Service**" means, as of any date of calculation, an amount equal to (i) the Annual Debt Service remaining to be paid on all Bonds and Parity Debt on the date of calculation, divided by (ii) the number of Fiscal Years (or partial years) commencing with the Fiscal Year of the date of calculation to and including the Fiscal Year which includes the first date on which none of such Bonds or Parity Debt remains Outstanding. Such interest and principal will be calculated on the assumption that no Bonds or Parity Debt at the date of calculation will cease to be Outstanding except by reason of the payment when due of each principal installment (including mandatory sinking account payments).

"**Bond Obligation**" means, as of any given date of calculation, (1) with respect to any Outstanding Bond which is Current Interest Indebtedness, the principal amount thereof, and (2) with respect to any Outstanding Bond which is Capital Appreciation Indebtedness, the Accreted Value thereof.

"**Bonds**" means the Burbank Water and Power Electric Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"**Business Day**" means any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York are authorized or obligated by law or executive order to be closed, and (2) for purposes of payments and other actions relating to Bonds secured by a letter of credit, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the letter of credit are to be presented are authorized or obligated by law or executive order to be closed.

"**Capital Appreciation Indebtedness**" means Bonds and Parity Debt on which interest is compounded and paid less frequently than annually.

"**Certificate**," "**Statement**," "**Request**," "**Requisition**" or "**Order**" of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by the City Manager, a Deputy City Manager, the City Treasurer, the Financial Services Director, the General Manager of Burbank Water and Power or the Chief Financial Officer of Burbank Water and Power, or any other person authorized by any of the foregoing to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, certificates and opinions will include the statements provided for in the Indenture.

"**Charter**" means the City Charter of the City, as amended from time to time.

"**City**" means the City of Burbank, California.

"**City Code**" means the Municipal Code of the City, as amended from time to time.

"**Code**" means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, as amended from time to time.

"**Costs of Issuance**" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the Bonds, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, surety, insurance and credit enhancement costs, and any other cost, charge or fee in connection with the delivery of Bonds.

"**Council**" means the City Council of the City.

"**Coverage Requirement**" means, for any Fiscal Year, an amount of Adjusted Electric Net Revenues equal to at least 1.20 times the amount of the Annual Debt Service for such Fiscal Year.

"**Current Interest Indebtedness**" means the Bonds and Parity Debt on which interest is paid at least annually.

"**Debt Service**" means the amount of principal and interest becoming due and payable on all Bonds and Parity Debt provided, however, that for the purposes of computing Debt Service:

(a) Excluded Principal Payments will be excluded from such calculation and Assumed Debt Service will be included in such calculation;

(b) if the Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for periods when the actual interest rate cannot yet be determined will be assumed to be equal to the rate that is ninety percent (90%) of the average RBI during the twelve (12) calendar month period immediately preceding the date in which the calculation is made (the "assumed RBI-based rate");

(c) principal and interest payments on Bonds and Parity Debt will be excluded to the extent such payments are to be paid from amounts on deposit with the Trustee or another fiduciary in escrow specifically therefor and to the extent that such interest payments are to be paid from the proceeds of Bonds or Parity Debt held by the Trustee or another fiduciary as capitalized interest;

(d) in determining the principal amount, payment will (unless a different paragraph of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any mandatory sinking fund payments or any scheduled redemption or payment of Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value will be deemed a principal payment and interest that is compounded and paid as Accreted Value will be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;

(e) if any interest rate swap agreement is in effect with respect to, and is payable on a parity with, the Bonds or Parity Debt to which it relates, no amounts payable under such interest rate swap agreement will be included in the calculation of Debt Service unless the sum of (i) interest payable on such Bonds or Parity Debt, plus (ii) amounts payable by the City under such interest rate swap agreement, less (iii) amounts receivable by the City under such interest rate swap agreement are greater than the interest payable on the Bonds or Parity Debt to which it relates, then, in such instance, the amount of such payments to be made that exceed the interest to be paid on the Bonds or Parity Debt will be included in such calculation. For such purposes, the variable amount under any such interest rate swap agreement will be assumed to be equal to the assumed RBI-based rate;

(f) if any Bonds or Parity Debt include an option or an obligation to tender all or a portion of such Bonds or Parity Debt to the City, the Trustee or another fiduciary or agent and require that such Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due, the options or obligations to tender will be treated as a principal maturity occurring on the first date on which holders or owners thereof may or are required to tender, except that any such option or obligation to tender will be ignored and not treated as a principal maturity, if (1) such Bonds or Parity Debt are rated in one of the two highest long-term Rating Categories by Moody's and by Standard & Poor's or such Bonds or Parity Debt are rated in the highest short-term note or commercial paper Rating Categories by Moody's and by Standard & Poor's and (2) funds for the purchase price are to be provided by a letter of credit or standby bond purchase agreement and the obligation of the City with respect to the provider of such letter of credit or standby bond purchase agreement, other than its obligations on such Bonds or Parity Debt, will be subordinated to the obligation of the City on the Bonds and Parity Debt; and

(g) if interest on any Bonds or Parity Debt is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code, or any future similar program (a "Federal Subsidy"), then interest payments with respect to such Bonds or Parity Debt may be reduced by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America at the election of the City.

"**Defeasance Securities**" means any of the following:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation to the extent unconditionally guaranteed by the United States of America;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i) including, but not limited to, REFCORP interest strips; or

(iii) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund 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 interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (iii), as appropriate, and (d) which have been rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds).

"**Department**" means the Burbank Water and Power of the City of Burbank.

"**Electric Net Revenues**" means the amount of Electric Revenues of the Electric System remaining after payment therefrom of the Electric Operating Expenses.

"**Electric Operating Expenses**" means the amount required to pay the expenses of management, repair and other costs necessary to operate, maintain and preserve the Electric System in good repair and working order, including but not limited to, the cost of supply and transmission of electric energy under long-term contracts or otherwise and the expenses of conducting the Electric System, but excluding depreciation. "Electric Operating Expenses" will include all amounts required to be paid by the City under contract with a joint powers agency for purchase of capacity, energy, transmission capability or any other commodities or services in connection with the foregoing, which contract requires payments by the City to be made under the Indenture to be treated as Electric Operating Expenses.

"**Electric Revenues**" means all revenues (as defined in Section 54315 of the Government Code, which include all charges received for and all other income and receipts derived by the Department from the operation of the Electric System or arising from the Electric System) received by the Department from the services, facilities, energy and distribution of electric energy by the Department, including income from investments, but excepting therefrom (a) all reimbursement charges and deposits to secure service, (b) any charges collected by any person to amortize, or otherwise relating to the payment of, the uneconomic portion of costs associated with assets and obligations ("stranded costs") of the Electric System or of any joint powers agency in which the City participates which the City has dedicated to the payment of obligations other than the Bonds or any Parity Debt then outstanding, the payments of which obligations will be applied to or pledged to or otherwise set aside for the reduction or retirement of outstanding obligations of the City or any joint powers agency in which the City participates relating to such "stranded costs" of the City or of any such joint powers agency to the extent such "stranded costs" are attributable to, or the responsibility of, the City, and (c) any Federal Subsidy, if elected by the City; provided, that such subsidy is not excluded from the definition of Debt Service pursuant to paragraph (g) of that definition.

"**Electric System**" means the entire system and facilities of the City for the generation, transmission and distribution of electric energy as said system now exists and including all additions, extensions and improvements thereto later constructed or acquired.

"**Enterprise**" means the Electric System and the Water System.

"**Event of Default**" means any of the events specified as such in the Indenture.

"**Excluded Principal Payments**" means each payment of principal (or the principal component of lease or installment purchase payments) of Bonds or Parity Debt which the City determines on a date not later than the date of issuance thereof that the City intends to pay with moneys that are not Electric Revenues or Electric Net Revenues, but from the proceeds of future debt obligations of the City and the Trustee may rely conclusively on such determination of the City.

“**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 hereafter selected and designated as the official fiscal year period of the City which designation will be provided to the Trustee in a certificate of the City.

“**Future Bonds**” means all Bonds issued after the Transition Date.

“**Generally Accepted Accounting Principles Applicable to Governments**” means generally accepted accounting principles applicable to governments as promulgated by the Governmental Accounting Standards Board or its successor.

“**Indenture**” means the Burbank Water and Power Electric Revenue Bond Indenture, dated as of October 1, 1998, by and between the City and the Trustee, as originally executed and as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions of the Indenture.

“**Investment Securities**” means the following:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corporation;

(iv) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that at the time of their purchase such obligations are rated not lower than their respective ratings on the Bonds by Moody’s (if Moody’s is then rating the Bonds) and Standard & Poor’s (if Standard & Poor’s is then rating the Bonds);

(v) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i), (ii) or (iii) which fund 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 interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i), (ii) or (iii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (v) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (v), as appropriate, and (d) which have been rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(vi) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) in their respective highest short-term Rating Categories, or, if the term of such indebtedness is longer than three (3) years, rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(vii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), provided that such certificates of deposit will be purchased directly from such a bank, trust company or national banking association and will be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (iv), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(viii) taxable commercial paper or tax-exempt commercial paper, rated in their respective highest Rating Categories by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(ix) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation provided that the variable rate obligations themselves are rated in their respective highest Rating Categories for its short-term rating, if any, and not lower than their respective ratings on the Bonds for its long-term rating, if any, by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds), and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligation by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(x) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) having a minimum permanent capital of one hundred million dollars ($100,000,000) and with short-term debt rated by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) in their respective four highest short-term rating categories or with government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii) or (iii) above, which shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall be lodged with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an amount equal to the principal amount of each such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking;

(xi) any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv) and (x) of this definition of Investment Securities and any money market fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv) and (x) of this definition of Investment Securities and which money market fund is rated in their respective highest Rating Categories by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds); provided that as used in this clause (xi) and clause (xii) investments will be deemed to satisfy the requirements of clause (x) if they meet the requirements set forth in clause (x) ending with the words "clauses (i), (ii) or (iii) above" and without regard to the remainder of such clause (x);

(xii) investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's and "Aa" by Moody's; provided that the terms of the investment agreement shall be approved in writing by each insurer of the Bonds, if any;

(xiii) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (i) through (xii) of this definition of Investment Securities and which companies are rated in their respective highest Rating Categories by Moody's (if Moody's is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) or have an investment advisor registered with the Securities and Exchange Commission with not less than 5 years' experience investing in such securities and obligations and with assets under management in excess of $500,000,000; and

(xiv) any investment approved by the Council.

"**Maximum Annual Debt Service**" means the greatest amount of principal and interest becoming due and payable on all Bonds and Parity Debt in the Fiscal Year in which the calculation is made or any subsequent Fiscal Year using the principles and assumptions set forth under the definition of Debt Service.

"**Moody's**" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" will be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"**Opinion of Bond Counsel**" means a written opinion of a law firm of national standing in the field of public finance selected by the City.

"**Outstanding**," when used as of any particular time with reference to Bonds, means (subject to certain provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the City shall have been discharged in accordance with the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

"**Owner**" or "**Bondholder**" or "**Bondowner**," whenever used in the Indenture with respect to a Bond, means the person in whose name such Bond is registered.

"**Participating Bonds**" means all Bonds Outstanding as of the Transition Date and all Future Bonds other than Future Bonds which are designated by the City as Bonds that will not constitute Participating Bonds in accordance with the provisions of the Indenture.

"**Parity Debt**" means, any indebtedness, installment sale obligation, lease obligation or other obligation of the City for borrowed money or interest rate swap agreement having an equal lien and charge upon the Electric Net Revenues, therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

"**Rating Category**" means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"**RBI**" means the Bond Buyer Revenue Bond Index or comparable index of long-term municipal obligations chosen by the City, and, if no comparable index can be obtained, eighty percent (80%) of the interest rate on actively traded thirty (30) year United States Treasury obligations.

"**Redemption Price**" means, with respect to any Bond (or portion thereof) the Bond Obligation of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

"**Reserve Fund Requirement**" means, as of any date of calculation, (i) with respect to the Parity Reserve Fund, an amount equal to one-half of the greatest amount of principal and interest becoming due and payable on all Outstanding Participating Bonds in the then current or any future Fiscal Year, net of any expected Federal Subsidy, and (ii) with respect to any Series Reserve

Fund for a Series of Future Bonds that do not constitute Participating Bonds, the reserve fund requirement (which reserve fund requirement may be zero ($0)), specified for such Series of Future Bonds in a Supplemental Indenture setting forth the terms of such Future Bonds, all as computed and determined by the City and specified in writing to the Trustee.

"**Serial Bonds**" means Bonds, maturing in specified years, for which no mandatory sinking fund payments are provided.

"**Series**," whenever used in the Indenture with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Indenture.

"**Series Reserve Fund**" means a Series Reserve Fund established for a Series of Future Bonds that do not constitute Participating Bonds as specified in a Supplemental Indenture setting forth the terms of such Series of Future Bonds.

"**Standard & Poor's**" means Standard & Poor's, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" will be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"**State**" means the State of California.

"**Supplemental Indenture**" means any indenture hereafter duly executed and delivered, supplementing, modifying or amending the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"**Term Bonds**" means Bonds payable at or before their specified maturity date or dates from mandatory sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

"**Transition Date**" means the first date on which the 1998 Bonds, the 2001 Bonds and the 2002 Bonds have been paid or discharged in accordance with their terms and are no longer Outstanding for purposes of the Indenture.

"**Treasurer**" means the Treasurer of the City.

"**Variable Rate Indebtedness**" means any indebtedness the interest rate on which is not fixed at the time of incurrence of such indebtedness, and has not at some subsequent date been fixed, at a single numerical rate for the entire term of the indebtedness.

"**1998 Bonds**" mean the $45,160,000 City of Burbank, California Burbank Water and Power Electric Revenue Bonds, Series of 1998.

"**2001 Bonds**" mean the $54,745,000 City of Burbank, California Burbank Water and Power Electric Revenue Bonds, Series of 2001.

"**2002 Bonds**" mean the $25,000,000 City of Burbank, California Burbank Water and Power Electric Revenue Bonds, Series of 2002.

Issuance of Bonds

General. The City may by Supplemental Indenture establish one or more Series of Bonds payable from Electric Net Revenues and secured by the pledge made under the Indenture equally and ratably with Bonds previously issued, and the City may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the City, but only, with respect to each Series of Bonds, upon compliance by the City with the provisions of the Indenture and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are made conditions precedent to the issuance of any such additional Series of Bonds:

(a) no Event of Default shall have occurred and then be continuing;

(b) the aggregate principal amount of Bonds issued shall not exceed any limitation imposed by law or otherwise;

(c) with respect to any additional Series of Bonds which are Participating Bonds, there shall be deposited in the Parity Reserve Fund, an amount of money so as to increase the amount on deposit therein to the Reserve Fund Requirement, and with respect to any additional Series of Bonds which do not constitute Participating Bonds, there shall be deposited in the Series Reserve Fund for such Series of Bonds, an amount of money equal to the Reserve Fund Requirement for such Series of Bonds; and

(d) the City shall have placed on file with the Trustee a Certificate of the City certifying that the sum of: (1) the Electric Net Revenues, plus (2) 90 percent (90%) of the amount by which the City projects Electric Net Revenues for any period of twelve (12) consecutive months during the eighteen (18) months immediately preceding the date on which any additional Bonds or Parity Debt will become Outstanding would have been increased had increases in rates, fees and charges during such period of twelve (12) months been in effect throughout such period of twelve (12) months; plus (3) 75 percent (75%) of the amount by which the City projects Electric Net Revenues will increase during the period of twelve (12) months commencing on the date of issuance of such additional Bonds or Parity Debt due to improvements to the Electric System under construction (financed from any source) or to be financed with the proceeds of such additional Series of Bonds or Parity Debt, shall (4) have been at least equal to 1.20 times the amount of Maximum Annual Debt Service on all Bonds and Parity Debt then outstanding and the additional Bonds or Parity Debt then proposed to be issued.

In the event additional assets or revenues are included within the definition of "Electric Net Revenues" by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations in subsection (d) above, as appropriate, as if such additional assets or revenues had always been included in Electric Net Revenues.

Proceedings for Issuance of Additional Series of Bonds. Whenever the City shall determine to issue a Series of Bonds pursuant to the Indenture, the City shall authorize the execution of a Supplemental Indenture specifying the principal amount, and prescribing the form or forms of Bonds of such additional Series and providing the terms, conditions, distinctive designation, denominations, date, maturity date or dates, interest rate or rates (or the manner of determining the same), redemption provisions and place or places of payment of principal or Redemption Price, if any, of and interest on such Bonds, and any other provisions respecting the Bonds of such Series not inconsistent with the terms of the Indenture.

On and after the Transition Date, each additional Series of Bonds which are Future Bonds shall constitute Participating Bonds unless the Supplemental Indenture authorizing such Series of Future Bonds provides that such Series of Future Bonds shall not be Participating Bonds and, if such Series of Future Bonds shall not be Participating Bonds, provides for the establishment of a Series Reserve Fund for such Series of Future Bonds, provides for the pledge of amounts on deposit in such Series Reserve Fund to the payment of such Series of Future Bonds secured thereby, and establishes the Reserve Fund Requirement for such Series Reserve Fund.

Before such additional Series of Bonds shall be issued and delivered, the City shall file the following documents with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied):

(a) an executed copy of the Supplemental Indenture authorizing such Series;

(b) a Certificate of the City stating that no Event of Default has occurred and is then continuing;

(c) an Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture has been duly authorized by the City in accordance with the Indenture; that such Series, when duly executed by the City and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the City, and that upon the delivery of such Series the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted by law or otherwise;

(d) the Certificate of the City described in clause (d) under "– *General*" above; and

(e) a Certificate of the City or of an independent certified public accountant that upon delivery of such Bonds, the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted under the Indenture.

Issuance of Refunding Bonds. Notwithstanding any provisions in the Indenture, there shall be no limitation on the ability of the City to issue any Bonds at any time to refund any outstanding Bonds or Parity Debt issued pursuant to the Indenture; provided, however, that the Maximum Annual Debt Service with respect to any such refunding Bonds shall not exceed 1.10 times the Maximum Annual Debt Service with respect to the Bonds or Parity Debt being refunded.

Limitations on the Issuance of Obligations. The City will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Electric Net Revenues, except the following:

(a) Bonds of any Series authorized pursuant to the provisions described under "– *General*" and "– *Proceedings for Issuance of Additional Series of Bonds*" above;

(b) refunding Bonds authorized pursuant to the provisions described under "–*Issuance of Refunding Bonds*" above;

(c) Parity Debt payable on a parity with the Bonds and which will have, when issued, an equal lien and charge upon the Electric Net Revenues, provided that the following conditions to the issuance of such Parity Debt are satisfied:

(1) such Parity Debt has been duly and legally authorized for any lawful purpose;

(2) no Event of Default shall have occurred and then be continuing, as evidenced in a Certificate of the City filed with the Trustee;

(3) unless such Parity Debt is for the refunding purposes described under "*Issuance of Refunding Bonds*" above, the City shall have obtained and placed on file with the Trustee a Certificate of the City that (on the basis of calculations as of the date of delivery of such Parity Debt) the requirements described in clause (d) under "*General*" above with respect to additional Bonds have been met with respect to such Parity Debt;

(4) the City shall have filed with the Trustee an Opinion of Bond Counsel to the effect that such Parity Debt has been duly authorized in accordance with law and constitutes a valid and binding obligation of the City payable from Electric Net Revenues on a parity with the Bonds; and

(5) the Trustee shall be designated as paying agent or trustee for such Parity Debt and the City shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Parity Debt (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Parity Debt); or

(d) Obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Electric Net Revenues, after the prior payment of all amounts then required to be paid hereunder from Electric Net Revenues, for principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt, as the same become due and payable and at the times and in the manner as required in the Indenture.

Pledge of Electric Net Revenues; Electric Revenue Fund

The Bonds are revenue obligations of the City and are payable as to both principal and interest, and any premium upon redemption thereof exclusively, from Electric Net Revenues and from the other funds pledged under the Indenture. All Electric Net Revenues are pledged to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds and any Parity Debt in accordance with their terms, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. There are pledged to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds in accordance with their terms all amounts (including proceeds of the Bonds) held by the Trustee under the Indenture (except for amounts held in the

Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Said pledge will constitute a first lien on the Electric Net Revenues and amounts in such funds and will be valid and binding from and after delivery by the Trustee of the Bonds or Parity Debt, without any physical delivery thereof or further act.

The Electric Net Revenues are pledged to the payment of Bonds and Parity Debt without priority or distinction of one over the other and the Electric Net Revenues constitute a trust fund for the security and payment of the Bonds and Parity Debt; but nevertheless out of Electric Net Revenues, certain amounts may be applied for other purposes as provided in the Indenture.

Out of Electric Net Revenues, there will be applied, as set forth in the Indenture, all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Debt, together with any mandatory sinking fund payments of Bonds and Parity Debt and reserve fund requirements with respect thereto. All remaining Electric Net Revenues, after making the foregoing allocation, will be available to the City for all lawful City purposes. The pledge of Electric Net Revenues made in the Indenture will be irrevocable until all of the Bonds and all Parity Debt are no longer outstanding.

As long as any Bonds are Outstanding or any Parity Debt remains unpaid, the City will forthwith deposit in a fund, designated as the "Electric Revenue Fund," which fund the City will establish and maintain, all Electric Net Revenues when and as received by the City. Unless otherwise provided in the Indenture or in any Supplemental Indenture, investment income on amounts held by the City under the Indenture (other than amounts held in the Rebate Fund or for which particular instructions are provided in a Supplemental Indenture) will also be deposited in the Electric Revenue Fund. All moneys at any time held in the Electric Revenue Fund will be held in trust for the benefit of the Owners of the Bonds and Parity Debt and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

Payments Into Other Funds

As soon as practicable in each month after the deposit of Electric Net Revenues into the Electric Revenue Fund, but in any case no later than the last Business Day of such month, the City will withdraw from the Electric Revenue Fund and pay to the Trustee for deposit in the following funds and accounts, in the following order, the amounts set forth below:

(a) in the Debt Service Fund, the amount, if any, required so that the balance in said fund, including any subaccounts therein, to the extent moneys in such subaccounts are available to pay Accrued Aggregate Debt Service shall mean as of the last day of the then current month, shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; provided, that for purposes of this paragraph (a) only, the calculation of accrued Debt Service with respect to the definition of Accrued Aggregate Debt Service shall be made without regard to paragraph (g) of the definition of Debt Service; and

(b) in the Parity Reserve Fund and in each Series Reserve Fund established pursuant to a Supplemental Indenture the amount, if any, required so that the amount credited to such Parity Reserve Fund and each such Series Reserve Fund shall, except as otherwise provided in the Indenture, be at least equal to the respective Reserve Fund Requirement as of the last day of the then current month; provided, that the deposits to the Parity Reserve Fund and each Series Reserve Fund shall be made without preference or priority between such deposits and in the event of any deficiency in Electric Net Revenues to make the deposits required by this paragraph (b), such Electric Net Revenues shall be deposited into the Parity Reserve Fund and each Series Reserve Fund ratably based on the amount required to be deposited in each such fund, without discrimination or preference;

provided, that on a parity with such deposits, the City will set aside or transfer amounts to the appropriate accounts with respect to outstanding Parity Debt as provided in the proceedings for such Parity Debt (which will be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Parity Debt).

Debt Service Fund

The Trustee will establish and maintain and hold in trust so long as any Bonds remain Outstanding, a special fund designated as the "Debt Service Fund." The Trustee will pay out of the Debt Service Fund: (i) on or before each interest payment date for any Outstanding Bonds, the amount required for the interest payable on such date; (ii) on or before each principal payment date or redemption date, the amount required for the Bond Obligation payable on such due date (including any mandatory sinking fund payment to be paid on such date); and (iii) on or before any redemption date for Outstanding Bonds, the amount required for the payment of interest on such Bonds then to be redeemed. Such amounts will be applied for such purposes by the Trustee on the due date thereof. The Trustee will also pay out of the Debt Service Fund the accrued interest included in the purchase price of any Bonds, the Debt Service of which may be paid from the moneys in such fund, purchased for retirement.

On or prior to the forty-fifth (45th) day preceding the due date of each mandatory sinking fund payment, any amounts then on deposit in the Debt Service Fund with respect to any mandatory sinking fund payment (exclusive of amounts, if any, set aside in said fund which were deposited therein from the proceeds of Bonds, but inclusive of amounts accumulated therein with respect to interest on the Bonds for which such mandatory sinking fund payment is to be paid) may, and if so directed by the City will, be applied by the Trustee to the purchase of Bonds of the Series and maturity for which such mandatory sinking fund payment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such mandatory sinking fund payment. All purchases of any Bonds pursuant to this paragraph will be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases will be made by the Trustee as directed by the City. If directed by the City, on or prior to the forty-fifth (45th) day next preceding a mandatory sinking fund payment due date, there will be applied as a credit against such mandatory sinking fund payment, and there will be deemed to constitute part of the Debt Service Fund until such mandatory sinking fund payment due date, for the purpose of calculating the amount on deposit in such fund, the applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds of the Series and maturity for which such mandatory sinking fund payment was established, that were cancelled or delivered to the Trustee for cancellation on or prior to the forty-fifth (45th) day next preceding such mandatory sinking fund payment due date and that was not previously applied as a credit against a mandatory sinking fund payment, including any Bonds purchased pursuant to this paragraph and as to which the City has properly claimed a credit against the next mandatory sinking fund payment. As soon as practicable after the forty-fifth (45th) day preceding the due date of any such mandatory sinking fund payment, the Trustee will proceed to call for redemption on such date, Bonds of the Series and maturity for which such mandatory sinking fund payment was established (except in the case of Bonds maturing on a mandatory sinking fund payment due date). The Trustee will pay out of the Debt Service Fund, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amounts will be applied to such redemption (or payment).

The amount, if any, deposited in the Debt Service Fund, including any subaccount, from the proceeds of each Series of Bonds will be set aside in such fund and applied to the payment of interest on Bonds as provided in the Supplemental Indenture relating to the issuance of such Series of Bonds and will be deemed available to pay Accrued Aggregate Debt Service only to the extent so provided.

In the event of the refunding of one or more Bonds, the Trustee may, upon the direction of the City with the advice of Bond Counsel, withdraw from the Debt Service Fund amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts as directed by the City, to be held for the payment of the principal or Redemption Price, if applicable, or interest on the Bonds being refunded; provided that such withdrawal will not be made unless (a) immediately thereafter the Bonds being refunded will be deemed to have been paid pursuant the Indenture, and (b) the amount remaining in the Debt Service Fund after such withdrawal will not be less than the requirement of such fund pursuant to the Indenture.

Any provisions of the Indenture to the contrary notwithstanding, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or Redemption Price, if applicable, and interest thereon), no deposits will be required to be made into the Debt Service Fund.

Parity Reserve Fund and Series Reserve Funds

The Trustee will establish and maintain and hold in trust so long as Participating Bonds remain Outstanding, a special fund designated as the "Parity Reserve Fund." Amounts on deposit in the Parity Reserve Fund are pledged to the payment of the Participating Bonds and shall be applied only for such purposes as permitted under the Indenture. The Trustee shall establish and maintain and hold in trust so long as such Series of Future Bonds which are not Participating Bonds remains outstanding, a Series Reserve Fund for such Series of Future Bonds that are not Participating Bonds. For any Series of Future Bonds which are not Participating Bonds, amounts on deposit (if any) in each such Series Reserve Fund shall be pledged to the payment of the applicable Series of Future Bonds which are not Participating Bonds to be secured thereby and shall be applied only for such purposes as permitted under the Indenture. The Trustee shall deposit in the Parity Reserve Fund and in each Series Reserve Fund, the amounts required to be deposited therein and such other amounts transferred to the Trustee by the City for deposit therein. No deposit need be made in the Parity Reserve Fund or any Series Reserve Fund so long as there shall be on deposit therein shall be equal to the respective Reserve Fund Requirement. Whenever the amount on deposit in the Parity Reserve Fund or any Series Reserve Fund is less than the applicable Reserve Fund Requirement, such amount will be increased to the applicable Reserve Fund Requirement as provided for in this paragraph not later than twelve months thereafter.

If on the last Business Day of any month, the amount on deposit in the Debt Service Fund shall be less than the amount required to be in such Debt Service Fund with respect to Participating Bonds, the Trustee shall apply amounts from the Parity Reserve Fund to the extent necessary to make good the deficiency with respect to the Participating Bonds; and if on the last Business Day of any month, the amount on deposit in the Debt Service Fund shall be less than the amount required to be in such Debt Service Fund with respect to any Series of Future Bonds for which a Series Reserve Fund has been established, the Trustee shall apply amounts (if any) from the applicable Series Reserve Fund to the extent necessary to make good the deficiency with respect to the Series of Future Bonds secured by such Series Reserve Fund.

Whenever the amount in the Parity Reserve Fund, together with the amount in the Debt Service Fund available for such purpose, is sufficient to pay in full all Outstanding Participating Bonds in accordance with their terms (including principal or applicable mandatory sinking fund payments and interest thereon), the funds on deposit in the Parity Reserve Fund shall be transferred to the Debt Service Fund and applied to the payment or redemption of the Participating Bonds. Whenever the amount in the Series Reserve Fund, together with the amount in the Debt Service Fund available for such purpose, is sufficient to pay in full all of the Outstanding Future Series of Bonds secured by such Series Reserve Fund in accordance with their terms (including principal or applicable mandatory sinking fund payments and interest thereon), the funds on deposit in the applicable Series Reserve Fund shall be transferred to the Debt Service Fund and applied to the payment or redemption of the Series of Future Bonds secured by such Series Reserve Fund.

In the event of the refunding of any Participating Bonds, the Trustee may, upon the direction of the City with the advice of Bond Counsel, withdraw from the Parity Reserve Fund any amounts on deposit therein and deposit such amounts as directed by the City, to be held for the payment of the principal or Redemption Price, if applicable, or interest on the Participating Bonds being refunded; provided, that such withdrawal shall not be made unless (a) immediately thereafter any Participating Bonds being refunded shall be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Parity Reserve Fund after such withdrawal, taking into account any deposits to be made in the Parity Reserve Fund in connection with such refunding, shall not be less than the Reserve Fund Requirement with respect to the Parity Reserve Fund. In the event of the refunding of all or any portion of any Series of Future Bonds secured by a Series Reserve Fund, the Trustee may, upon the direction of the City with the advice of Bond Counsel, withdraw from such Series Reserve Fund any amounts on deposit therein and deposit such amounts as directed by the City, to be held for the payment of the principal or Redemption Price, if applicable, or interest on such Series of Future Bonds secured by such Series Reserve Fund or portion thereof being refunded; provided, that such withdrawal shall not be made unless (a) immediately thereafter such Series of Future Bonds or portion thereof being refunded shall be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Series Reserve Fund after such withdrawal shall not be less than the Reserve Fund Requirement with respect to such Series Reserve Fund.

Except as provided in the Indenture or as otherwise provided in a Supplemental Indenture, amounts on deposit in the Parity Reserve Fund or any Series Reserve Fund in excess of the respective Reserve Fund Requirement shall, at the written Request of the City, be withdrawn from the Parity Reserve Fund or Series Reserve Fund, as applicable, and transferred to the City and applied as permitted by Bond Counsel. Notwithstanding anything in the Indenture to the contrary amounts on deposit in the Series 2010B Bond Reserve Subaccount in excess of the amount required to be on deposit therein and all interest, profits and other income from the investment of moneys in the Series 2010B Bond Reserve Subaccount shall, at the written Request of the City, be withdrawn from the Series 2010B Bond Reserve Subaccount and transferred to the City for deposit into the Series 2010B Electric System Fund established pursuant to the Fifth Supplemental Indenture relating to the Series 2010B Bonds.

The City may provide for all or any part of the Reserve Fund Requirement for the Parity Reserve Fund or any Series Reserve Fund by delivering to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's and Standard & Poor's at the time such letter of credit is issued, securing an amount, together with moneys, Investment Securities or surety bonds or insurance policies (as described in paragraph (G) below) on deposit in the Parity Reserve Fund or such Series Reserve Fund, equal to the applicable Reserve Fund Requirement. Such letter of credit shall have an original term of no less than three (3) years or, if less, the final maturity of the Participating Bonds or the Series of Future Bonds secured thereby, as applicable, and such letter of credit shall provide by its terms that it may be drawn upon as provided in the Indenture. At least one year prior to the stated expiration of such letter of credit, the City shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least an additional year or, if less, the maturity of the Participating Bonds or the Series of Future Bonds secured thereby, as applicable, or (iii) deliver to the Trustee a surety bond or an insurance policy satisfying the requirements of the next paragraph. Upon delivery of such replacement letter of credit, extended letter of credit, or surety bond or insurance policy, the Trustee shall deliver the then-effective letter of credit to or upon the order of the City. If the City shall fail to deposit a replacement letter of credit, extended letter of credit, surety bond or insurance policy with the Trustee, the City shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Reserve Fund Requirement will be on deposit in the Parity Reserve Fund or Series Reserve Fund, as applicable, no later than the stated expiration date of the letter of credit. If an amount equal to the Reserve Fund Requirement, as of the date following the expiration of the letter of credit, is not on deposit in the Parity Reserve Fund or Series Reserve Fund, as applicable, one week prior to the stated expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the amount of any such deficiency in the Parity Reserve Fund or Series Reserve Fund, as applicable.

The City may also provide for all or any part of the Parity Reserve Fund or any Series Reserve Fund by delivering to the Trustee a surety bond or an insurance policy securing an amount, together with moneys, Investment Securities or letters of credit on deposit in the Parity Reserve Fund or such Series Reserve Fund, as applicable, equal to the applicable Reserve Fund Requirement. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or obligations secured by such insurance company's insurance policies) are rated in one of the two highest Rating Categories of Moody's and Standard & Poor's at the time such surety bond or insurance policy is issued. Such surety bond or insurance policy shall have a term of no less than the final maturity of the Participating Bonds or the Series of Future Bonds secured thereby, as applicable. In the event that such surety bond or insurance policy for any reason lapses or expires, the City shall immediately implement (i) or (iii) of the immediately preceding paragraph or make the required deposits to the Parity Reserve Fund or Series Reserve Fund, as applicable.

The Trustee shall ascertain the necessity for a draw or claim upon any letter of credit, surety bond or insurance policy provided and shall take such action as is necessary in accordance with the terms thereof to received payments with respect thereto (including the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Parity Reserve Fund or a Series Reserve Fund, as applicable, and applied to the payment of the principal of or interest on any Participating Bonds or Series of Future Bonds secured by such Parity Reserve Fund or Series Reserve Fund and such withdrawal cannot be met by amounts on deposit in the Parity Reserve Fund or Series Reserve Fund, as applicable. If a disbursement is made pursuant to letter of credit, surety bond or insurance policy credited to the Parity Reserve

Fund or any Series Reserve Fund, the City shall be obligated either (i) to reinstate the full amount of such letter of credit, surety bond or insurance policy or (ii) to deposit into the Parity Reserve Fund or Series Reserve Fund, as applicable, funds in the amount of such disbursement or a combination of such alternatives, as shall provide that the amount in the Parity Reserve Fund or such Series Reserve Fund, as applicable, is at least equal to the applicable Reserve Fund Requirement. So long as a letter of credit, surety bond or insurance policy shall be in full force and effect for purposes of funding all or any part of the Parity Reserve Fund or any Series Reserve Fund, as applicable, any deposits required to be made in the Parity Reserve Fund or a Series Reserve Fund shall include any amounts due to the provider of the letter of credit, surety bond or insurance policy resulting from a draw or claim upon such letter of credit, surety bond or insurance policy (which amounts shall constitute a deficiency in the Reserve Fund Requirement). Any such amounts shall be paid to the provider of such letter of credit, surety bond or insurance policy as provided therein or in any related agreement.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds, accounts and subaccounts held by the Trustee and established pursuant to the Indenture shall be invested, as directed by the City, solely in Investment Securities. All Investment Securities will, as directed by the City in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations as to maturities set forth in the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by Request of the City. The Trustee may conclusively rely upon any investment direction from the City as a certification to the Trustee that such investment constitutes an Investment Security. If and to the extent the Trustee does not receive investment instructions from the City with respect to the moneys in the funds and accounts held by the Trustee pursuant to the Indenture, such moneys will be invested in Investment Securities described in clause (xi) of the definition thereof and the Trustee will thereupon request investment instructions from the City for such moneys.

Unless otherwise provided in the Indenture or in a Supplemental Indenture, all interest, profits and other income received from the investment of moneys in any fund or account, other than the Rebate Fund, will be transferred to the Electric Revenue Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund will be deposited in the Rebate Fund, except as provided in the Indenture. Notwithstanding anything to the contrary contained in the Indenture, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security will be credited to the fund or account from which such accrued interest was paid.

The Trustee may commingle any of the funds or accounts established pursuant to the Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Indenture will be accounted for separately as required by the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the City, may impose its customary charge therefor. The Trustee may sell or present for redemption, any Investment Securities so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee will not be liable or responsible for any loss resulting from such investment.

The City may and the Trustee will, upon the Request of the City, and provided that the Trustee is supplied with an Opinion of Bond Counsel to the effect that such action is permitted under the laws of the State of California, enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of Bonds or any portion thereof and the amounts received by the City or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required under the Indenture; in which case, the entity with which the City or the Trustee may contract for an interest rate swap is limited to entities the debt securities of which are rated in their respective highest short-term debt Rating Categories by Moody's and Standard & Poor's. If the City so designates, amounts payable under the interest rate swap agreement (other than termination payments due thereunder which will be made expressly subordinate to the payment of the Bonds) will be secured by Electric Net Revenues on a parity basis with the Bonds and any Parity Debt and, in such event, the City will pay to the Trustee for deposit in the Debt Service Fund, at the times and in the manner provided by the Indenture, the amounts to be paid under such interest rate swap agreement, as if such amounts were additional interest due on the Bonds to which such interest rate swap agreement relates, and the Trustee will pay to the other party to the interest rate swap agreement, to the extent required thereunder, amounts deposited in the Debt Service Fund for the payment of interest on the Bonds with respect to which such agreement was entered.

Covenants

Pursuant to the Indenture, the City has covenanted as follows:

Punctual Payment. The City will punctually pay or cause to be paid the principal or Redemption Price of and interest on all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, and will punctually pay or cause to be paid all mandatory sinking fund payments, but in each case only out of Electric Net Revenues, as provided in the Indenture.

Extension of Payment of Bonds. The City will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any Bonds or claims for interest of such Bonds or claims for interest and in case the maturity of any of the Bonds or the time of payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture will be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of Bonds.

Waiver of Laws. The City will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the City to the extent permitted by law.

Further Assurances. The City will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Against Encumbrances. The City will not create any pledge, lien or charge upon any of the Electric Net Revenues, having priority over the lien of the Bonds; provided, however, that nothing in the Indenture will be construed to limit the ability of the City to issue or incur obligations secured by charges, not constituting Electric Net Revenues, collected by any person to amortize or otherwise relating to the payment of the "stranded costs" of the Electric System or of any joint powers agency in which the City participates which the City has dedicated to the payment of obligations other than the Bonds, the payments of which charges will be applied to or pledged to or otherwise set aside for the reduction or retirement of outstanding obligations of the City or any joint powers agency in which the City participates relating to such "stranded costs" of the City or of any such joint powers agency to the extent such "stranded costs" are attributable to, or the responsibility of, the City.

The City will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the City in, upon, about or relating to the Electric System and will keep the Electric System free of any and all liens against any portion of the Electric System. In the event any such lien attaches to or is filed against any portion of the Electric System, the City will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so if contesting such lien will not materially impair operation of the Electric System. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City will forthwith pay or cause to be paid and discharged such judgment.

Accounting Records and Financial Statements. The City will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with Generally Accepted Accounting Principles Applicable to Governments, in which complete and accurate entries shall be made of all calculations relating to Electric Net Revenues. Such books of record and account shall be available for inspection by the Trustee (who shall have no duty to inspect) or the Bondowners at reasonable hours and under reasonable circumstances.

The City will furnish the Trustee, within one hundred and eighty (180) days after the end of each Fiscal Year, the financial statements of the City's Electric and Water Enterprise Fund for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with Generally Accepted Accounting Principles Applicable to Governments and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the Treasurer of the City stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the City to cure such default. Thereafter, a copy of such financial statements will be furnished to any Owner of Bonds upon written request to the City. The Trustee shall have no duty to review such financial statements.

The City shall furnish to the Trustee within thirty (30) days after approval thereof, the annual budget of the City for the City's Electric and Water Enterprise.

Tax Covenants. The City covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code; provided that, prior to the issuance of any Series of Bonds, the City may exclude the application of certain covenants contained in the Indenture to such Series of Bonds. The City will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City, or take or omit to take any action that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. To that end, the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the City is of the opinion that for purposes of this covenant it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the City will so instruct the Trustee in writing, and the Trustee will take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the City agrees that there shall be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. The City specifically covenants to pay or cause to be paid to the federal government of the United States of America the Rebate Requirement at the times and in the amounts determined under and as described in the Tax Certificate.

Notwithstanding any provision of the Indenture, if the City shall receive an Opinion of Bond Counsel to the effect that any action required under the Indenture is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the City and the Trustee may rely conclusively on such opinion in complying with the provisions of the Indenture, and the covenants under the Indenture will be deemed to be modified to that extent.

Rates and Charges. The City covenants that it will prescribe, revise and collect such charges for the services, facilities and electricity furnished by the Electric System which, after making allowances for contingencies and error in the estimates, will provide Electric Net Revenues at least sufficient to pay the following amounts in the order set forth:

(a) The interest on, and principal and Redemption Price of, the outstanding Bonds and any Parity Debt as the same shall become due and payable;

(b) All payments required for compliance with the Indenture, including payments required to be made into any bond reserve fund; and

(c) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Electric Net Revenues;

and the charges will be fixed so that in each Fiscal Year (i) the Electric Net Revenues will be at least equal to 1.00 times the amount required to pay the items specified in clauses (a), (b) and (c) above, and (ii) the Adjusted Electric Net Revenues will be at least equal to the Coverage Requirement.

Maintenance and Operation of System; Insurance. The City will maintain and preserve the Electric System in good repair and working order at all times, and will operate the Electric System in an efficient and economical manner. Subject in each case to the condition that insurance is obtainable at rates deemed reasonable by the City and upon terms and conditions deemed reasonable by the City, the City will procure and maintain at all times: (a) insurance on the Electric System against such risks as and in such amounts as the City deems prudent taking into account insurance coverage for similar utilities, and (b) public liability insurance, including self-insurance, as appropriate, in such amounts as the City deems prudent taking into account insurance coverage for similar utilities.

Sale of Electric System. The Electric System will not be sold or leased or otherwise disposed of as a whole, or substantially as a whole, unless such sale, lease or other disposition be so arranged as to provide for a continuance of timely payments sufficient in amount to permit payment therefrom of the principal of and interest on, and premiums, if any, due upon the redemption of, all Bonds and Parity Debt (including, if applicable, the imposition of any charges collected by any person to amortize or otherwise relating to the payment of "stranded costs" of the Electric System or of any joint powers agency in which the City participates which the City has dedicated to the payment of the Bonds the imposition of which will amortize the payment in full, together with other moneys available for such purpose, of such Outstanding Bonds through the maturity thereof) payable out of Electric Net Revenues, or to provide for such payments into some other fund charged with such payments. None of the works, plant, properties, facilities or other part of the Electric System or any real or personal property comprising a part of the Electric System will be sold, leased or otherwise disposed of if such sale, lease or disposition would cause the City to be unable to satisfy the requirements of the Indenture described under "– *Rates and Charges*" above.

Continuing Disclosure Agreement. The City will comply with and carry out all of its obligations under any Continuing Disclosure Agreement executed in connection with a Series of Bonds. Upon the failure of the City to comply with the Continuing Disclosure Agreement relating to any Series of Bonds, the Trustee (at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of at least 25% in aggregate Bond Obligation of the related Series of Bonds, shall, but only to the extent indemnified to its satisfaction from any liability or expense, including, without limitation, fees and expenses of its attorneys) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" shall have the meaning prescribed thereto in the respective Continuing Disclosure Agreement relating to such Series of Bonds.

Events of Default; Remedies

Events of Default. The following events will be Events of Default under the Indenture:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise in the amounts and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) failure by the City to observe or perform any covenant, condition, agreement or provision in the Indenture on its part to be observed or performed, other than as referred to in paragraph (a) or (b) above, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the City by the Trustee; except that, if such failure can be remedied but not within such thirty (30) day period and if the City has taken all action reasonably possible to remedy such failure within such thirty (30) day period, such failure will not become an Event of Default for so long as the City shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) default by the City under any agreement governing any Parity Debt and the continuance of such default beyond the therein stated grace period, if any, with respect to such default;

(e) the filing by the City of a petition in voluntary bankruptcy for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or an assignment by the City for the benefit of creditors, or the admission by the City in writing to its insolvency or inability to pay debts as they mature, or the consent by the City in writing to the appointment of a trustee or receiver for itself;

(f) the entering by a court of competent jurisdiction of an order, judgment or decree declaring the City insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the City, or approving a petition filed against the City seeking reorganization of the City under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree will not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or

(g) the assumption, under the provisions of any other law for the relief or aid of debtors, by any court of competent jurisdiction of custody or control of the City or of the Electric Net Revenues and such custody or control will not be terminated within sixty (60) days from the date of assumption of such custody or control.

Application of Electric Net Revenues and Other Funds After Default; Acceleration. If an Event of Default shall occur and be continuing, the City will immediately transfer to the Trustee all Electric Net Revenues held by it and received thereafter and the Trustee will apply all Electric Net Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (except as otherwise provided in the Indenture) as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and Parity Debt, including the costs and expenses of the Trustee and the Bondholders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Indenture; and

(2) To the payment of the whole amount of Bond Obligation then due on the Bonds and Parity Debt (upon presentation of the Bonds and Parity Debt to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, with interest on such Bond Obligation at the rate or rates of interest borne by the respective Bonds and Parity Debt, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Bonds and Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue Bond Obligation and Parity Debt at the rate borne by the respective Bonds and Parity Debt, and, if the amount available shall not be sufficient to pay in full all the Bonds and Parity Debt due on any date, together with such interest, then to the payment thereof

ratably, according to the amounts of principal or interest or Accreted Value (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference.

In each and every such case during the continuance of such Event of Default, the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds at the time Outstanding will be entitled, upon notice in writing to the City, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the City will pay to or will deposit with the Trustee a sum sufficient to pay all principal on such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds at the time Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences; but 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.

Trustee to Represent Bondholders. The Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right.

Bondholders' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee provided under the Indenture, that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Parity Debt not parties to such direction.

Limitation on Bondholders' Right to Sue. No Owner of any Bond will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not have received contrary directions from the Owners of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding.

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 Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the City. Nothing in the Indenture or in the Bonds contained will affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Owners of the Bonds at their respective due dates therefor or upon call for redemption, as provided in the Indenture, but only out of the Electric Net Revenues and other assets pledged in the Indenture, therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the City, the Trustee and the Bondholders, subject to any determination in such proceedings, will be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the City, the Trustee and the Bondholders will continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, will be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

The Trustee

Appointment; Duties, Immunities and Liabilities of Trustee. The Trustee is appointed under the Indenture and accepts the trust imposed upon it as Trustee under the Indenture and to perform all the functions and duties of the Trustee under the Indenture, subject to the terms and conditions set forth in the Indenture. The Trustee will, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants will be read into the Indenture against the Trustee. The Trustee will, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The City may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and will remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the City will promptly appoint a successor Trustee by an instrument in writing.

Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of himself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Any Trustee appointed under the provisions in the Indenture in succession to the Trustee will be a trust company or bank having the powers of a trust company having a corporate trust office in the State, having a combined capital and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, the Trustee will resign immediately in the manner and with the effect specified in this Section.

If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties under the Indenture, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee under the Indenture will be assumed by and vest in the Treasurer of the City in trust for the benefit of the Bondowners.

Liability of Trustee. The recitals of facts in the Indenture and in the Bonds contained will be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of the Indenture or of the Bonds or of any Investment Security, as to the sufficiency of the Electric Net Revenues, or the priority of the lien of the Indenture thereon, or as to the financial or technical feasibility of the Electric System and will not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly in the Indenture or in the Bonds assigned to or imposed upon it. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own negligence, willful misconduct or breach of the express terms and conditions of the Indenture.

The Trustee will not be liable for any error of judgment made in good faith by a responsible officer unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture, but the Trustee will be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided, however, that the Trustee will not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Indenture.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of the Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

The Trustee will not be deemed to have knowledge of and will not be required to take any action with respect to, any Event of Default (other than certain Events of Default described in the Indenture) or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the City or the Owners of twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds at the time Outstanding. Without limiting the generality of the foregoing, the Trustee will not be required to ascertain, monitor or inquire as to the performance or observance by the City of the terms, conditions, covenants or agreements set forth in the Indenture (including, without limitation, the covenants of the City set forth in the Indenture), other than certain covenants of the City to make payments with respect to the Bonds when due as set forth in the Indenture and to file with the Trustee when due, such reports and certifications as the City is required to file with the Trustee under the Indenture.

Amendments

Amendments Permitted. The Indenture and the rights and obligations of the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may enter into with the written consent of the Owners of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding.

In lieu of satisfying certain requirements of the Indenture, the Indenture and the rights and obligations of the City and of the Owners of the Bonds and of the Trustee may also be modified or amended at any time by a Supplemental Indenture entered into by the City and the Trustee which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Bonds shall have been filed with the Trustee, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds will be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which will be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance or letters of credit, in one of the two highest Rating Categories of Moody's or Standard & Poor's. A copy of each such Supplemental Indenture will be sent by the City to Moody's and Standard & Poor's.

No such modification or amendment will (a) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any mandatory sinking fund payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof exclusively, without the consent of the Owner of each Bond so affected, or (b) reduce the aforesaid percentage of Bond Obligation the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Electric Net Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Electric Net Revenues and other assets (in each case, except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It will not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it will be sufficient if such consent will approve the substance thereof. Promptly after the execution and delivery by the Trustee and the City of any Supplemental Indenture pursuant to this paragraph, the Trustee will mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Owners of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Indenture and the rights and obligations of the City, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the City may adopt without the consent of any Bondholders but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred in the Indenture upon the City;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the City may deem necessary or desirable, and which will not materially and adversely affect the interests of the Owners of the Bonds;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said Act or similar federal statute, and which will not materially and adversely affect the interests of the Owners of the Bonds;

(4) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance of Variable Rate Indebtedness, Capital Appreciation Indebtedness or Parity Debt with such interest rate, payment, maturity and other terms as the City may deem desirable; subject to the provisions of the Indenture;

(5) to provide for the issuance of Bonds in book-entry form or bearer form, provided that no such provision will materially and adversely affect the interests of the Owners of the Bonds;

(6) if the City agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;

(7) to provide for the issuance of an additional Series of Bonds pursuant to provisions of the Indenture; and

(8) for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

Defeasance

Discharge of Indenture. Bonds of any Series or a portion thereof may be paid by the City in any of the following ways:

(i) by paying or causing to be paid the Bond Obligation of and interest on such Outstanding Bonds, as and when the same become due and payable;

(ii) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem such Outstanding Bonds; or

(iii) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the City shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable under the Indenture by the City, then and in that case, at the election of the City (evidenced by a Certificate of the City filed with the Trustee signifying the intention of the City to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Electric Net Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the City under the Indenture will cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the City, the Trustee will cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and will execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to the Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of certified public accountants, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the City in respect of such Bond will cease, terminate and be completely discharged, provided that the Owner thereof will thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the City will remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to certain provisions of, and the continuing duties of the Trustee under, the Indenture.

The City may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

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

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

(b) Defeasance Securities, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient 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 Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the City) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in the Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trust created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the City) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the City and shall be deposited monthly by the Trustee into the Electric Revenue Fund.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Delivery Date]

City of Burbank
Burbank, California

Re: $120,000,000 City of Burbank, California, Burbank Water and Power Electric Revenue Bonds, Series of 2023

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Burbank, California (the “City”) of its $120,000,000 Burbank Water and Power Electric Revenue Bonds, Series of 2023 (the “Bonds”). The Bonds are authorized and issued pursuant to Article 12 of Chapter 4 of Title 2 (formerly Article 12 of Chapter 14) of the Burbank Municipal Code, as amended (the “Bond Law”), and a resolution adopted by the City Council of the City on January 24, 2023. The Bonds are also issued pursuant to the Burbank Water and Power Electric Revenue Bond Indenture, dated as of October 1, 1998 (the “Master Electric Revenue Bond Indenture”), as supplemented and amended, including by a Seventh Supplemental Burbank Water and Power Electric Revenue Bond Indenture, dated as of February 1, 2023 (the “Seventh Supplemental Indenture”), by and between the City and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”). The Master Electric Revenue Bond Indenture, as supplemented and amended, including by the Seventh Supplemental Indenture, is referred to herein as the “Indenture.”

As bond counsel, we have reviewed the Bond Law, the Indenture, certifications of the City, the Trustee and others, opinions of counsel to the City and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

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 valid and binding special, limited obligations of the City and are payable exclusively from and are secured by a pledge of the Electric Net Revenues and certain amounts held under the Indenture, as provided in the Indenture, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the City and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the City, enforceable against the City in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Electric Net Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof and on the terms and conditions set forth therein.

3. Under existing statutes, regulations, rulings and judicial decisions, assuming continuing compliance by the City with certain covenants in the Indenture and other documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986 (the "Code") regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of the Bonds or the inclusion in certain computations (including, without limitation, those related to the alternative minimum tax on the adjusted financial statement income of certain corporations) of interest that is excluded from gross income.

5. Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

Our opinion in paragraph 3 above is rendered in reliance on representations and certifications of the City made in a Tax Certificate dated the date hereof pertaining to the use, expenditure, and investment of the proceeds of the Bonds. Except as stated in paragraphs 3, 4 and 5 above, we express no opinion as to any federal or state tax consequences of the ownership or disposition of, or the receipt or accrual of interest on, the Bonds. Further, certain requirements and procedures contained or referred to in the Indenture or in other documents pertaining to the Bonds may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

The opinions expressed and the statements made herein are based on an analysis of existing laws, regulations, rulings and judicial decisions. Such opinions and statements may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this letter in light of such actions or events or for any other reason. Moreover, our opinions are not a guarantee of result and represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds.

The opinions expressed in paragraphs 1 and 2 above are qualified to the extent that the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds and the Indenture is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California (including, but not limited to, rights of indemnification).

These opinions are limited to the laws of the State of California and the federal laws of the United States.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

$120,000,000
CITY OF BURBANK, CALIFORNIA
Burbank Water and Power Electric Revenue Bonds, Series of 2023

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated as of March 14, 2023, is by and between the City of Burbank, a municipal corporation and chartered city duly organized and existing under the Constitution and the laws of the State of California (the "City"), and U.S. Bank Trust Company, National Association, as dissemination agent (the "Dissemination Agent").

RECITALS

WHEREAS, this Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent in connection with the issuance by the City of the $120,000,000 City of Burbank, California Burbank Water and Power Electric Revenue Bonds, Series of 2023 (the "2023 Bonds").

WHEREAS, the 2023 Bonds are being issued pursuant to a Seventh Supplemental Indenture dated as of February 1, 2023, which supplements and amends the Electric Revenue Bond Indenture dated as of October 1, 1998 (as supplemented, the "Indenture"), by and between the City and U.S. Bank Trust Company, National Association, as successor trustee for the 2023 Bonds (the "Trustee").

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the holders and beneficial owners of the 2023 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Annual Report Date*" means the date that is nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" shall mean U.S. Bank Trust Company, National Association, or any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*EMMA System*" shall mean the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"Official Statement" means the final official statement dated February 28, 2023, executed by the City in connection with the issuance of the 2023 Bonds.

"Participating Underwriter" means RBC Capital Markets, LLC, the original underwriter of the 2023 Bonds required to comply with the Rule in connection with offering of the 2023 Bonds.

"*Rule*" *means* Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2024, with the report for the 2022-23 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City's Electric Utility Enterprise Fund may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following documents and information:

(a) The City's Annual Report shall contain or include by reference the following with respect to the 2023 Bonds:

(i) The audited financial statements of the City's Electric Utility Fund for the most recently completed Fiscal Year, prepared in accordance with generally accepted accounting principles for governmental enterprises as prescribed from time to time by any regulatory body with jurisdiction over the City and by the Governmental Accounting Standards Board;

(ii) Updated information comparable to the information in the chart entitled "Annual Retail Electric Supply" as it appears on page 25 in the Official Statement;

(iii) Updated information comparable to the information in the chart entitled "Electric Revenues and Peak Demand" as it appears on page 34 in the Official Statement;

(iv) Updated information, to the extent deemed by the City to be not proprietary information, comparable to the information in the chart entitled "Average Number of Retail Customers" as it appears on page 34 in the Official Statement;

(v) Updated information comparable to the information in the chart entitled "Weighted Average Retail Billing Price" as it appears on page 36 in the Official Statement; and

(vi) Updated information comparable to the information in the chart entitled "Historical Net Revenues and Debt Service Coverage - Electric System" as it appears on page 38 in the Official Statement.

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or public entities related thereto, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

(c) The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the City to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the City or to reflect changes in the legal form of the City; provided, that any such modifications shall comply with the requirements of the Rule.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2023 Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2023 Bonds, or other material events affecting the tax status of the 2023 Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City.

(13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above 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 under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the 2023 Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, trustee, or similar officer for the City in a proceeding under the United States 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 City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means 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 to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. <u>Identifying Information for Filings with the MSRB</u>. All documents provided to the MSRB under the Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. <u>Termination of Reporting Obligation</u>. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2023 Bonds. If such termination occurs prior to the final maturity of the 2023 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. <u>Dissemination Agent</u>. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the City; provided, however, that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2023 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2023 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2023 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the written direction of any Participating Underwriter or any holder or beneficial owner of the 2023 Bonds shall, upon receipt of indemnification reasonably satisfactory to the Dissemination Agent) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, 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 Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Trustee, the 2023 Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2023 Bonds.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2023 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

Date: March 14, 2023

CITY OF BURBANK

By: ________________________________

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
as Dissemination Agent

By: ______________

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and the City takes no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2023 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 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 2023 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 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 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 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 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 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2023 Bond documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 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.

While the 2023 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the 2023 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the 2023 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the 2023 Bonds will be printed and delivered to DTC.

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CITY OF BURBANK

INCORPORATED 1911

CITY OF BURBANK, CALIFORNIA • BURBANK WATER AND POWER ELECTRIC REVENUE BONDS, SERIES OF 2023

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Printed by: ImageMaster, LLC
www.imagemaster.com